



COSTS AND THEIR ROLE IN PRODUCTION

Sobirov Otabek Olimjonovich

Doctor of Economics (DSc), Associate Professor,

Namangan State Technical University.

Associate Professor of the Department of Accounting

Abstract

The article provides views on the costs that constitute the cost of production, work and services in economic entities specializing in production and service provision in our country. It also covers the grouping of costs in accordance with the Regulation approved by the Cabinet of Ministers of the Republic of Uzbekistan by Resolution No. 54 dated February 5, 1999. In addition, the most common analytical methods using data on variable and fixed costs are described.

Keywords: Costs, cost, production, economic entities, income, control, breakeven, financial results, financial reporting.

Introduction

Today, special attention is paid to the localization of products manufactured in our country. Many regulatory documents have been adopted aimed at implementing these issues. These include the Decrees of the President of the Republic of Uzbekistan No. PF-158 dated September 11, 2023 “On the Strategy “Uzbekistan-2030”, No. PF-60 dated January 28, 2022 “On the Development Strategy of New Uzbekistan for 2022-2026”, No. PF-5614 dated January 8, 2019 “On additional measures to further develop the economy and increase the effectiveness of economic policy”, No. PF-4720 dated April 24, 2015 “On measures to introduce modern corporate governance methods in joint-stock companies”, No. PQ-4812 dated August 21, 2020 “On support for local manufacturers "On additional measures", "On additional measures on the transition to international financial reporting standards" dated February 24, 2020 No. PQ-4611, "On additional measures on the transition to international financial reporting standards", "On the introduction of criteria for assessing the effectiveness of joint-stock companies and other business entities with a state share" dated July 28, 2015 No. 207. These documents serve as an important methodological basis for fulfilling the assigned tasks and implementing reforms in the sector. Constant control



of product production costs and systematic work on deviations in production provide an opportunity to reduce costs.

Literature review

The theoretical and scientific-methodological aspects of the organization of management accounting are partially reflected in the scientific works of Uzbek economists A. Abduganiyev, N. Abdusalamova, A. Avlokulov, A. Ibragimov, A. Karimov, M. Kalonov, U. Kostayev, B. Maksudov, M. Pardayev, A. Pardayev, Sh. Pardayeva, N. Rizayev, B. Khasanov, A. Khashimov and I. Giyasov. This requires conducting research in this area.

Analysis and Results

The Regulation “On the composition of costs for the production and sale of products (works, services) and the procedure for forming financial results” was adopted by the Cabinet of Ministers of the Republic of Uzbekistan, approved by Resolution No. 54 of February 5, 1999. This regulation serves to regulate the costs included in the cost of production of products. If we look at the methodology of costs, costs are divided into direct (direct) and indirect (indirect) costs. Direct costs can be directly transferred to the object in an economically justified way. Indirect costs are not directly related to the object and, as a rule, belong to several objects. For example, if the salary of a production employee is a direct cost, then the salary of the head of the plant is an indirect cost. This classification is used to study the impact of a decision to produce a certain type of product on costs, regardless of the volume of production.

It is also possible to classify costs according to changes in production volume. In this case, variable and fixed costs are distinguished. The total amount of variable costs varies in direct proportion to the volume of production. The total amount of fixed costs remains unchanged with changes in production volume.

As is known, the main task of accounting in market conditions is to provide relevant users with relevant information. The division of users into internal and external groups leads to the division of accounting into financial and management accounting. Information on costs is necessary, first of all, to determine the financial results of the activities of an economic entity.

As we have already noted above, the classification of costs into direct and indirect costs is used when calculating the full cost of a unit of product. In this case, all direct



costs and all indirect production costs are included in the cost of the manufactured product. Indirect costs are distributed between product types in proportion to the selected allocation base.

In the past, the full cost method was widely used in making management decisions in a planned economy in conditions of full operation of production capacities and the absence of price competition. However, today the level of utilization of production capacities is determined by the demand for products. Therefore, one of the main tasks facing the manager is to determine what the cost of a product will be at a given production volume.

