

# Cost and Accounting Concepts in Accounting and Their Accounting

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**Abstract.** Cost, cost, cost and cost planning, cost control plays an important role in making management decisions in enterprises. This article explains the content and description of the concepts of costs, production costs and production costs. Definitions of direct and indirect production costs, as well as a costing system are given.

**Key words:** planning, regulation, costs, production cost, production cost, direct and indirect production costs, cost accounting.

Article 7 of the Law of the Republic of Uzbekistan "On Accounting" (April 13, 2016) states that "Assets, liabilities, private capital, reserves, income, expenses, profits, losses and business operations related to their movement are the objects of accounting" described. "The first is the effectiveness of targeted programs that show how effective the reforms are. These include the following economic and financial indicators for the development of industry and other sectors: the state of production capacity, reduction of costs and costs, the level of localization and profitability, the unconditional increase in product competitiveness. It should be noted that indicators such as the state of production capacity, costs and costs, the level of localization and profitability, reflected in the accounting reports, are very important today. These issues are the main objects of management accounting.

Resolution of the President of the Republic of Uzbekistan PQ-4611 (February 24, 2020) "On measures to transition to International Financial Reporting Standards" was one of the steps. The purpose of this decision is to improve the investment climate for foreign investment in the country, increase the investment attractiveness of companies, provide foreign investors with the necessary information, adapt the content and content of reports to the needs of information users and a number of other tasks.

In international practice, the accounting system consists of components such as financial accounting and management accounting. In this regard, today the science of accounting is also studied as financial accounting and management accounting. A financial account is basically a subsystem that provides information to external information users in the form of financial statements, while a management account is a subsystem that delivers useful information to internal information users, i.e. managers, to make decisions. A management account is a subsystem that has its own subject and object, called cost accounting. So how does this subsystem relate to the concepts of cost and cost? Are costs and cost the same concept or are they different? Such questions are of great importance for the cost accounting, which is now being formed in our country on the basis of foreign experience.

In general, the concepts of production costs and cost of production are defined by Professor Sh. Shodmonov as follows: "Production costs are the money spent by the enterprise for the production of goods, the purchase of economic resources. The firm

begins its activities with the purchase of material resources from the market, ie equipment, tools, vehicles and communications, raw materials, fuel, various materials, labor from the labor market. Accordingly, production costs include raw materials, basic and auxiliary materials, fuel and energy costs, depreciation of fixed assets, deductions from wages and social insurance, interest payments and other costs. All production costs are the cost of the product in cash. ”

In Russian sources, the cost of the product includes production costs as well as sales costs. In international practice, sales costs are included in operating expenses rather than in the cost of the product. Based on these analyzes, we believe that the concept of cost has a broader meaning than the concept of cost, that is, in addition to the idea that cost includes cost, the concepts of cost and cost should be defined separately for general economic, financial and management accounting purposes.

The Conceptual Framework of Accounting and the National Accounting Standards (NAS) define financial accounting and reporting purposes as follows: is reflected in the reduction of capital. This definition is a universally accepted rule.

Management accounting approaches the concept of cost within its own principles. Costs are the main object of management accounting. The concept of costs is a broad concept that includes costs that are accounted for regardless of which activity they occur and when they occur.

Expenditure is a monetary expression of the value of all resources expended to achieve the intended goals (production of goods, purchase of goods, services, performance of works, implementation of projects). The term has many meanings and is applied to different types of expenses in different situations. For example, manufacturing companies incur a lot of costs to produce a product and sell it to customers.

These include material costs, labor costs, depreciation of machinery and equipment, repair costs, staff feeding and medical expenses, electricity costs, product storage, advertising, customer delivery, managers' salaries, telephone and internet costs, and other costs may be included. The type and amount of costs will depend on the characteristics of the organization, their size and other factors.

Expenses related to the normal operation of the enterprise are the costs incurred as a result of operational, financial and innovative research activities that occur during the course of the normal course of the enterprise.

