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FINAL QUALIFICATION WORK

THE PROBLEM OF ACCOUNTING PRODUCTION EXPENDITURE OF WEAVING ENTERPRISES

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Content

Introduction

The urgent problem of the final qualification work. To solve the results of World finance- economic crisis condition to introduce strict economic structure, promoting the expenditure of production and restricting the cost of production by rewarding and promoting is one of the urgent problems of enterprises. The President of the Republic of Uzbekistan I. A. Karimov stated out of following: "2008 year the main and leading branches of economics, to restrict the cost of production to 20 % working out the measurement and the introduce it into practice"[1].

To produce the production, to value the expenditure, the service is considered one the main branches of economy. To restricting the expenditure of materials, to introduce exact accounting, to control, the cost of production, to define true cost to describe true facts in annual report is considered as the main task today. The above mentioned problems implies the research work is one of the urgent and important problems in economics today.

The level of learning the system of final - qualification work. The concept of this problem and theoretical issue was depicted in works and books written by A. Smith, A. Tyurgo, G. B. Sey, Y. Shumpetr, L. Mizes, F. Haek. West and M. D. H. scientists as a A. I. Agaev, A. V. Busigin, B. A. Raysberg, V. Radaev, G. Gross, D. G. Gozibekov, J. Philips, L. I. Abalkin, M. G. Lapusta, R. Hizrich, S. Peters gave brief concept of this problem in the research work and in their books. It should be mentioned the world finance and economic crisis program emplies, the expenditure cost should be taken into account restricting the cost of production expenditure analysis was main by uzbek scientists as A. V. Vahobov, A. Sotvoldiev, M. B. Hamidullin, M. Tulaxodjaeva, M. Sh. Sharifxodjaev, S. S. Gulomov, X. N. Jamolov, E. Gadoev, Y. M. Itkin also made research on this problem.

The goal and tasks of final qualification work. Cotton fabrics knitting enterprise restricting production expenditure the problems consequently relating to this

[1] I. A. Karimov "Jahon moliyaviy- iqtisodiy inqirozi, O'zbekiston sharoitida uni bataraf etish yo'llari va choralari". T.: "O'zbekiston" 2009.

problem should be defined and scientific conclusion and recommendations offers should be issued.

To approach the defined goal should be completed the following tasks.

1. Researching (learning) production expenditure in the enterprise.
2. To value and estimate the portion and total expenditure of enterprise.
3. Managing the production expenditure cost and learning coincidence the accounting system of enterprise.
4. To identify the influence of activities to developing the cost production.
5. To offer and giving scientific recommendation of accounting system of production expenditure in the enterprise.

The object of final qualification work. 50 Istiqlol street, Ferghana town, Uzbekistan LLC "A. Akbarali". The main activity- production cotton and selling them.

Scientific research news. The enterprises well being is depend on the wisdom of the management, accounting by the managers. To introduce true pricing the product, optimal pricing, reliability of the product, marketing research.

The scientific and practical importance of research. Most production expenditure research measurement of true cost, relationship between costumers, determining consumer performance, demonstrating expenditure cost, a better understanding market economy define and applying various techniques surveying, coding, data progressing system, analysis, to held performance, monitoring research, making true decisions regarding opportunities as well as solving problems to give a clear understanding of the course of action relevant to the decision situation, turning to the task of establishing the research objectives and identifying the scientific information needs for evaluating the production cost of action.

The structure and content of final qualification work includes:

1. Introduction.
2. Three chapters.
3. Conclusion.
4. Recommendation.

Chapter I. The conceptual basis and management of production expenditure

1.1. The importance of economic expenditure

The production process at the enterprise is a continuous interaction of three main factors: labor and means of production, which in turn are subdivided into tools and objects of labor. Aggregate cost of labor and materials is the cost of production, which are a prerequisite for the economic activities.

The concept of "cost" is one of the most common economic categories, which used for different modes of production in all conditions of economic activity.

The economic essence of the concept of "costs" treated differently, depending on the specific goals and objectives of the study.

In this way, the "cost" is often defined as a measure in monetary terms the amount of resources used to achieve a certain goal. The concept of "cost" is also used to solve a wide range of tasks, primarily to inform management decisions. For tax purposes, "costs" represent the amount that reduces the amount of taxable income, etc.

In this way, for solving various problems accounted different types of costs. Assessing the reserves and the definition of income used one approach to the calculation of costs; for planning and control - other; to determine the amount of tax payments - the third, etc.

Sometimes to determine various aspects of the economic entity "costs", the terms "expenses", "costs".

In business economics, these concepts are treated as identical, and under costs mean monetary value of the production factors, as a result of which the production and sale.

According to national standards of accounting (NSA) costs - are decreasing in economic benefits in the form of disposal of assets or increase in liabilities, which lead to a reduction in shareholders' equity (excluding capital reduction due to its withdrawal or distribution of the owners).

Variety of approaches to the definition of the concept of "cost" is reflected in the allocation of different types of costs, which is conducted on the basis of the following features.

1. Role in the production and management of:

a) producing costs;

b) non-production (administrative) costs.

1. Economic content (economic homogeneity of costs):

a) economic elements;

b) Articles costing.

Economic elements are the most common economically homogeneous groups of costs incurred by the enterprise level. There are five main elements of the economic costs of the enterprise:

- material costs;
- labor costs;
- deductions for social events;
- depreciation;
- other operating expenses.

The structure element "Material costs" includes the cost of expended in production (excluding own production). The structure element "Wages" includes wage and salary rates, bonuses and incentives, financial assistance, compensation, paid vacations and other non-worked time, other labor costs. The structure element "Allocations for social activities" include: deductions for pensions, social insurance contributions, premiums for unemployment insurance, deductions for individual insurance company personnel, deductions for other social measures.

The composition of item "Depreciation" includes the amount of accumulated depreciation of fixed assets, intangible assets and other non-current tangible assets.

The composition of item "Other operating expenses" includes the cost of operations, which are not included in the items listed above.

Articles calculation are economically homogeneous groups of costs related to a particular object of expenditure. Object of expenditure - production (redistribution), products, works, services or activity of the enterprise, which require the determination related to their production (performance) costs.

Cost-sharing for items costing (costing) performed with greater accuracy and detail than on economic elements. Calculation is made on the cost objects defined enterprise independence composition articles costing is also determined by the enterprise independently.

1. Relation to fluctuations of production or other functional characteristics:

a) variable costs (change proportionally to the volume of production);

b) fixed costs (not change, output);

c) miscellaneous expenses (include constant and variable part).

1. According objects allocation of costs:

a) the cost of the product;

b) expenses for the period.

1. The impact on the value of cost to the company:

a) controlled costs;

b) non-regulated costs.

1. Regulatory validity of costs:

a) regulatory costs (standard costs);

b) excessive costs.

1. Methods of planning and control of the magnitude of costs:

a) operating costs (costs that depend on the issue and set a valuation (materials, energy, labor), which are scheduled for short periods, and have a short feedback loop);

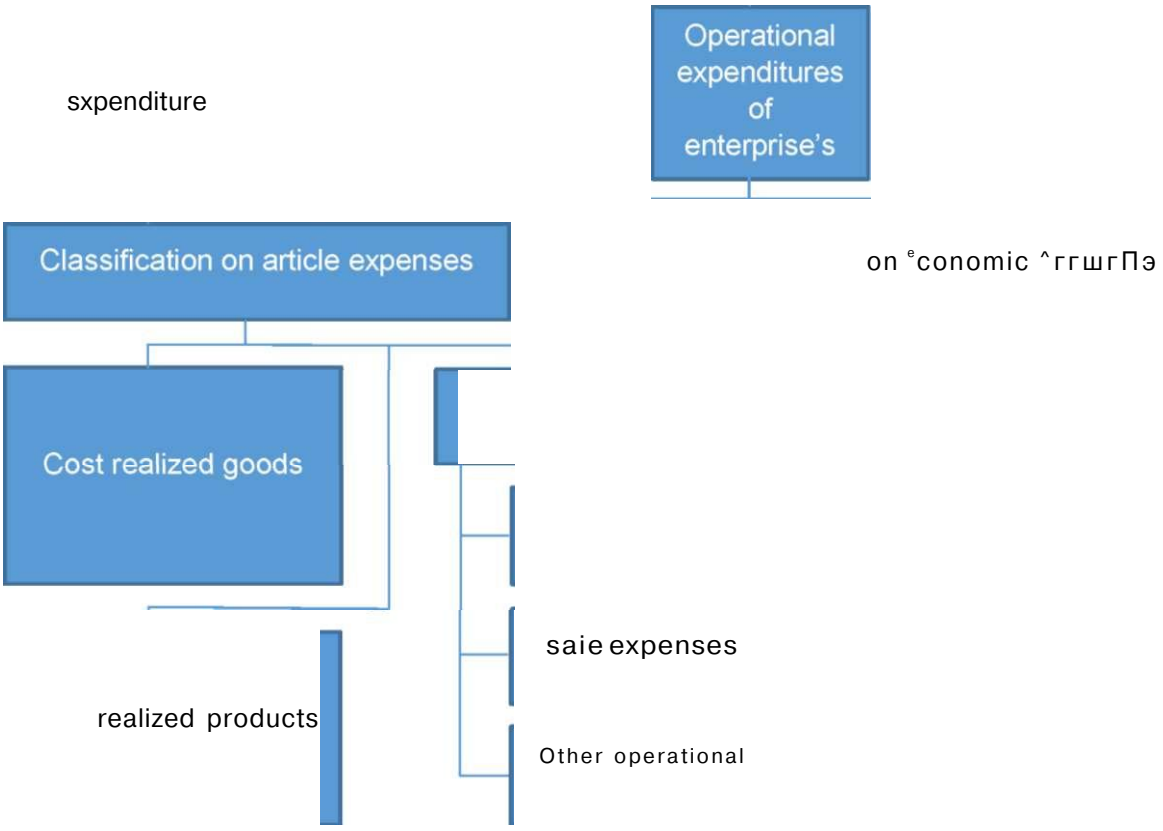
2) adjustable costs (cost within the period of a fixed amount (typically a year) that are not clearly defined, depending on the production volume);

3) latched costs (costs associated with the existing property, land, fixed assets, which are scheduled on the basis of long-term and which is connected to the greatest risk of return on investment).

Composition enterprise costs

Formation expenses of the enterprise carried on five levels (Fig. 1):

1. At the expenses of the enterprise as a whole;
2. At the costs associated with normal activities;
3. Operating costs at the level of activity;
4. At the cost of products sold and goods;
5. At producing cost of production.



At the first level of the entire set of enterprise costs allocated costs, having direct relation to the ordinary course of business and the costs associated with extreme events. The size and proportion of the latter indicate the degree of influence of unplanned and uncontrolled developments in the activities of the company during the reporting period. This distinction allows you to immediately identify the composition of the company's expenses that can not be considered when assessing the efficiency of economic activity.

At the second level in the cost ordinary activities primarily allocated costs associated with operating and financial performance. In general, it is difficult to identify any criteria of rationality of cost at this level. However, a significant share of the costs of financial activity may indicate a large variety of activities, the company, which combine under one legal entity is not always feasible and may require its division.

Value of the "other costs" (in this group primarily include costs associated with the maintenance of the social sphere) also indicates the presence of objects within the enterprise for non-core businesses and, as a consequence, the main source of cost recovery.

