

Composition of Costs, Their Content and Description

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Abstract

Indicators of expenses and costs are of great importance in planning, control and management decisions. This article describes the content and definitions of the concepts of expenses, manufacturing costs, and production costs. The classification of expenses has been studied. Definitions are given for the concepts of direct and indirect production costs and the cost accounting system. The goals, objectives and objects of cost accounting have been clarified as an economic science.

Keywords: *expenses, manufacturing costs, production costs, direct and indirect production costs, cost accounting.*

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Introduction.

Article 7 of the Law "On Accounting" states that "the objects of accounting are assets, liabilities, equity, reserves, income, expenses, profits, losses and business transactions associated with their movement" [1]. This shows that it should be emphasized that today such indicators as the state of production facilities, prime cost and costs, the level of localization and profitability, which are reflected in the financial statements, are of great importance. These questions are the main objects of management accounting. Adoption of the Decree of the President of the Republic of Uzbekistan DP-4611 "On additional measures for the transition to international financial reporting standards" [2], it is important to improve the investment environment for foreign investment in our country, provide foreign investors with the necessary information, and bring the content and structure of reports in line with the needs of information users.

Analysis of the literature on the topic

In the economic literature on this topic, the concepts of costs, production costs and non-production costs are used.

In the general economic sense, the concepts of production costs and product costs are defined by economists as follows: "Production costs are the money spent by the enterprise for the purposes of production, for the acquisition of economic resources. The enterprise begins its activity with the acquisition of material resources on the market, that is, equipment, machinery, means of transport and communications, raw materials, fuel, various materials, labor from the labor market. Accordingly, the cost of production includes raw materials, basic and auxiliary materials, fuel and energy costs, depreciation of fixed assets, wages and social security contributions, interest payments, and so on. The monetary expression of all costs incurred for production costs is the cost of production" [3].

The conceptual framework of accounting for financial accounting and reporting purposes is defined as follows: "Expenses are recognized in the reduction of equity during the reporting period as a decrease in assets or an increase in the amount of liabilities not related to the distribution of contributions to the plaintiffs in relation to the equity of the organization." [17] This definition is generally accepted. Management accounting approaches the concept of costs within its principles. Costs are the main object of management accounting. The concept of costs is a broad concept, costs that are taken into account regardless of the type of activity and the time of their occurrence.

Research methodology. In this study, conclusions were drawn based on a logical analysis of the literature. Information from the Internet was used. The tasks listed in the legal documents were taken as a methodological basis. The Russian experience was studied. A scientific analysis of English-language textbooks and scientific articles on cost accounting was carried out. Sequences of mathematical algorithms were used. In preparing the article, the methods of grouping, comparison, analysis and synthesis, induction and deduction, statistics, and economic analysis were used.

Analysis and results.

According to the Regulation "On the cost structure", the cost structure can be seen in table 1.

Table 1. Types and classification of expenses

№	Types of expenses	Classification of expenses		
		By main activity	By target activity	According to the timing of implementation
1.	Costs associated with core activities	Expenses for the implementation of the main activity	Contract implementation costs	In the process of implementing the contract
2.	Costs for financial and investment activities	Expenses not directly related to the main activity	The cost of preparing and concluding a contract	Before the conclusion of the contract
3.	Period costs	Expenses not directly related to the main activity	The cost of preparing and concluding a contract	Before the conclusion of the contract
4.	Expenses related to emergencies	Expenses not directly related to the main activity	Contract performance costs	In the process of implementing the contract

According to the Regulation "On the cost structure" costs are divided into costs included in the cost of production, and not included.

The composition of the costs included in the cost of products (works, services). Figure 1.

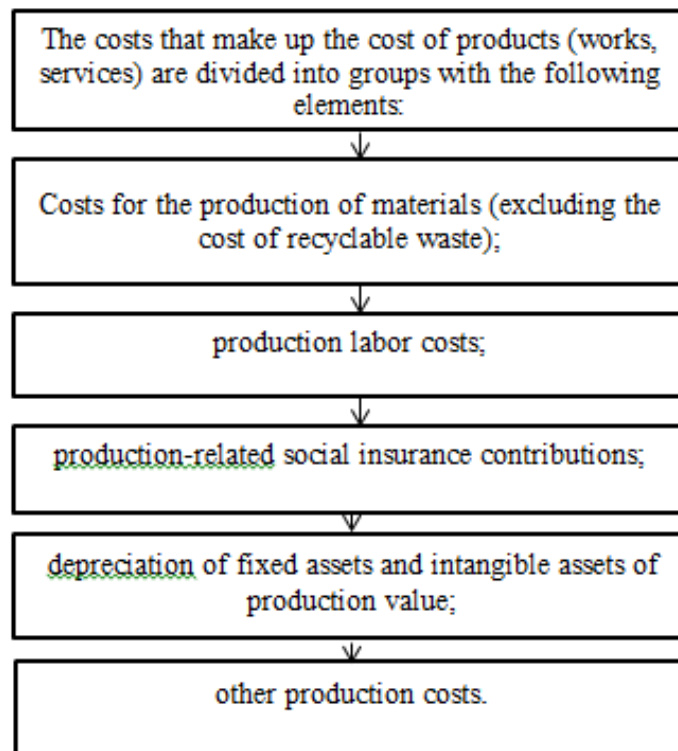


Figure 1. Composition of costs included in the cost of production

Manufacturing costs are direct labor costs and overheads spent on manufacturing inventories and their processing in the process of manufacturing products.

Conclusions and offers

Based on these studies, the following conclusions and suggestions were made: Today, increasing the competitiveness of products by reducing costs is considered an important task in our economy.

In addition, cost accounting based on International Financial Reporting Standards is required.

They serve to improve the theoretical and methodological foundations of the science of cost accounting.

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