Operating expenses include the cost of goods sold, selling expenses, administrative expenses and other operating expenses.

In the context of globalization of the economy, financial activity is becoming the main activity of modern companies. In accordance with International Standards, such costs may include losses from the disposal of financial assets, impairment losses on financial assets, losses from reclassification of financial assets and other financial expenses.

Costs that are not related to the normal operation of the entity are costs that may or may not occur in the course of the entity's normal course of business. These include losses due to natural disasters, losses from disposal of non-current assets, exchange rate losses.

Operating expenses account for a significant share of operating expenses. Operating costs can be divided into two groups:

The US Dictionary of Accounting defines “production costs - the cost of materials plus the costs associated with converting these materials into finished products. All

production costs are required to be included in the cost of the finished product so that the company's external financial statements meet GAAP requirements. ” In this source, production costs are divided into three categories: Direct materials, Direct labor, and Manufacturing overhead.

Production costs are the inventories of production in the process of production of goods (works, services) and the direct labor and overhead costs of their processing, which, as a result of a reasonable combination of these costs, create the cost of the finished product.

Depending on the method of carrying production costs to cost objects: are divided into direct (direct) and indirect (indirect) production costs.

Direct (direct) costs are costs that can be incurred directly to the net cost item on an economic basis. For example, in the production of a car, the cost of the car body, engine and other spare parts, as well as the labor costs of production workers engaged in the production of this type of car are direct costs. These costs can be directly attributed to the cost of the product, depending on which vehicle is used in production. Some literature also describes the correct costs.

Indirect (indirect) costs are costs that cannot be directly attributable to a specific cost item for economic reasons, first accumulated and then distributed to the cost of the product based on certain criteria. For example, the labor costs of a vehicle production quality control inspector cannot be deducted from the cost of a single vehicle because it is considered that the employee's salary depends on the quality control of several types of vehicles. Therefore, it is advisable to distribute its wages in proportion to the number of hours worked in quality control of each type of vehicle.

As a result of the implementation of production costs, the cost of the product is formed. This means that the cost of production is reflected in the value of the finished product in the form of the cost of the finished product.

The cost of goods (works and services) is the direct and indirect development costs incurred in the processing of inventories and added to the value of finished goods and services.

The expression of the cost of production items in the cost is called the cost element of the finished product.

As noted above, international standards illuminate the cost of a product in terms of the cost of inventories. This is because before the stock enters production, its cost (purchase and other costs) is formed, and then it is processed. In the process of processing, labor and overhead costs are incurred. As a result, the raw material involved in production becomes a finished product. Costs associated with the delivery of the finished product to its current state and location will be incurred. Through these processes, the cost of the product is formed.

Today, cost accounting is emerging as a system in practice and as a separate science in theory. A cost accounting system is a set of periodic processes and procedures used to measure, record, analyze and interpret information related to a cost item and to compile a cost report.

The main task of the cost accounting system is to determine the cost of the product reliably and objectively, to provide managers with information for decision-making, to develop alternative management decisions and to determine the unit cost of the product.

In the cost accounting literature, the following four different activities of the cost accounting system are noted:

- cost measurement
- costing
- cost analysis
- cost report

A number of factors affect the complexity of the cost accounting system and the amount of information processing. They can include:

- Quantitative volume of the firm's activity
- Type of production process
- The number of different products produced by the firm
- Management's attitude to cost information
- external variables, including laws and regulatory framework.

From the above we can conclude that it is expedient to study cost accounting as a separate science in terms of its own subject, object.

Today in our economy, increasing the competitiveness of products by reducing costs and cost is considered an important task. Therefore, in the block of economic sciences it is very important to study the subject of cost accounting separately, to reveal its purpose, tasks and object.

Based on a study of the definitions given to the concepts of cost, production cost, and cost, we can conclude that cost is a broader concept than production cost. As a result of production costs are reflected in the cost of finished goods (works and services), the cost of finished goods arises. So we can say that the part of production costs that is carried to the cost of the product should be considered as the cost of the finished product.

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