On the third and fifth level the study of the structure of costs of operations on economic elements and items costing.

Operating costs include all the costs of the company associated with the manufacture or sale of goods (works, services). The difference between the cost and the basic operations is that the former does not include operating costs for the implementation of investing or financing activities.

The main indicator that reflects the cost structure of the company operating called attitude material and energy costs and wages. Costs on these elements determine the overall size of the flow of all major types of resources required to maintain the normal course of business.

Such products, which are dominated by material costs (raw materials) are called material store, fuel and energy - energy-intensive, labor costs - labor intensive.

In an analysis of operating costs on economic elements determined weight every specific element in the total costs for the planned scope of operations. Then, by comparing the proportion of the actual costs of the items are from the planned targets or indicators for the previous periods are identified deviation and the reasons that caused them.

In studying the structure and dynamics of the cost of items not to be confused "cost items" with "calculation items."

In the first case it is a group operating costs for various accounting objects (production or services management company in general, commercial and marketing activities for the implementation of produced goods or services); trade (resale) goods). In this case, the objects are various stages of accounting operations, and the costs are grouped according to the homogeneity of their appointment (by analogy: economic elements - the homogeneous nature of the costs themselves; cost items - the uniform of their appointment).

In the second case, the cost to be only part of the costs of operations, grouped according to one aspect of accounting - product or service. In this earlier (before the NSA) in Accounting automatic consolidation happening economically diverse diversion costs:

- for the production of specific products;
- on the sale of products;
- on the management of the enterprise.

Thus, operating costs, in turn, comprise:

- cost of goods sold or services;
- costs related to operating activities;
- cost of goods sold.

Costs related to operating activities include:

- administrative costs,
- marketing costs;

- other operating costs.

When analyzing the costs associated with operating activities, carried out assessment of the overall size and cost structure of this group, their share in the cost of operations and cost of the enterprise as a whole, to make qualitative conclusions about the relevance and appropriateness of the costs of this article. Besides, a comparison of actual data with planned indicators of deviations and asking for their reasons. Of particular importance to determine whether the costs of this article is a comparison of the rate of change in costs with the pace of change in the volume of operations (for example, growth marketing costs with the growth in sales volume). Optimal for the company is when these figures will vary proportionately.

1.2 The main characteristics of production expenditure and the production cost development

Output or services, requires proper resource support, the value of which has a significant impact on the level of economic development of the enterprise. Therefore, every business or production unit should know what it costs to production (works, services). This factor is particularly important in a market economy, as the level of production costs affect the competitiveness of the enterprise, its economy.

In order to know what to do manufacture a product, the company must produce its valuation by the material and quantitative composition (means and objects of labor), as well as the composition and quantity of labor input required for its manufacture.

Costs (cost) - is the monetary expression of factor inputs needed to implement enterprise of industrial and commercial activities related to the production and sale of products and provision of services, that is all, it costs the company production and sales of the product (products).

In accordance with the definition of costs (cost) production should distinguish between the cost of production and sales, output and sales. Cost of manufacture (production) products characterized in monetary terms all material costs and labor

costs, which in this or that production fell by one, and the entire production volume. In the cost as in the synthesis of economic indicators are reflected all aspects of the enterprise: the degree of technological equipment for production and development processes; level of production and labor, the degree of capacity utilization; economical use of material and human resources and other conditions and factors that characterize the production and economic activity.

Examining types of production costs need to consider this kind of costs as transaction costs.

Transaction costs can be defined as the costs of economic interaction, in whatever form it may leak. Transaction costs cover the costs of decision-making, development and change of plans, organization of future activities, negotiating about the content and conditions, and the renegotiation of the deal with these questions, as the needs of the changed circumstances, etc.

Thus, under the transaction costs refers to specific costs to create and implement such exchange agreements. The amount of such costs depend on the type of services purchased and selected forms of coordination. Traditional accounting systems are not yet able to provide enterprise information to answer the question whether it is possible at all (and under what circumstances) the savings on transaction costs in the market, if additional units to involve relevant services at the company below. It is therefore proposed to consider the managerial aspects of reducing these costs, so that in the future could develop a technique of registration and analysis.

In theory and practice of strategic planning of the company is difficult to overestimate the importance of the mission. It is generally accepted opinion that the mission reflects the purpose of the company and is the company philosophy. At the same time, the mission is seen as enterprise resource management, which allows you to integrate the interests of its various functions and operations. Therefore, we conclude that the following clearly defined and "operational" mission to accelerate the adoption of effective solutions to the interaction of the individual functions of any business that will ultimately, to reduce transaction costs. This is also true with

regard to the organizational or corporate culture, when the establishment of common standards and shared values with a combination of organizational cultures leads to lower transaction costs. Provided that external transactions within strategic alliances also necessary to develop a common vision and mission strategy pas companies match the perception of norms that reduce the transaction costs of joint decision-making.

Dynamics of transaction costs, in our opinion, can be both positive and negative. At the same time, certain factors under some conditions can lead to a reduction, and in others - an increase in transaction costs. Problem deeper study is that to understand the factors and how to influence the behavior of transaction costs. In this paper, we show only some of the management aspects influencing a certain way on the dynamics of transaction costs. For example, the existing relationship of trust and loyalty of the manufacturer to supplier company may lead to the fact that the transaction on the open market for the company will be unattractive, although their profitability may be much higher. On the other hand, the above-described positive relationship between the two companies will reduce the time and, consequently, the cost of a detailed clarification of the conditions of the contract and make the transaction as soon as possible.

We can not agree with the opinion that without the concept of transaction costs is impossible to understand the workings of the economic system, with the use of many of the problems analyzed. This should emphasize the importance of the above managerial aspects that have significant impact on the economic category.
Proceeding to analyze complex issues formation cost for the production and sale of goods (works, services), it is necessary to consider both the cost of the basic provisions of the institutional category.

Domestic production activities in any enterprise associated with the consumption of raw materials, fuel, energy, payment of wages, deduction of payments for social and pension insurance for employees, accumulated depreciation, as well as a number of other necessary expenses. Through the process of handling these costs are constantly compensated from the company's revenue from sales of

products (works, services), thus ensuring the continuity of the production process. To calculate the sum of all costs of the enterprise they are brought to a single indicator, presenting this in monetary terms. This indicator is the cost price.

Firms engaged in production activities, determine the cost of production, and the company, asking for sales, procurement, trading and brokering activities, - the cost of treatment.

The specific composition of the costs that can be attributed to the costs of production and distribution are regulated by law in virtually all countries. This is due to the tax system and the need to distinguish between the costs of company's sources of compensation (included in cost of production and therefore recoverable by the price of it and reimbursed out of profits retained by the company after payment of taxes and other obligatory payments).

But, apart from cost, directly or indirectly resulting from the manufacturing process, the company carries and direct costs that are not associated with the release of products (works, services) and in the cost, as a rule, are not included.

For planning, recording and analysis of the production costs of the enterprise together in homogeneous groups in many ways.

By type of expenditure. Grouping by type of expenditure is generally accepted in the economy and includes two classifications: Economic cost elements and calculation items of expenditure.

The first of them (on economic elements) is used in the formation of prices on the enterprise as a whole and includes five major groups of expenditure:

- Material costs;
- Labor costs;
- Social contributions;
- Depreciation of fixed assets;
- Other costs.

The second group of costs (for calculation items) used in the preparation of calculations (calculation of unit cost) for determining what costs the company unit of each type of product, the cost of certain types of work and services. Need for this

classification due to the fact that the cost calculation for the above cost elements can not account for where and therefore the costs incurred, as well as their character. At the same time, the definition of the cost of the calculation as a way to group them on the specific production unit allows you to track each component of the cost of production (works, services) at any level.

1. According expenditure costs are grouped depending on the location and the target (destination) incurred and allocated to each of the product direct or indirect method. This classification is specific to each industry, so the composition of expenditure in each industry is different. As a rule, expenditure allocated: a) raw materials; b) fuel and energy; c) basic and additional wages of production workers; d) social security contributions; d) the costs of training and development of production; e) the costs of maintenance and operation of equipment; g) shop expenses; h) works general expenses; i) other operating expenses; a) Non-manufacturing (commercial) costs, etc.

2. According to the nature of participation in the creation of products (works, services) Allocate the basic costs directly attributable to the manufacturing process of products, in particular, the cost of raw materials, basic materials and components, fuel and energy, wages of production workers, etc., and overheads, ie costs of operation and maintenance of production - the craft works general, Non-manufacturing (commercial), loss of marriage.

3. According variability depending on production volumes. Costs which vary (increase or decrease) in proportion to changes in the volume of products, called conditional variables. Costs that remain the same, and their magnitude is not associated with an increase in the reduction of production I called conditional permanent. This classification of costs required for production planning as well as in the analysis of financial and economic activity of the enterprise.

4. By way of referring to the production. Very often at the cost of production calculation can not accurately determine the extent to which certain costs can be attributed to one or another type of product. In this regard, all expenditures of the company are divided into direct, which can be directly attributed to this kind of

products (works, services) and indirect, which are associated with the production of many products, as a rule, all other costs of the enterprise.

1.3 Managerial accounting is the main source of influencing to the expenditure of production

Managerial Accounting - activity within an enterprise that provides administrative staff the information needed for planning, directing and controlling the activities of the enterprise.

Managerial Accounting - a new branch of knowledge, which combines several of Applied Economic Sciences: planning, organization and production management, valuation, accounting and management accounting, economic analysis, etc.

Regardless of your major or intended career path, most of you will become managers one day. A manager has responsibility and control of selected parts of a company's operations, or in some cases, multiple aspects of operations. Only those of you that happen to stay at the 'bottom' of a company, prefer never to get promoted, or never accept any responsibility for some aspect of a business, will miss the 'management' opportunity. Fortunately, none of you will likely fall into this persona given that you have taken the initiative to attend college. Understanding managerial accounting will help you move up the ladder more quickly, regardless of your chosen career path.

In any responsible business capacity, your boss and all other management levels above you will want to know how well you handle your responsibilities. To do so requires that they measure your performance. The evaluation process is similar to your perceptions in each college course in which you enroll. During your first class meeting in each course, one of your initial goals is to find out how your performance will be evaluated. In a business environment, you want to know what they expect, i.e., how they will measure your performance. While you won't be

earning letter grades in the business world, your performance will ultimately translate into promotions, bonuses, raises, reprimands, or perhaps dreaded walking papers.

Managers use a number of tools to measure performance. The approach to measurement depends on what will be measured and against what benchmark the performance will be measured. A benchmark can be viewed as a goal to meet, or a standard that management expects its employees to achieve. A significant management component involves planning, which is accomplished through the use of budgets. Recall from financial accounting that the primary purposes of being in business are to make a profit and to add value to a company. Budgets are forecasts of how the profits and value-added aspects will be achieved, in other words, a company's financial plan. For example, as a manager you may be given a budget that tells you how much to spend, how many units to produce, or how many customers to process. These items will become benchmarks that management will use as measurement tools. At the end of the period, your actual performance will be compared the budget amounts to see how well you have performed. You must understand what the numbers in budgets represent and how the managers that prepare budgets determined the amounts. You will certainly want to know how to maximize your performance evaluation. For example, if a large portion of your grade in this course was based on attendance, you would maximize performance by attending class every day. You may strive to process customers promptly in a business operation if that is the basis on which your performance evaluation is based. That's where managerial accounting comes in. It will provide you with an understanding of what goes into the benchmarks by which you will be evaluated.