The disadvantages of using full costing can be avoided by allocating variable and fixed costs. For example, this method includes only variable costs in the cost of inventories, while fixed costs are transferred to period costs. This completely isolates profit from the impact of changes in inventories. However, the main practical value of determining costs by variable costs is that it provides broad opportunities for making and analyzing management decisions in a rapidly changing market environment.

The most common analytical methods that use information on variable and fixed costs include:

1. Cost-volume-profit analysis;
2. Marginal profit pricing;
3. Alternative pricing.

To make a decision on the volume of production, management must know the impact of this decision on price, revenue, and profit. Knowing the variable costs per unit of product and the total fixed costs at a given sales volume allows you to calculate the expected profit of the enterprise.

The analysis should be based on reliable and operational management reporting. Therefore, the disadvantages that arise from the use of full costing can be avoided by dividing them into variable and fixed costs.

One of the main goals facing enterprises today is to correctly calculate the cost of products by correctly distributing these costs and to develop proposals for improving costing based on the best practices of developed countries, that is, increasing production efficiency.

To achieve this goal, we consider it appropriate to solve the following tasks:



to study the concept of the costs of an entity engaged in economic activity, its types and the scientific, methodological and economic foundations of its formation;
to keep track of the costs included in the cost of the product and their inclusion;
to study the formation of the costs of entities engaged in production activities and the factors affecting them;

to study the experience of developed foreign countries in keeping track of the costs of entities engaged in production activities and calculating the cost of the product and to develop proposals for its application;

it is necessary to solve issues such as assessing the current state of the costs of entities engaged in production activities and predicting ways to save them.

The costs included in the cost of production of the product are divided into groups according to their economic content with the following elements:

production material costs (excluding the cost of recoverable waste);

production-related labor costs;

social insurance contributions related to production;

depreciation of fixed assets and intangible assets of production importance;

other costs of production importance.

The largest element of the production costs of a product (work, service) is material costs. Their share in the cost of production of a product (work, service) can be 50-90 percent. Therefore, the reduction of material costs is of great importance in reducing costs.

Conclusion

It can be concluded that accounting for costs by their place of occurrence and responsible economic centers makes it possible to make the most important management decisions. Therefore, we believe that it is also necessary to perform the following tasks of cost accounting:

organize cost accounting for individual production processes or divisions and ensure control over them;

form information on the main production costs for individual types of products;

collect analytical data on all non-production management costs of an entity conducting economic activity and interpret them.



As can be seen from these tasks, accounting and analysis are two closely related aspects of management accounting. After all, cost accounting is also required to determine the lowest limit of product cost.

References

1. The Regulation "On the composition of costs for the production and sale of products (works, services) and the formation of financial results", approved by the Resolution of the Cabinet of Ministers of the Republic of Uzbekistan No. 54 dated February 5, 1999. Tashkent. 1999.
2. Sobirov O. O. Improvement of management accounting in economic entities // Abstract of Doctor of Philosophy (PhD) Dissertation on Economic Sciences. Tashkent. TMI.-2022. – 2022.
3. Olimjonovich S. O. The Cost Of Forming A Management Account In Business Entities // Journal of Pharmaceutical Negative Results. – 2022. – Т. 13.
4. Собиров О. О. Бошқарув ҳисобининг моҳияти ва уни ташкил этишда харажатларнинг ўрни // Scientific Journal of "International Finance & Accounting". – Т.: TMI.-2022. – 2022.
5. Otabek S., Uzokboyev R. Important Issues in the Organization of Work in Enterprises // Excellencia: International Multi-disciplinary Journal of Education (2994-9521). – 2024. – Т. 2. – №. 5. – С. 1018-1020.
6. Sobirov O. Improvement of financial reports to the level of international standards." // International Finance and Accounting" scientific journal. – 2021. – Т. 3.
7. Собиров О. Молиявий х, исботларни халцаро стандартлар талаблари даражасида такомиллаштириш. « // Халцаро молия ва х, исоб» илмий журнали. – 2021. – Т. 3. – С. 2181-1016.
8. Sobirov O. O. Product Development Cost Factors Affecting Reduction // AMERICAN Journal of Public Diplomacy and International Studies. – 2023. – Т. 1. – №. 07.
9. www .ziyo.net
10. www .lex.uz