Managerial accounting is often referred to as management accounting. The Institute of Management Accountants describes management accounting as "the internal business-building role of accounting and finance professionals who design, implement, and manage internal systems that support effective decisions, and

support, plan, and control the organization's value-creating operations."[2] In short, managerial accounting supports the decision making process through planning and controlling operations. Planning primarily appears in the budgeting process. Controlling occurs when managers compare actual performance with budgeted amounts to identify differences and then act upon differences that appear to be significant.

Comparing Managerial and Financial Accounting. Both provide information to users to make decisions. One difference between the two concerns which users for which the information is provided. Financial accounting provides information to stockholders, creditors and others who are external to the company. Managerial accounting focuses on users inside the company. This internal group includes all levels of management, and sometimes various employee groups. A number of distinctions between financial and managerial accounting can be made which appear in Figure 2.

Compared to financial accounting, managerial accounting:

• Is more flexible

• Does not focus on generally accepted accounting principles (GAAP)

• Has a future rather than past focus

• Is more timely

• Emphasizes parts of a company (the details), rather than the whole company

• Emphasizes both qualitative and quantitative information

Figure 2. Comparison of Financial and Managerial Accounting

More flexible. While a few reports are standardized, many are 'off the cuff or spontaneous ideas converted into an analysis that might be helpful for decision making. A manager might decide to compare administrative costs at the east and west divisions, or determine the cost difference if a new type of plastic is used to

What is Management Accounting?. Institute of Management Accountants, <http ://www.imanet.org/about_management.asp>

manufacture rulers, or any number of other non-standard analyses that may help with decision making.

NOT GAAP. Because managerial accounting information is used solely for internal purposes, it does not have to comply with GAAP. Outside agencies such as the Securities and Exchange Commission (SEC), the Financial Accounting Standards Board (FASB), and the Internal Revenue Service (IRS) provide reporting rules and guidelines for external reports. These agencies are concerned whether a company's external reports are in compliance with GAAP because users outside the company rely on the information. External users want to know what actually happened, not what is being planned or how a company analyzes its costs. No rules or specific formats exist for a company's internal reports, so management free-forms many to meet the decision at hand.

Future emphasis. Managerial accounting emphasizes the future while the past is the emphasis with financial accounting. What appears in financial accounting reports is historical in nature, representing results of transactions that have already occurred. Managerial accounting is often considered forward-looking in that much of it represents expectations for the future. While the latter often uses past results as a basis for estimating future results, financial accounting specifically avoids any forecasting or predictions for the future to avoid misleading external users.

More timely. Managerial accounting is more timely than financial accounting in that analyses are created as needed, rather than periodically at the end of accounting periods as occurs with financial accounting. This often forces the use of estimated amounts which may not be as accurate as actual results. This sacrifice of accuracy is given up in order to get information more quickly so decisions can be made as quick as possible.

Emphasis on parts and details. Managerial accounting focuses on segments and products of an organization, while financial accounting focuses on the company as a whole. For example, for external reporting purposes, General Electric reports gross profit on its income statement which reflects the gross profit of its entire product line. While a potential investor or customer may prefer to know how much

profit is associated with a particular model of dishwasher, General Electric prefers to keep such detailed information confidential. On the other hand, an internal report made available to management would certainly contain profit information related to individual products and product lines. From a managerial accounting perspective, General Electric focuses on individual products and services or the parts of a company's operations with lots of detail. From the financial accounting perspective, General Electric focuses on the company as a whole.

Emphasizes on both quantitative and qualitative considerations. Managerial reporting is unique in that qualitative considerations receive a fair amount of attention in decision making. Qualitative aspects are those items that cannot be quantified into amounts. They include 'touchy-feely' considerations such as employee morale, community and environmental effects, and the company's public image. Because qualitative items cannot be easily converted into dollars, they do not appear in external financial reports.

Goals of Managerial Accounting. The goal of managerial accounting is to provide information for internal decision making, primarily for planning and control purposes. The types of decisions made by managers rely substantially on accounting information. Because financial accounting information does not provide enough detail for internal decisions, it must be broken into more detail of the individual products or services provided by a company. Not only do managers need to know the cost of a product or service, they need the costs broken into smaller components so they are able to perform 'what-if analyses and forecasts for the future. Some types of decisions that managers often make include pricing products, dropping a product or product line, buying new equipment to replace old, evaluating the performance of managers or divisions of a company, or making rather than buying a part or product. The two primary functions of managerial accounting are planning and controlling. Both of these help managers accomplish decision making.

A Management Function: Planning. From an accounting perspective, planning is the communication of a company's goals. Because ultimately a company's results are translated into dollars, planning is achieved through the budgeting process as a

basis for decisions made by managers. Budgets are the financial plans of a company. They identify the sources or inflows of economic resources, and the uses or outflows of economic resources of a company. Recall from financial accounting that assets are economic resources that provide future benefits. Budgets identify where assets will come from and where they will be used. They ultimately create benchmarks of profits, cash flows, and financial position that the company expects to achieve.

Another Management Function: Controlling. The controlling function is achieved through measuring performance, comparing the actual performance with budgets, and taking action when needed. Managers use different approaches to analyze performance, a number of which are covered in this text. Both the performance of managers and the performance of a segment, product, or other unit of company are measured. To illustrate, suppose the Jacksonville Jaguars make it to the Super Bowl this season. To do so, they must perform well. In the case of football, performing well equates to winning football games. Determining who performed well is a bit more challenging. Was it the 'manager' of the football team—the coach? Or was it the team itself? If we credit the coach, we are evaluating the manager. If we credit the team, we are evaluating the team as a whole. The same concepts apply to most business operations. We can evaluate managers or the company segments for which they are responsible. What action might be taken as a result of exemplary performance? The coach may be offered an extended contract. For a poor performance (a number of lost football games), the head coach may be fired. In these two cases, the manager, i.e., the coach, is being evaluated. Is it really the coach who wins or loses the games, or is the performance of the entire team responsible? The key is to be sure you know what you are evaluating (controlling)—the manager, or the department, segment, or unit for which the manager is responsible.

Effects of Technology on Manager Decisions. Recent escalations of technology impact a number of management decisions. Most notably, the Internet has broadened competition due to the increase of access to suppliers and customers.

Not only has the Internet enhanced a company's ability to obtain materials and services needed, it has enabled a company to market its own products and services worldwide. Within a company, technology has automated many processes that had been formally performed by manual labor. As a result, companies have eliminated employees and acquired more plant assets such as equipment. Because computers capture data automatically, managers are desiring more information for decision making. They are no longer satisfied with knowing how much one unit of product will cost. Instead, they want to know the cost of each activity that goes into creating a product or service. Technology's impact on multiple activities has caused managers to focus on all aspects of a company's value chain.

What is the Value Chain?. A value chain includes all the activities of a company which 'add value' to the company's goods or services. To add value means to contribute something to make it worth more. The concept of a value chain was made popular in 1985 by Michael Porter.[3] A value chain includes all the steps a company goes through in order to get it product or service to a customer. Porter calls these the 'value-adding' activities of a company. For our purposes, they include

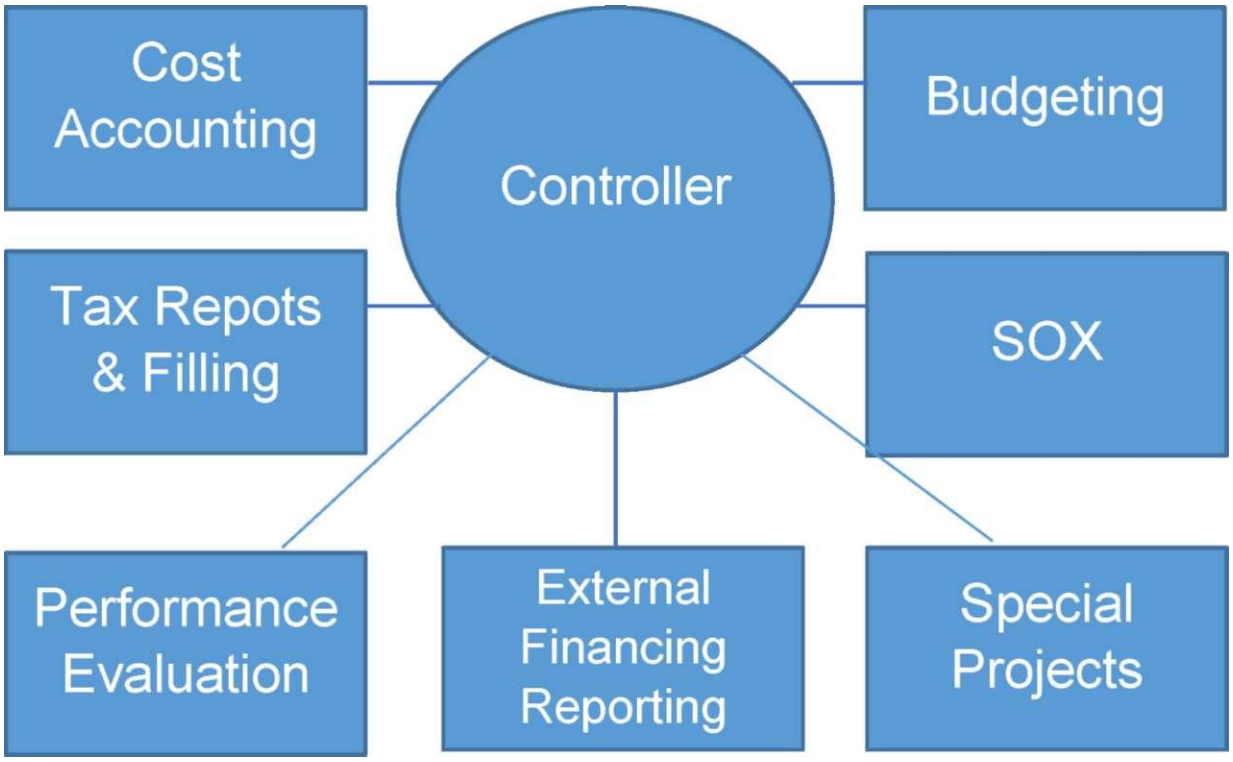
- Acquiring materials, supplies, and services
- The production process
- Selling and marketing
- Delivery to customers and the related service or maintenance of those customers
- Related "support activities" including: all those activities that support the production of goods or services, such as administration, human resources, R&D, accounting, payroll, facilities cleaning, etc.

Every company has a value chain, although components may vary somewhat among companies. Because the activities in the chain involve costs, managerial accounting involves planning and controlling all the value chain activities. As you continue through this text, you will see how many of these activities are analyzed,

[3] Michael Porter. Competitive Advantage: Creating and Sustaining Superior Performance, New York, NY. The Free Press.

how their costs are determined, and how they are used in the decision making process.

Management Accounting Responsibility. The controller is responsible for performing managerial accounting activities, i.e., the planning and controlling activities necessary for decision making. He or she is considered the top managerial accountant and is responsible for not only the topics we will cover in this text, but also the external financial and tax reporting aspects of a company's financial system. More recently as a result of the Sarbanes-Oxley Act of 2002 (SOX), companies must assess and document their internal control structure. This Act added



3- Figure Controller s Areas of Responsibility

more responsibility to the corporate controller.

Expectations. Most of you will be relieved to know that the content of the managerial accounting course will seem more practical than financial accounting. There is more emphasis on making decisions and learning how accounting information is modified to enhance the decision making process. You will focus more on products and services and the related profit aspects, rather than the

company as a whole. You will notice considerably fewer journal entries because you already understand how transactions impact financial statements. (Do I hear cheering?!) With that in mind, don't let your guard down. The first few chapters introduce a number of new categories and classifications for costs. Understanding the classifications *really, really well* is crucial to understanding the concepts that follow since cost categories are the basis of almost every topic throughout the course.

Chapter II. The organization and accounting system of production expenditure in "A. Akbarali" company

2.1 The accounting system of production expenditure and managerial accounting

Production is the main economic activity in the process of most businesses and is a process for the manufacture of products, works and services. Proper organization of the production process depends on the volume of production, the quality and competitiveness.

Accounting for the cost of production - one of the most important functions of accounting.

Organization of the production process depends on the specifics of the company and its management structure, so the process of production has its own characteristics for each activity. For the production of any type of characteristic that in the manufacturingprocess for the production of products, works and services used material and labor resources, as well as a means of labor, which provide the production process.

Large industrial enterprises with complex organizational structure of the production process for accounting of production costs, the following account:

Compile information on the cost of primary production, products (works, services) which is the main activity of the company is carried out on the account 2010 "Primaryproduction".

Costs businesses to be included in the cost of goods (works, services) of the period to which they relate, regardless of the time of payment - provisional (rental, subscription fees, etc.) orpost (payment for cost overruns and other imprest.).

Charged 2010 "Primary production" reflects the direct costs associated directly with the release of goods, works or services, as well as auxiliary production costs, indirect costs associated with the management and maintenance of primary production and the loss of the marriage.

Direct costs associated directly with the release of goods, works and services that are charged to expense in 2010 "Primary production" credit accounts with account of materials, payments to staff on pay, etc.

Auxiliary production costs are expensed in 2010 "Primary production" from the credit account 2310 "Supporting the production."

Indirect costs associated with the management and maintenance of primary production, are expensed in 2010 "Primary production" account 2510 "General expenses".

Loss of the marriage are expensed in 2010 "Primary production" from the credit account 2610 "Marriage in the production."

Credited to 2010 "Primary production" reflects the amount of actual production cost of completed goods, works and services rendered. These amounts may be debited from the account 2010 "Primary production" in the debit account 2810 "Finishedgoods stock" 9110 "Cost of sales offinishedproducts," 9130 "Cost of workperformed and services rendered."

Account balance in 2010 "Primary production" at the end of the month shows cost of work in progress.

Analytical records are maintained by cost and type of products (works, services). Grouping of Cost Center and other features, as well as spreadsheet analysis can be performed in a separate system of accounts, the composition and method of use which now set based on the characteristics of industrial activity, structure, organization management. If grouping of Cost Center and other features, as well as spreadsheet analysis is not carried out in a separate system of accounts, the analytical account of the account 2010 "Primary production" is also conducted by departments of the enterprise Work in progress the beginning of period+ producing expenses for production- Work in progress the end of period= the cost of production which is given to store.

General description of the enterprise

1. Full and abbreviated company name	Limited Liability Company «A.Akbarali», LLC «A.Akbarali»
2. Registered address	Fergana city, Istiqlol street 50
3. № and date of state registration	498/12 от 15.12.2000 г.
4. Registration tax inspection	VAT number: 203466512
5. Subordination enterprise-higher authority	State Joint Stock Company "Uzlegprom"
6. Activity	Production of yarn.
7. Ownership	Quotient
8. Bank	p/c:20208000304093020001 in SC Asaka bank Fergana MFO: 00539
9. Address Tax Inspectorate	State Tax Inspectorate, Fergana

Table 1. General description of LLC «A.Akbarali»

At the area of count politic of "A. Akbarali" main production cost accounting and calculation of the cost (account 2010).

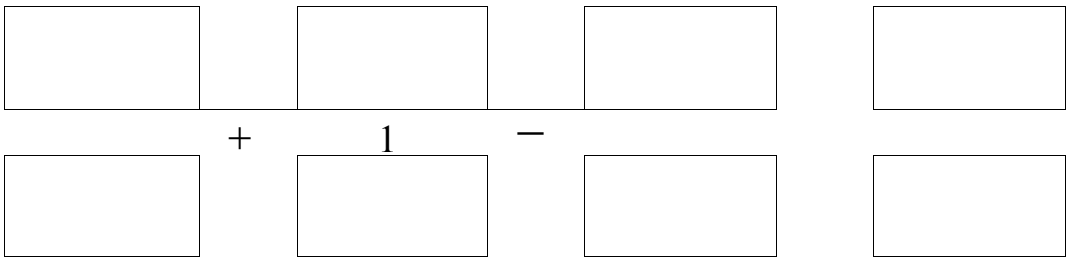
The main activity of "enterprise" is:

- Retail and wholesale trade, etc.

The main types of activities and "enterprise" are:

- Leverage to increase efficiency and revenue growth.
- Processing of cotton textile production and sale.

Costs of primary production, products (works, services) which are the main



activity of the company is carried out on the account 2010 "Primary production".

Company's costs to be included in the cost of goods (works, services) in the period to which they relate, regardless of the time of payment - provisional (rental, subscription fee, etc.) or follow (Appendix 1).

By the nature of the production costs are divided by the cost of primary production, respectively, records are maintained in the account 2010 "Basic production."

Costs directly associated with the works are called direct costs. These include:

- Production material costs;

- Labor costs of basic production workers;

- Social security contributions related to the production.

Maintenance costs of production processes, as well as other costs that remain relatively constant regardless of changes in the volume of products, called indirect. They are included in the production cost of works performed, services only if they are associated with the production process.

It should not include such costs as:

- Administrative expenses not related to bringing inventories to their present location, as well as commercial (marketing) costs;

Overhead cost accounting account (account 2500)

Synthesis of information on general production costs are posted to the company in 2510 "General expenses". "

On this account include the cost of general-nature, including:

a) the maintenance and operation of machinery and equipment;

b) depreciation of fixed assets and intangible assets for production purposes;

c) the cost of repair of fixed assets for production purposes;

d) insurance costs productive assets;

d) the cost of heating, lighting and maintenance of production facilities;

e) rents for industrial premises, machinery and equipment, other leased facilities used in production;

g) the remuneration of production personnel engaged in service production;

h) other costs of production nature.

Production costs are reflected in the account of the debit overhead cost, in correspondence with the accounts of inventory accounting, payments to staff on pay and other. Expenditures recorded in the account records of overhead cost, charged to debit accounts 2010 "Primary production" in 2310 and "Support production."

The order of distribution of overhead costs to individual objects of the account is defined in accounting policies.

Analytical account of the account of overhead cost accounting (2500) conducted by individual departments of the enterprise and expenditure.

Synthesis of information on general production costs are posted to the company in 2510 "General expenses".

On this account include the cost of general-nature, including:

a) the maintenance and operation of machinery and equipment;

b) depreciation of fixed assets and intangible assets for production purposes;

c) the cost of repair of fixed assets for production purposes;

d) insurance costs productive assets;

d) the cost of heating, lighting and maintenance of production facilities;

e) rents for industrial premises, machinery and equipment, other leased facilities used in production;

g) the remuneration of production personnel engaged in service production;

h) other costs of production nature.

Production costs are reflected in the account of the debit overhead cost, in correspondence with the accounts of inventory accounting, payments to staff on pay and other. Expenditures recorded in the account records of overhead cost, charged to debit accounts 2010 "Primary production" in 2310 and "Support production."

The order of distribution of overhead costs to individual objects of the account is defined in accounting policies.

Analytical account of the account of overhead cost accounting (2500) conducted by individual departments of the enterprise and expenditure.

Account accounting serving households (account 2700)

Compile information on the costs associated with the release of goods, works or services serving households, carried out on the account 2710 "Ancillary services".

By serving households and businesses realize the production sector, the activity of which is not related to the production of goods, works and services that are the object of the enterprise. In particular, this account records the cost of maintaining health facilities, kindergartens, housing and communal services, culture and sport, sewing workshops and other consumer services, cafeterias and canteens, research and design of separate units owned by the Company.

Charged 2710 "Serving economy" reflects costs associated with the release of goods, works or services serving households. Costs are charged to the debit account 2710 " Serving economy" in correspondence with the accounts excluding inventories, payments to staff on pay, etc.

Credited to 2710 "Serving economy" reflects the actual amount of the cost of production, work performed and services rendered serving households. These amounts are credited to 2710 " Serving economy" in correspondence with the accounts excluding inventories, etc.

Account balance in 2710 "Serving economy" at the end of the month shows the cost of work in progress.

Analytical account of the account 2710 "Serving economy" is on each serving agriculture and the elements, cost items, and by products.

Accounting "Finished goods" (account 2800).

Information presence and movement of finished products is carried out in the following accounts:

2810 "Finished goods stock";

2830 "Petroleum products are transmitted to the Commission";

2840 "Finished goods transferred for processing."

On the bill in 2810 "Finished goods stock" finished products accounted for the actual production cost. Posting of finished products made (received) for implementation, including products intended partly for their own business needs,

reflected in the debit account 2810 "Finished goods stock" in correspondence with the accounts for accounting.

Shipped to buyers (customers) finished products, vouchers for which brought these buyers (customers), is deducted in order to implement the credit of account 2810 "Finished goods stock" in the debit account 9110 "Cost of sales of finished products."

On derecognition of a finished product from the account 2810 "Finished goods stock" of the sum of deviations of actual production cost of the room at prices accepted in the analytical accounting, are determined by the percentage calculated from the ratio of variances for the remainder of the finished product at the beginning of the reporting period, and production variances , will be available during the month to the cost of these products at discount prices. Sum of the deviations of actual production cost of finished goods from its value at discount prices relating to sales, are credited to 2810 "Finished goods stock" and debit the relevant account additional recording, depending on whether they represent overruns or savings.

Accounting for goods (account 2900)

Information about the presence and movement of inventory acquired as commodities for sale and rental items, carried out on the following accounts:

2910 "The goods in warehouses";

2980 "Mark";

2990 "Other Items".

Industrial and other productive enterprises account accounting products are used in cases where any goods, materials, products are purchased specifically for sale.

Resupply, sales, trading companies on accounting accounts also allow for the purchase of goods containers and packaging of its own production, other than inventory, serving for industrial or household purposes and are recorded on the relevant fixed assets account or materials.

On the bill in 2910 "Goods in warehouses" accounted for the presence and movement of inventory, are in the wholesale and distribution bases, warehouses, storerooms catering, storages etc. at cost.

Postings will be available goods and containers on debit accounts 2910 "products in stock" with the costs associated with the acquisition of goods.

Delivery of goods and containers to be recorded using account 1510 "Procurement and acquisition of materials" in a manner similar accounting treatment related transactions with materials.

Marketed buyers (customers) products, vouchers for which it presented to buyers (customers) or paid by them in the exercise debited from the account 2910 "Goods in warehouses" in the debit account 9120 "Cost of goods sold."

Account 2980 "Mark" is intended to summarize information about the trade margins (discounts) for goods in retail trade and catering, if the goods are recorded at selling prices.

On catering to the account are recorded amount of the trade margins on food and goods in pantries, cupboards and kitchen, as well as the amount of markup added on a fixed amount to the cost of the kitchen and pantry products at sale prices.

Credited to the account in 2980 "Mark" with the posting of the goods to the amount of trade margins, and debited with the amount of the trade margins on goods sold, released or written off due to natural attrition, marriage, damage, shortage, etc. Amounts trade margins in part attributable to the sold goods, reflected in the debit account 2980 "Mark" and credited to 9120 "Cost of goods sold." Amounts trade margins in part attributable to the remainder of unsold goods, specified on the basis of inventory lists by defining relying margins on products in accordance with the dimensions.

Sum margins for the remainder of unsold goods at retail trade can be determined by the percentage calculated from the ratio of the sum of the margins on the remainder of the goods at the beginning of the month and shall be credited to turnover in 2980 "Mark", reduced by the amount of turnover in the debit account

2980 "Mark "(in other write-offs), the sum of goods sold for the month (at discount prices) and the balance of goods at the end of the month (at discount prices).

Analytical accounting records relating to the accounts of goods (2900) conducted by responsible persons, names (classes, parties, bales) and places of storage of goods.

2.2. The impact of production cost and advantages of restricting the production cost

Under the calculation of the cost should be understood not only the actual cost calculation unit of production, but other work on cost calculation:

- Products, services auxiliary production, consumption of fixed production;

- Intermediate products (semi-finished) main production units used in subsequent stages of production;

- Product business units to identify their performance;

- Total commodity output of the enterprise;

- Issue and accordingly units of the finished products and semi-finished products of own production (works or services, etc.), implemented on the side.

In the world of accounting practice on farm accounting, including the methods of planning and cost accounting and calculation of production cost, is of great importance. The method of calculation involves cost accounting system, which determines the actual cost of production and unit costs.

Under the method of accounting for the cost of production and the calculation of production commonly understood set of methods organization documenting and reflecting production costs, providing the definition of the actual cost of production and the necessary information to oversee the process.

The choice of method of calculation of production costs associated with the production technology, its organization, particularly of products.

Depending on what costs are included in the cost of production in the domestic economic literature traditionally distinguished the following activity:

- Guild - includes direct costs and overhead costs; characterizes plant costs to manufacture products;

- Manufacturing - has a shop cost and overheads; shows cost businesses related to the production of products;

- Total cost - cost of production, increased by the amount of commercial and marketing costs. This indicator integrates enterprise overall costs associated with both the production and sale of products with.

The classification methods - objects accounting of production, and the objects of calculation methods of control over cost. With all the variety they can be grouped in two main areas: facilities cost accounting and cost control efficiency.

On objects costing usually distinguish two main methods of costing:

• Custom method;

• Process method.

By expediting control methods exist cost accounting in the course of production and accounting methods and calculation of past costs.

We focus on three main methods provided in standard guidelines on planning, accounting and calculation of cost of production.

The main methods of cost accounting and calculation of production are pozakaznyyi Process methods of calculation other systems usually represent a variety of these methods. In managerial accounting combined domestic simple (Process) and dividing methods into one, which translates as "process calculation" (process-costing), moreover, significant differences between the content of the "process" and "redistribution" virtually non-existent.

The basis of the separation order, process and methods of calculation methodology is the unit cost of production. This figure seems to be very useful for the enterprise for several reasons. Calculation of costs per unit of production is needed to justify production of new products, determine profitability of individual product lines, determine the level of selling prices, etc. Calculation of the cost per unit of output also facilitates processes of planning and control at various levels of management.

In those industries where the production unit has certain characteristic features and is easy to identify, apply Custom method. In other words, the main area of application pozakaznogo method - is an individual and small-scale production, as well as ancillary production.

Where the unit of production is lost in the mass of other such units, more preferably Process method that prevails in mass production with consistent processing of raw materials to the finished product, with integrated use of raw materials, as well as in the extractive industries and energy. The difference per unit cost of production is well grounded in theory, but in practice often used a combination of these methods.

Let's discuss each of these methods.

Custom method for calculation of costs.

When Custom pricing is subject to a separate calculation of the order, a separate work that is performed in accordance with the specific requirements of the customer, and the period of performance of each order is relatively small. Work is usually performed at the factory or in the studio, where the order goes through a series of operations as determined by the unit continuously.

This method is used where each unit cost differs from any other unit costs, and although certain orders are repeated from time to time, it is desirable whenever these costs are incurred, identify them again.

Piecework characterized by a variety of customer orders executed in a production workshop or factory. Workers work at a manufacturing facility on a series of demands for short periods of time, which requires a reliable system of production planning and control.

Costs are accumulated on an individual basis for each order at the factory. Basic accounting document for this information is the "card / sheet cost accounting for order fulfillment" or "Calculated card", which is filled individually for all orders and regularly adjusted in accordance with any costs arising in connection with the particular order. Calculated card is based on building type calculation accounts (Appendix 1).

Due to the small number of records of expenditures in respect of any order will not be difficult to obtain data on the total cost of implementation of the order listed in the card cost accounting. This card may also include comparative data of any preliminary assessment done before starting work on the order.

The materials used to carry out each order, should be considered by the relevant requirements for release of materials made payable either master, responsible for execution of the order or the production control department.

Tempered materials are priced according to the appropriate basis (FIFO, LIFO, or average cost).

The time spent on each order is taken to the custom-shop clothes or timesheet time by the persons performing the work, and considered by the Department costing, which makes the corresponding data card in cost accounting.

Special purchases or other direct costs incurred must also be recorded on the card cost accounting. Corresponding amounts of such purchases are obtained by analyzing the accounts to purchase materials.

Every order is charged its share of production overheads plant as it passes through the various production order cost centers of the enterprise. Charge is based on predefined database distribution.

After performing in a custom-order card costing include predetermined allowance for the costs of implementation and administrative costs. Then accounting compares the sales price agreed with the total cost of execution of the order to determine the gain or loss on the order.

Contract cost calculation method is an extension of order method. This method is used in cases when viewed orders (contracts) are large-scale and when to perform the contract requires an extended period of time (usually one year). Examples of industries that employ a method contract costing are engineering, road construction, etc.

As with Custom costing costs for each contract are recorded separately. For large contracts typical workforce accommodation for the duration of the contract,

and the majority of your expenses relate only to this contract. Direct cost nature of most accurately calculate the core part of the contract.

Process method.

Process method is used to determine the average cost Party identical units costs over time.

This method is used in cases where it is practically impossible to establish the costs associated with individual units cost (as is the case when using the Custom calculation), due to the continuous nature of the production process. An example of a unit of production, the definition of an appropriate costing processes, is a ton of oil to the refinery. Oil processed continuously, and each ton has the same characteristics as the previous one. Impossible to establish the exact costs of certain tons last processing cycle.

In cases where the method of costing production processes, all manufactured product unit designed to create reserves.

All orders for the sale then satisfied by the stock of similar goods. Since sold merchandise are the same, there is no need to install any specific unit cost of production, as well as a continuous production process, it is usually impossible to establish a certain amount of material or production time allocated to each individual product.

The only possibility is a summation of all costs of the enterprise (or costs of cost centers that are part of the company) for a certain period of time and dividing these costs by the total number of articles produced during this period, to obtain the average cost of production per unit of output.

Usually production company includes more than one production process. Method of costing production processes allows for this by opening a separate "accounts processes" for each process and the accumulation of all the costs of the process in these accounts.

As the manufacture of the product phase yields a single process stage becomes the input for another, and this is reflected in the accounts of processes so that the

total cost of production related to all units produced until the costs to be counted as finished products can be easily identified at any time .

When highlights costing production processes used to provide enterprise services in order to describe the methods used costing uses the term "transaction-calculation." An example of such services is a management consulting, where the unit of production are the hours of work. For such services necessary to calculate the average cost of a unit of service for a specific period of time, and the procedures used are similar to those used in the calculation of production costs in the process.

Proportional costing method combines elements of both Custom and process costing. Game is defined as the number of identical units costs (as in costing production processes), considered as an order (as in custom-costing) separately from all other orders or processes performed by the Firm.

Normative method. The method combines the actual direct costs of materials and labor with estimated overhead costs to determine a product unit cost. The normal costing method is simple and allows a smoother, more even assignment of overhead costs to production during an accounting period than is possible with the actual costing method. It also contributes to better pricing decisions and profitability estimates. However, at the end of the accounting period, any difference between the estimated and actual costs must be identified and removed so that the financial statements show only the actual product costs. Challenge normative method of production costs are timely warning irrational spending of material, labor and financial resources. Basically, it contains a technically sound design values of working time, material and financial resources per unit of production, works and services. Norms of production costs reflect technological and organizational level of enterprise development, affect its economy and the final result of the activity. Deviations from norms show how respected manufacturing technology products, consumption rates of raw materials, labor costs, etc. They are divided into positive, meaning savings in costs and negative, causing them to increase.

Actual cost calculations are carried out using the following formula:

$$AC = NC \pm D \pm CH, \quad (1.1)$$

where

AC - the actual cost;

NC - standard cost;

D - deviations from norms (savings or overruns);

CH - changing norms (in the direction of their increase or decrease).

Thus, we can identify the basic elements of a standard method of cost accounting of production:

- drafting normative calculations for considering changes in regulations at the beginning of the current month;
- separate accounting production standards and deviations from the norm;
- accounting for changes in the rules, reporting calculations;
- analysis of actual costs incurred, identifying and addressing the causes of deviations from norms.

Regulatory accounting method provides efficiency and the ability to pre-control production costs and actually meets all the requirements and managerial accounting, says that the appointment of accounting information and its importance. Normative method corresponds to the widely used system in the West "standard cost» («standard -cost»), which consists of standards (norms) for the cost of materials, labor, overhead, and based on them the standard calculations.

Consider the method of accounting for the cost of production by the "direct costing."

Direct costing - system management (production) account, and arose in developing a market economy. Our country has a system of accounting and calculation of the full cost. In the method of direct costing considers the limitations of (truncated) cost, which includes only the direct (variable) costs, and the share of fixed costs is transferred directly to implementation.

This principle allowed to use legal in the Uzbekistan accounting system, since the reporting period for 1999.

Consider the difference between the elements of the accounting records the full costs:

• Cost Element Accounting (basic features are absent);

• Cost Center Accounting of (organized by division by a constant / variable part, both accounting plan costs and their deviations from the actual);

• Cost Object (fixed costs are not shared between the carriers and the only variables relate to media);

• Profitability Analysis Cost Object (variable cost per unit is subtracted from the price of the product and calculate the difference based on gross profit);

• records of the results for the period (total revenues for the period compared with the value of the variable costs and fixed costs totaling for the period attributed to the period in which it arises).

System of "direct costing" can not be definitely attributed to any accounting methods of production costs, nor the methods of calculation. Possibility of its application in practice involves the integration of domestic enterprises into a single system management (production) accounting cost accounting methods of production, calculation of production, excluding production results, cost-benefit analysis and management decisions. It is these elements are integral parts of the western system of management (production) excluding "direct costing."

Characteristic for the western division of the general accounting management accounting to management (production) and financial is not typical for domestic practice. Direct costing in the West can be used for both communication options of industrial and financial accounting. Therefore, it can be used with existing in our enterprises unified accounting system.

Domestic enterprises is well established cost accounting to their places of origin (sites, brigades, workshops, production units). The addition of this accounting classification of expenses at their place of fixed and variable production increase analytic accounting, and without much effort.

Calculation of the level of direct (variable) costs incurred in the "direct costing" considerably improves the accuracy of calculations, since in this case they

include only costs directly associated with the production of this product, and the cost of the product is not distorted as a result of the indirect distribution of large the amount of fixed costs. This reduces the amount of calculation accounting operations and increase the period, periodicity, making the actual reporting calculations to once a quarter or even a year.

Regulatory costing products on variable costs - one of the elements of integration direct costing and regulatory accounting, positively influencing the efficiency and analytic production records.

Here given information about count 2010 which was used for actual

Average price cotton	4 862,31
Expenditure of electricity	141,93
Utility costs	3,08
Expenditure on wages	183,66
Accruing on social insurance	44,99
Complex product and auxiliary Materials	43,51
Packing	95,06
Depreciation of fixed assets	116,63
Other production costs	125,69
Actual manufacturing cost	5 616,86

manufacturing cost in LTC "A. Akbarali".

Figure 5. Expenses for weaving in 2011

As I told on the beginning of this plan 2010 count used for calculating actual manufacturing cost. This cost was equal 5 616,86 in 2011 (Appendix 2). After one year all prices were changed and following you can see actual manufacturing cost in 2012 (Appendix 2)

	2ШШ
Average price cotton	3 581,18
Expenditure of electricity	198,55
Utility costs	11,13
Expenditure on wages	184,26
Accruing on social insurance	46,07
Complex product and auxiliary materials	119,09
Packing	136,89
Depreciation of fixed assets	100,20
Other production costs	167,03
Actual manufacturing cost	4 544,40

Figure 6. Expenses for weaving in 2012

In comparison, actual manufacturing cost decreased, because of the price of cotton went down. All other dates increased in LTC "A. Akbarali". Cotton used as a main material for manufacturing of good which called 34\1. So instead of increasing of all other expenditures manufacturing cost deceased. The cause is- reduced prices of cotton. (Appendix)

	Used materials
Direct materials:	
Raw materials inventory, 2011 1- January	2 350 576,6
Add: Purchases of raw materials	8582562626,67
Total raw materials available	8584913203,27
Deduct: Raw materials inventory, 2011 31- December	3 273 426,5
Raw materials used in production	8 598 186 629,77

Table 2. Using materials

2.3. The effecting production expenditure to the finance results

Financial result -

1. Expressed in monetary total economic activities of the organization as a whole and its individual units;

2. Increase or decrease in the cost of equity capital, formed in the course of its business activities during the reporting period.

In accounting, the financial result was determined by counting and balancing of all profits and losses for the period.

The **financial result** is the difference between earnings before interest and taxes and earnings before taxes. It is determined by the earning or the loss which results from financial affairs.

For most industrial companies the financial result is negative, as the interest charged on borrowing generally exceeds income from investments (dividends). If a company records a positive financial Result over several periods, then one has to ask how much capital is invested at which interest rate, and if this capital would not bear a greater yield if it were invested in the company's growth. In case of constant, positive financial results a company also has to deal with increasing demands for special distributions to its shareholders.

In mathematical terms financial result is defined as follows:

Financial result = Interest income
— Interest expense
± Write-downs/write-ups for financial assets
± Write-downs/write-ups for marketable securities
+ Other financial income and expenses

The advantages of the use of financial result as a key performance indicator

- The financial result provides information about financing costs.
- Information may be gained about non-consolidated companies.

The disadvantages of the use of financial result as a Key performance indicator

- Operating components may be included in the financial result (e.g.: the income from financing activities).
- Investment income as a component of the financial result does not provide any information on the risk inherent in this investment.
- The financial result may vary strongly over time.

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This picture illustrates connection between work process and financial result.

Net revenues from sales of products was 5961704,9 in 2011 year. Cost of sales was 4832082,9 in the same year. Gross profit (loss) from sales was 1129622,0. The cost of sales and the expenses to finishing good were the same. The data of all period expenses are equal to 2 069 110,2. Income from financing activities was 242 766,3 Expenses from financial activities were 725 019,7 Profit (loss) from general activity and Profit (loss) before income tax (profit) were 3 728,0 Tax on income (profit) were 12 427,0 Other taxes and fees from the profit 851,0. Net profit (loss) for the period 17006.All this information was taken from Form - 2 in 2011. LCD finished this year with profit, but before a year the loss of enterprise was 1 970 834,7 (Appendix 4).

Thus, continue my comparison with next year's data. Net revenues from sales of products was 25 258 922,4 in 2012 year. Cost of sales was 20 866 331,7 in the same year. Gross profit (loss) from sales was 4 392 590,7. The cost of sales and the expenses to finishing good were the same. The data of all period expenses are equal to 1 205 183,4. Income from financing activities was 3 759 826,7. Expenses from financial activities were 566 023,4. Profit (loss) from general activity and Profit (loss) before income tax (profit) were 3 646 700,8. Tax on income (profit)

were 1 305 112,0. Net profit (loss) for the period 2 341 588,8. All this information was taken from Form - 2 in 2012 (Appendix 5).

Net revenues from sales of products was 10392101.74 in 2012 year. Cost of sales was 8528327.74 in the same year. Gross profit (loss) from sales was 1863774. The cost of sales and the expenses to finishing good were the same. The data of all period expenses are equal to 1289190.38. Income from financing activities was 627773.62. Expenses from financial activities were 445162.94. Profit (loss) from general activity and Profit (loss) before income tax (profit) were 1176404.26. Tax on income (profit) were 633686. Net profit (loss) for the period 542718.16. All this information was taken from Form - 2 in 2013 (Appendix 6).

We can see that, main expenses were for manufacturing the goods. Every enterprise hope more profit. So, calculation of product and accounting of manufacture were main expenses of this plant. Company should reduce their expenditures for improving activity. Here some recommendation on this area on the third chapter of my diploma.

Chapter III. The main problems of production expenditure management in the marketing economic conditions.

3.1. Foreign experiences restricting production expenditure

There are two methods for improving statement which connected manufactured goods and developing calculation costs in the enterprises in Uzbekistan.

For many years all aspects of business have been under intense pressure to drive down costs so we can be more competitive and profitable. Perhaps nowhere is this pressure more intense than in manufacturing. Of course, there are a number of ways to reduce production costs, and you have most likely addressed many of them. Even so, it's always a good idea to take a fresh look at your operation to see if you've overlooked anything. Here some advices for reducing expenses in USA.

1. Material Costs. Can you substitute an equally good but less expensive material? If so, this could be one way to reduce part costs. Of course if your customer specifies a particular material you may not have this opportunity. However, you can make sure your purchasing people are getting the best possible price. Too often companies get complacent and continue to rely on the same materials suppliers without checking competitive prices. Also look for economies of scale by ordering greater quantities of raw materials. Obviously you don't want excess inventory on hand, but if you know you'll use the extra material in a reasonable period of time, you may get a good price break by increasing your order size.

2. Design Considerations. If you have the opportunity to influence the product design process you have a number of possibilities to reduce production costs. First, make sure your design engineers and production engineers work together to design an item that can be produced as cost-effectively as possible without compromising the integrity of the product. In addition to material specifications, they can consider part tolerances and finish requirements. Tighter than necessary tolerances or

smoother than necessary surface finishes create longer cycle times and more intense inspection.

3. Company Culture. Adopting Lean Manufacturing as your company's standard operating procedure means that everyone from the top management down should be constantly looking for ways to make your operation more efficient. If you get everyone on the same page, your people will find unexpected ways to reduce costs.

4. Upgrade Machine Technology. The greatest production cost savings typically involve reducing the amount of labor necessary to machine a part. Fact is, every time a worker handles a work piece it adds cost. Using a CNC machining center that performs multiple functions instead of three or more dedicated machine tools saves setup time, reduces fixture costs and allows your machine operator to manage multiple machines. For example if you typically make complex parts, a 5-axis machining center eliminates multiple special fixtures and considerable operator time required to move parts from one machine to another and set up the parts in between machining cycles. With true 5-axis capability you can completely machine a part in one cycle, often without any special fixtures, and with no costly operator intervention.

5. Consider Robot-Based Automation. Manufacturing robots provide a number of capabilities including loading and unloading, force sensing, and visual recognition that contribute to increased throughput and reduced labor costs. There's a widespread myth about robots that they are suitable only for large, high-volume applications. In fact, robots are ideal for many smaller parts runs where you can automate loading and unloading or other functions to reduce operator time. Robots are also extremely versatile and can be easily reprogrammed as you add equipment and capabilities, or modify processes. Robots don't contribute to downtime. They don't take vacations, sick days or holidays or require insurance and other benefits. When properly installed and programmed, they operate virtually flawlessly and consistently.

Another way to reduce production costs is to talk to the productivity experts at Gosiger. With over 90 years of machine tool experience and a staff of knowledgeable applications specialists, Gosiger has helped generations of manufacturers operate more efficiently and profitably.

Italian accountants gave following offers for reducing cost of goods.

Component Costs. One of the main costs of production is the cost of the components that make up the finished product. Reducing these costs even slightly on a percentage basis can have a substantial impact on the cost of production. Sometimes companies can reduce component costs by buying in bulk or substituting less expensive components that satisfy the requirements. Sometimes a design will allow for fewer fasteners or less material without affecting quality. A review of such possibilities often results in a decrease in production costs.

Change Suppliers. If the supplier of components is not willing to consider price reductions and can't offer less expensive alternatives, a company can explore sourcing from different suppliers. It can send the component requirements to various possible suppliers and select those that offer the best value in terms of meeting the specifications and low pricing. Sourcing from two or three suppliers keeps prices low due to competition.

Change Design. An effective strategy for reducing production costs is to redesign the product. Companies have to identify the key characteristics of the product that are responsible for its success in the marketplace. Other features may be costly but add little value for customers. Companies can change the design of the product to reduce costs by eliminating unimportant features while retaining the characteristics that customers value.

Employee Training. A company evaluating its production costs may find that employees are not working efficiently or lack the awareness of costs that would allow them to help with reductions. Training employees to understand how the production cycle works and their role in cost reduction makes them part of the solution. When a company trains its employees to be aware of how to reduce costs and informs them of progress, production workers become partners in cost

reduction. Optimize With Technology. Technology allows cost reduction in two ways. It allows automation of certain production processes, resulting in greater consistency and reduced costs, and companies can use it to analyze their production work flow. Many companies already use a high degree of automation but have considerable scope for work flow optimization. Software analyzes the production processes and identifies waiting times and their causes. It shows where material and components are not available when needed and allows companies to streamline production, increasing efficiency and reducing costs.

Here 14 ways to reducing manufacturing cost of the products and in other countries managers use all offers which are given by accountants for improving the system of generating and developing their enterprise.

1. Substitute Lower Cost Materials Where Possible. Products can usually be manufactured utilizing a variety of different materials, depending on marketplace requirements and the practices of the manufacturers. Technology is constantly improving older materials and creating new ones, prices move up and down due to political goals as much as supply and demand, and processing methods change.
When considering a change in the materials used in your products, be sure to recognize all factors involved. For example, substituting a carbon steel for a higher-cost stainless steel will save money, but will also reduce corrosion protection, which may be a valuable product feature for buyers.

In addition, different materials may require changing your method of manufacture by increasing cycle times, as well as labor costs. And in some cases, changing the composition of a product may be worthwhile, even when the material costs are higher due to a simplified production process.

2. Reduce Waste. Product engineers typically design products without considering the production consequences, particularly how non-standard purchase units of size, volume, or weight must be modified to create the final product. Production methods are usually established to minimize the costs of the highest

component of production, either labor or materials, at the time the method is established.

If, for example, the cost of the raw material is low, the volume of excess material or "scrap" may not be considered to be important relative to the labor cost. Over time, however, prices for materials and labor may shift. This alters the ratio between the two elements and their related expense, so that the cost of scrap material becomes excessive. Modifying product designs and altering production methods in order to utilize standard raw material units may reduce excessive scrap and its associated costs.

3. Eliminate Unnecessary Product Features. Custom products cost more to manufacture than mass-produced products, and any non-standard feature requires an additional step in the production process, increasing the expense.

Examine your customers' motives for purchasing your products: Do they buy your products because of their low cost, high quality, unique look, or some other reason? By determining what is important to your customers, you can selectively attack elements which are not as important to reduce cost.

4. Negotiate, Negotiate, Negotiate. The level of your profit depends upon your ability to receive the highest possible price for your products and pay the lowest possible price to your suppliers and vendors. Every participant in the supply chain is looking for business and will take unusual, often extraordinary steps to make or save a sale - this is especially true in a poor economy.

Ask for a discount every time you request an estimate or place an order, and keep asking until you actually place the order. If you do not get a reduction in price, ask for favorable financing terms, prepaid freight, or other freebies. By negotiating, you can maximize your position as a buyer - as your buyers do to you.

5. Leverage Suppliers. In many cases, a little research will turn up alternative suppliers of similar products available to you. Determine whether there are any different features between suppliers and whether these differentiating features benefit you or your customers. Is it worthwhile, for example, to have a

faster delivery time or favorable financing at a slightly higher price? If not, purchase from the supplier offering the product at the lowest cost.

6. Buy Need, Not Potential. Toyota Motor Company of Japan is considered the father of the "just in time" (JIT) production system. Requiring suppliers to make frequent deliveries eliminates excess inventory and carrying costs. While JIT has been criticized in recent years due to the pressure placed on suppliers and the need for an accurate sales forecasting model, it remains one of the more popular cost-cutting methodologies around the world. The lesson for a small business here is to not buy inventory or equipment until you need it or can determine an immediate benefit in either lower costs or improved customer benefits.

7. Trade Time for Discounts. The opposite approach to JIT is to purchase and receive materials on the supplier's schedule, rather than when you will use the material. This means you will incur additional associated costs in excess inventory. However, allowing vendors and suppliers to deliver materials on their cycle times, rather than on your production schedule, may result in a lower price.

In order to decide which method is most beneficial to you - JIT or the supplier's schedule - consider the final delivered costs of the material, your carrying costs, and the impact of each delivery method on your internal production processes and schedule. If the discount using the manufacturer's schedule is greater than the expenses you'll incur, use the manufacturer's schedule. But be sure to confirm the delivery schedule with the vendor and the lower cost before placing an order.

8. Buy Bargains. From time to time, unbelievable bargains appear in the market. A vendor may need to dump inventory due to his or her banking relationship, for funds to fill other contracts, or because the company is going out of business. Whenever such opportunities arise, take advantage of them - many times the price will be less than the seller's actual manufactured cost.

9. Transform Buyers Into Suppliers. If your finished product is a component of an end product, ask the buyer of your component to contract directly with the raw material vendor to furnish raw materials to you for the processing of the component. In all likelihood, your profit margin on the raw materials is

considerably less than the margin on your processing labor and overhead. Transferring material supply responsibilities to your buyer will eliminate a significant cost for you without substantially reducing your profit margin.

10. Barter Finished Goods for Raw Materials. If your products or services are used by any of your vendors, selectively approach them about a non-cash trade between your two companies. Usually, the exchange rate for two different products in a barter is the standard retail price of each. If the gross profit margin on your product is considerably higher than the gross profit margin of the exchanged product, it is to your benefit to make the exchange.

Remember: Bartered goods and services must be fully and accurately reflected in your company books and financial statements.

11. Provide Warehouse and Distribution Services. Manufacturers minimize their costs by volume purchasing, assembly line production, and concentrating operations in a single location. As a consequence, shipping and handling become more expensive when they are required to ship long distances to their customers.
If you have excess space, offer your main suppliers a regional warehousing capacity in return for reduced prices on your purchases. For example, a local custom upholstery firm became the regional warehouse for its main supplier, an Australian firm that manufactured Teflon membrane material, in return for a reduced price on materials, as well as a nominal payment each time the firm shipped an order to other companies in the region.

The upholstery firm was also able to eliminate over $100,000 of inventory which it had previously carried, and the Australian firm benefited from a shorter supply schedule to those companies in the region, which helped its sales. And the cost of the arrangement was less than they would have incurred by setting up a company-owned distribution center.

12. Offer Quick Payment for Lower Prices. For many companies, cash flow is more important than profits, particularly in the short-term. During periods of financial stress, companies simply cannot afford to keep excess inventory or allow the payments of accounts receivable to be delayed.

Inform your suppliers that you are willing to consider cash purchases in return for low prices. If your operation is financially capable of holding the inventory until it is needed, the use of cash is justified.

For example, a Texas shade structure manufacturer in 2010 produced a large number of prefabricated structures for a remodeling/rebranding program of a national food chain. Due to the economy, the remodeling program was delayed and extended from one to five years. Needing the cash tied up in the fast food inventory for other contracts, the company sold the prefabricated structures at-cost to the construction company responsible for the remodeling. The cost per unit to the construction firm was less than half of the initial price paid for each unit.

13. Enter Into Cooperative Purchase Agreements to Gain Buying Muscle. It is a truism that the larger the purchase, the more attentive the seller. Higher volume buys respect and discounts. Contact other companies that use your suppliers to combine orders, thus increasing the per-order quantity for the supplier. Since most suppliers treat sales and logistics separately, requiring the seller to ship different portions of the order to separate locations should not be an obstacle.

If necessary, team with your competitors to gain leverage with the supplier (or suppliers). Since you and your competitor will be paying the same price for the same material, neither will gain or lose an advantage over the other. It is a win-win for each company.

14. Negotiate Long-Term Supply Agreements. While a single order might be small, the total volume of material used over a period of time - a single quarter of the year, multiple quarters, or a full year - will be significantly larger. Offer to use a supplier exclusively for a specific period in return for a set lower price and better terms. While you will lose the opportunity to change suppliers during the contract term, the offsetting benefits of a lower price and a firm supply should compensate for your loss of flexibility.

Final Word. Small companies can feel overlooked and unwanted when dealing with larger suppliers. As a consequence, some small companies grudgingly accept the terms and treatment dictated by the supplier. But you don't need to fall

into that trap - suppliers are just as interested in sales as you are. In fact, many suppliers prefer to work with a number of smaller purchasers than a single large account on which they become dependent.

Cutting costs is important and should be a perpetual effort in every small company. If you work with a supplier that will not work with you to reduce your costs, find another one.

3.2. The ways of restricting production cost in economic marketing conditions in enterprise

I am going to give two offers for improving activity of "A. Akbarali":

1. Change the method of calculation.
2. Change the method of counting work process.

First method. Under the **weighted-average method,** a department's equivalent units are computed just as described above: Equivalent units of production = Completed units + Equivalent units in the ending work in process inventory. To provide an extended example, assume the following data:

Regal Company manufactures a product that goes through two departments—mixing and firing. During 19x1, the following activity took place in the mixing department:

		Percent Completed	
	Units	Materials	Conversion
Work in process, beginning	10000	100	70
Units started into production during the year	150000		
Units completed during the year and transferred to the firing department	140000		
Work in process ending	20000	60	25

Labor and overhead are frequently added together in process costing systems. Since Regal Company's work in process inventories are at different stages of completion in terms of the amounts of materials cost and conversion cost that have been added, two equivalent unit figures will have to be computed—one for equivalent units in terms of materials and the other for equivalent units in terms of conversion. The equivalent units computations are given in Table 1.

	Materials	Conversation
Units transferred to firing	140000	140000
Work in process, ending:		
20000 units * 60%	12000	
20000 units * 25 %		5000
Equivalent units of production	152000	145000

Note from the computations in Table 1 that units in the beginning inventory are ignored and that an adjustment is made only for partially completed units in the ending inventory. This is a key point in the computation of equivalent units under the weighted-average method: *Units in the beginning inventory are always treated as if they were started and completed during the current period.* Thus, no adjustment is made for these units, regardless of how much work was done on them before the period started. Although this procedure may seem illogical and inconsistent, it greatly simplifies the preparation of a department production report, as we shall see shortly.

FIFO method. The computation of equivalent units under the FIFO method differs from the computation under the weighted-average method in two ways. First, the "units transferred out" figure is divided into two parts. One part consists of the units from the beginning inventory that were completed and transferred out, and the other part consists of the units that were both *started* and *completed* during the current period.

Second, full consideration is given to the amount of work expended during the current period on units in the *beginning* work in process inventory as well as on units in the ending inventory. Thus, under the FIFO method, it is necessary to convert both inventories to an equivalent units basis. For the beginning inventory, the equivalent units represent the work done *to complete* the units; for the ending inventory, the equivalent units represent the work done to bring the units to a stage of partial completion at the end of the period (the same as with the weighted-average method).

In sum, the equivalent units figure under the FIFO method consists of three amounts:

1. The work needed *to complete* the units in the beginning inventory.
2. The work expended on the units *started* and *completed* during the period.
3. The work expended on partially completed units in the ending inventory.

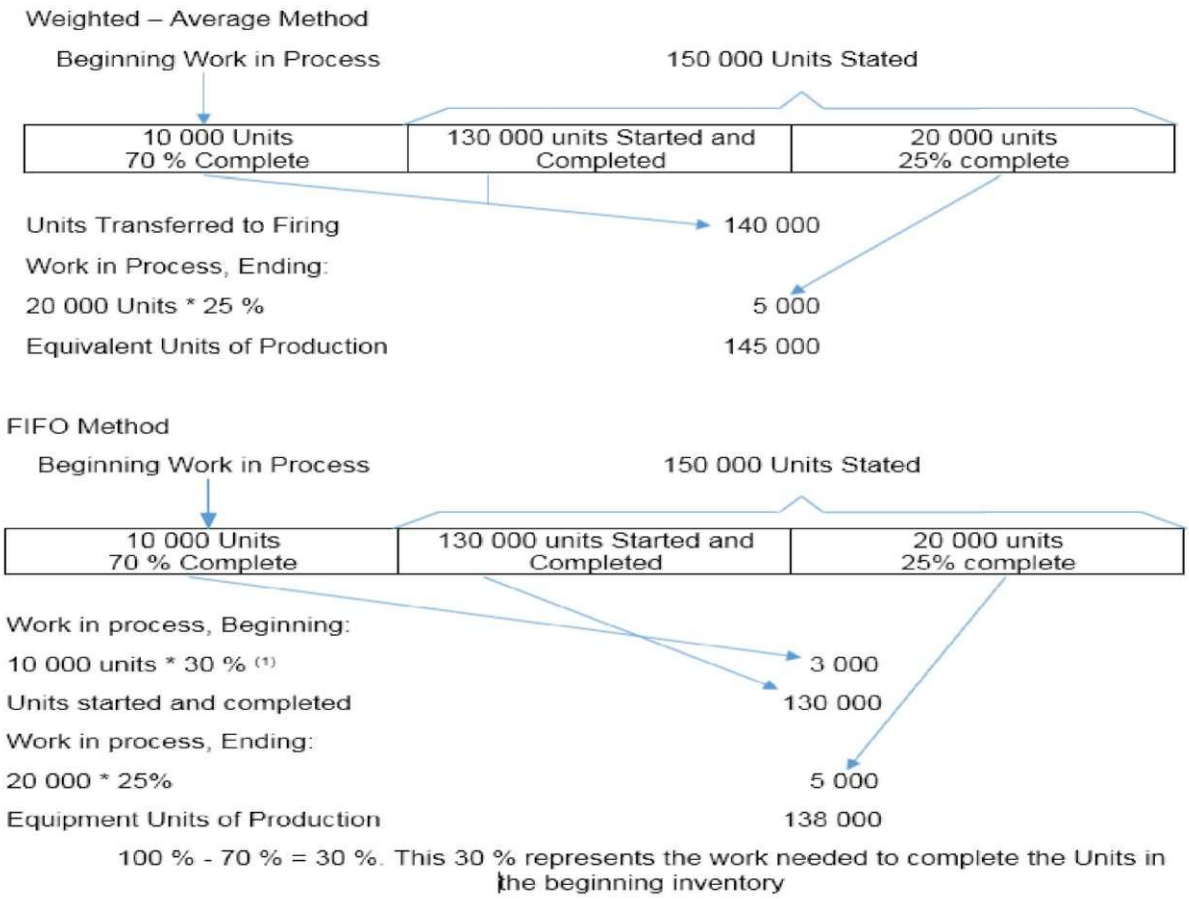
To illustrate, refer again to the Regal Company data. The mixing department completed and transferred 140,000 units to the firing department during the year. Since 10,000 of these units came from the beginning inventory, the mixing department must have started and completed 130,000 units during the year. The 10,000 units in the beginning inventory had all materials added in the prior year and were 70 percent complete as to conversion costs when the current year started. Thus, during the current year, the mixing department would have added the other 30 percent of conversion cost (100% — 70% = 30%). Given these data, the equivalent units for the mixing department for the year would be computed as shown in Table 2.

	Materials	Conversion
Work in process, beginning		
10000 units * 0 %	-	
10000 units * 30 %		3000
Units started and completed this year	130000	130000
Work in process, ending:		
20000 units* 60%	12000	
20000* 25%		5000
Equivalent units of production	142000	138000

Comparison of the Weighted - Average and FIFO methods. The reader should stop at this point and compare the data in Table 2 with the data in Table 1. Note that the major difference between the two exhibits is that the FIFO method separates the units in the beginning inventory from other units transferred out and converts the units in the beginning inventory to an equivalent units basis. A logical question to ask is, why the difference in the handling of the beginning inventory? The answer lies in what the two methods are trying to accomplish.

The purpose of the weighted-average method is to *simplify the computation of unit costs.* This is accomplished by treating units in the beginning inventory as if they were started and completed during the current period. By treating units in the beginning inventory in this way, the manager is relieved from having to distinguish between which units were on hand at the start of the year and which were not. Thus, he or she is able to treat all units equally when unit costs are computed. This greatly simplifies the costing process.

By contrast, the purpose of the FIFO method is to distinguish between (a) units in the beginning inventory and *(b)* units that were started during the period, so that separate unit costs can be computed for each. Under the FIFO method, units in the beginning inventory are assumed to be completed and transferred out first (thus, a "first-in, first-out" flow) and to carry their own unit costs. Units started during the year are assumed to be completed next and to carry their own unit costs. This is a more complex costing approach than the weighted-average method, although it can be argued that it is also more accurate.



Costing a total distribution costs (absorption costing) - a method of calculation of the cost of production to the distribution of all production costs between the products sold and the remnants of products in stock. Calculation is used to prepare the income statement for external users.

Costing on variable costs (direct or variable costing). In this method only variable production costs are treated as product costs and fixed production costs relate to expenses for the period. Report Income Statement, prepared using the

direct costing is used for internal reporting. This report shows marginal revenue, which is the difference between income and all variable costs. Below are the income statement using costing with full allocation of costs (absorption costing) and variable costs (direct or variable costing).

Second way which offer for improving statement of enterprise.

Costing a total distribution costs (absorption costing) - a method of calculation of the cost of production to the distribution of all production costs between the products sold and the remnants of products in stock. Calculation is used to prepare the income statement for external users.

Costing on variable costs (direct or variable costing). With this method, only the variable manufacturing costs are treated as product costs and fixed production costs relate to expenses for the period. Profit and loss statement prepared using the direct costing is used for internal reporting. This report shows marginal revenue, which is the difference between income and all variable costs.

Below are the income statement using full costing distribution costs (absorption costing) and variable costs (direct or variable costing).

Profit and Loss Statement (absorption costing)	
Revenues from sales	1000
Minus Cost of goods sold (includes all production costs)	600
Gross profit	400
Minus administrative expenses and costs (fixed and variable)	300
Operating profit	100

Profit and loss account (direct costing)	
Revenues from sales	1000
Minus production overheads	360
gross profit	640

Variables minus administrative expenses and selling expenses	120
marginal income	520
minus fixed costs:	
Fixed production overheads	240
Permanent administrative expenses and selling expenses	180
Operation profit	100

1. Also called marginal financial report.

2. Comparison with the full impact of the calculation cost allocation and costing for the variable costs on earnings

The effect on earnings

Production of power sales	If all manufactured products are sold in each period, the operating profit will be the same when using both calculations.
Manufacturing more than sales	Excess production quantity over quantity of sales leads to an increase in reserves. When using absorption costing, permanent part of the NDP included in the cost of units held in inventories. When using direct costing include all permanent NDP in expenses for the period. Therefore, the profit received by absorption costing profit will be higher, counted on direct costing.
Sales more than production	Excess amount of sales over the amount of output leads to a decrease in inventories. When using absorption costing, permanent part of the NDP included in the cost of units left in the moving expenses as cost of sales. When using direct costing all permanent NDP were referred to as expenses in

the period in which they occurred. Therefore, the profit received by absorption costing profit will be lower than calculated based on direct costing.

Example: The following are data on the company produces a single product. The information covers three periods.

The selling price	10
Variable production costs per unit	6
NDP constant over the period	300
Non-production costs (administrative and implementation - all permanent)	100
Stocks at the beginning of the first period	0

	Period 1	Period 2	Period 3
Sales units	150	140	160
Production units	150	170	140

Permanent NDP allocated to the product of volume 150. period. Cost per unit of product in inventory is:

Direct costing	6
Absorption costing (6 + 300/150)	8

Profit and loss account (direct costing)

	Period 1	Period 2	Period 3
Sales	1500	1400	1600
Stocks of finished goods at	0	0	180

the beginning			
Plus Cost of goods manufactured	900	1020	840
minus Inventories of finished goods at the end	0	180	60
Cost of sales (variable)	900	840	960
marginal income	600	560	640
permanent NDP	300	300	300
Non-production costs (administrative and implementation)	100	100	100
operation profit	200	160	240

Profit and Loss Statement (absorption costing)

	Period 1	Period 2	Period 3
Sales units	1500	1400	1600
Stocks of finished goods at the beginning	0	0	240
Plus Cost of goods manufactured	1200	1360	1120
Minus Inventories of finished goods at the end	0	240	80
Cost of goods sold before adjustment	1200	1120	1280
Plus less dividing NDP	0		(20)[3]
Needless minus distributed NDP		(40)[2]	

Cost of sales after adjusting	1200	1080	1300
Gross profit	300	320	300
Non-production costs (administrative and implementation)	100	100	100
Operation profit	200	220	200

2 Actual permanent NDP 300 Attributed to the permanent product NDP in the amount of 340 (170 x 2). Needless distributed Poland - (40) (300 - 340)

3 Actual permanent NDP 300 Attributed to the permanent product NDP in the amount of 280 (140 x $ 2). Less divided NDP - 20 (300 - 280)

reconciliation of profit

	Period 1	Period 2	Period 3
Absorption costing	200	220	200
Direct costing	200	160	240
Differences	0	60[4]	(40)[5]

[4] (170 - 140) x 2 = 60.

[5] (140 - 160) x 2 = (40)

Arguments in support of a full costing and cost allocation for variable costs

Direct costing:

1. Provides useful information for decision-making. Division of costs into variable and fixed to obtain information to determine the range of products for making decisions regarding the production or procurement of components, etc.
2. Eliminates profit from the influence of changes in inventories. When using direct costing income depends on the sales of products using absorption

costing income affects both sales and production. Therefore, direct costing avoids manipulating stocks and better suited to evaluate the performance of managers.

Absorption costing:

1. Pay due attention to the constant production costs. IFRS require the inclusion of fixed production costs in the cost of inventories. Using absorption costing for external purposes allows comparability of financial performance with that of other companies that make their statements under IFRS.
2. Avoids reporting excessive losses and profits.

The seasonal business during the build-up of stocks by using direct costing fixed manufacturing costs include expenses in the period. Therefore, at a time that stocks recorded large losses, and during the sale of goods in huge profits. When using absorption costing losses and gains more uniform.

Conclusion

Investigation of the complex problem of accounting and analysis of revenues and expenditures of the enterprise, which was held in the final qualifying work enabled us to formulate the following conclusions. According to position № 54. The composition of the cost of production and sale of goods (works, services) and on the formation of financial results

The production cost of goods (works, services) includes all costs directly attributable to the production of goods (works, services) due to technology and organization of production. If the expenditure is not fulfilled at least one of the above conditions, the accounting organization recognized receivables.

Accounting in Uzbekistan organized based on the current regulatory system in a market economy, which determines the state established set of mandatory rules and regulations of the organization and accounting, preparation of financial statements in business entities (organizations, enterprises). Set of existing rules and regulations in accounting, which must be applied, can be considered as an accounting system, organized in each business entity and to perform certain functions. There are four levels of regulatory accounting.

All data sources for analysis are divided into: regulatory planning, accounting and out of count. The sources of information of planned regulatory nature are all the types of plans that are developed at the enterprise (prospective, current, operational, technological cards), as well as regulatory materials, estimates, price lists, project assignments and other sources of information accounting nature - it's all data documents that contain accounting, statistics and records as well as all types of reports, primary records.

Cost accounting can be used to answer numerous types of questions:

1. How many patients can we treat before we run out of money?
2. Where is the best position to cut costs?
3. Which values do accuse for our yield or services in order to convalesce call our costs?
4. If we have dissimilar prices for dissimilar services, what amalgamation of products or services provides the furthermost economic benefit to the workshop?
5. What is the most gainful service delivery technique? Should we stress static workshop or mobile workshop?

Cost accounting information is designed for managers. Since managers are taking decisions only for their own organization, there is no need for the information to be comparable to similar information from other organizations. Instead, the important criterion is that the information must be relevant to decisions that managers operating in a particular environment of business including strategy make. Cost accounting information is commonly used in financial accounting information, but first concentrating in its use by managers to make decisions.

I am going to give following offers:

1. Using computer technologies in activity of "A. Akbarali" (Using 1 C accounting program for making reports).
2. Change method of calculation from average costing to FIFO.
3. Change method of counting work process from direct costing to absorption costing.
4. Using CVP (Cost - Value - Profit) analysis in activity of enterprise.

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