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Regulatory Framework for the Formation of Costs Associated with the Production and Sale of Products

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Abstract: Further improvement of accounting and control work is necessary when calculating the cost of production and organizing cost accounting, for this we offer automation of accounting work at Warehouse Services and also production sites. This in turn leads to a reduction in costs.

Key words: production, accounting, business, formation, gross profit, modernization.

The regulation "on the composition of the costs of production and sale of products (works, services) and the procedure for the formation of financial results" (UZR VM 05.02.1999), as we have already mentioned in the article on the cost of products and sales in the formation of sales costs associated with the production and sale of products (UZR VM 05.02.1999). Appendix to Resolution No. 54) the main regulatory document is considered.

This regulation establishes a single methodological basis for determining the costs of production and sale of products (works, services) of economic entities-legal entities, as well as individuals engaged in entrepreneurial activity without a legal entity.

The regulation is developed taking into account the differences that arise when calculating expenses for accounting and taxation purposes. In order to determine the competitiveness of economic entities, the main purpose of accounting is to calculate the costs of their activities and determine the financial results. Taxable income (profit) is determined by introducing certain articles of expenses of economic entities into the tax base in accordance with the laws on Taxation.

The charter contains the Basic Rules for grouping expenses and the formation of financial results.

Appendix 1 contains items of expenses that are excluded from the income of the enterprise when calculating the net profit for the reporting period, but are included in the tax base of the economic entity when calculating the tax on income (profit) in accordance with tax laws.

Appendix 2 provides a list of expenses that are not excluded from the tax base at the time of their appearance, but are excluded from the next, or in much later periods (time discrepancy).

On the basis of this regulation, the composition of the costs of certain industries and the features of their accounting are determined by relevant ministries and departments, economic associations (corporations, concerns, associations, companies, etc.) in agreement with the Ministry of Finance of the Republic of Uzbekistan, the state tax committee. (UZR VM 15.10.2003. Head of the letter in the Decree No. 444)

The classification of expenses presented in the charter is aimed primarily at the correct and complete reflection of expenses in accounting, as well as at determining the financial results (profit or loss) of an economic entity's activities in order to draw up its financial statements.

The financial results of the activities of an economic entity are characterized by the following indicators of profit:

- gross profit from the sale of products, which is defined as the difference between the net profit from sales and the cost of production of the product sold:

$$YAF = SST - IT,$$

in this,

YAF-gross profit;

SST-net proceeds from sales;

It-the cost of production of the sold product;

- profit from the main activity, which is defined as the difference between gross profit from the sale of a product and the costs of the period, and plus other income or minus other losses seen from the main activity:

$$AFF = YAF - DX + BD - BZ,$$

in this,

AFF-profit from basic activities;

DX-period costs;

BD-other income from basic activities;

Bz-other damages seen from the main activity;

- profit (or loss) from economic activity, the amount of profit from this main activity is calculated as plus income from financial activities and minus losses:

$$UF = AFF + MD - MX,$$

in this,

Uf-profit from Nationwide activity;

MD-income from financial activities;

MX - financial activity costs;

- the profit received before the payment of tax, the profit received from it from the activities of the general public, is defined as plus the profit and minus damage seen from emergency (not provided for) situations:

$$STF = OF + FP - FZ,$$

in this,

STF-profit received before tax payment;

FP-benefits from emergency situations;

FZ-damage from emergency situations;

- the net profit of the year, which remains at the disposal of the economic entity after the payment of the tax, represents the tax paid in itself from income (profit) and the profit received before the payment of taxes minus other taxes and fees provided for by the legislation:

SF=STF-DS-BS,

in this,

SF-net profit;

DS-tax payable from income (profit);

BS-other taxes and fees.

List of costs and costs of the period included in the cost of production (works, services) in accordance with this regulation:

- the formation of complete and accurate information in accounting accounts on all costs arising in an economic entity during the production and sale of products (works, services) in order to determine the profitability of the activities of an economic entity and market competitiveness;
- determined in order to correctly determine the tax base.

In accordance with this regulation, all expenses are grouped into:

- costs to be included in the production cost of the product:

a) direct and indirect material costs;

b) Direct and indirect labor costs;

c) fixed costs with other direct and indirect costs, including production characteristics;

- expenses that are not included in the cost of production, but are taken into account in the profit from the main activities and are included in the costs of the period:

a) selling costs;

b) management expenses (administrative expenses);

c) Other operating costs and losses;

- expenses of an economic entity on the financial activity of an economic entity, which are taken into account when calculating the benefits or losses received from the nationwide activity of an economic entity:

a) expenses on interest;

b) negative exchange rate differences in operation with foreign currency;

c) revaluation of funds invested in securities;

d) other expenses for financial activities;

Extraordinary losses, it is taken into account when calculating profits or losses until the payment of the tax from income (profit).

The cost of production of products (Works, Services) is directly included in the costs associated with the production of products (works, services), conditioned by the technology of production and its

organization. They will include: direct and indirect material costs, direct and indirect labor costs, other direct and indirect costs, including fixed costs that have a productive nature.

The costs that form the cost of production of products (works, services), according to their economic content, are divided into groups with the following elements:

- production material costs (with the value of return outputs excluded);
- labor remuneration costs that have a productive nature;
- deductions to social insurance that belong to production;
- depreciation of fixed assets and intangible assets of production importance;
- other costs of production importance.

From this, Enterprises carry out the costs of the period for the sale of their products. Period costs are understood as expenses and expenses that are not directly related to the production process: management costs, product sales costs and other expenses of universal importance.

All expenses listed below under Paragraph 2 are considered complex items of expenses, and their accounting is organized according to the cost elements as indicated in the preface to paragraph 1.5 of this regulation.

The "period costs" include the following substances:

- selling costs;
- administrative expenses;
- bash operation costs;
- expenses that will be included in the future tax deduction base.

Enterprises and organizations carry out financial activities at the expense of expenses incurred during the period of payment, and such expenses include the expenses incurred.

Interest on loans from banks and other financial and credit organizations (in addition to interest on loans from banks and other financial and credit organizations received on investments that are part of capital investments during the investment period), including interest on overdue and extended loans.

Expenses for the payment of interest on long-term lease (leasing) of property.

Negative exchange rate differences and losses on operations with foreign currency.

Losses incurred from revaluation of funds spent (on securities, Shu'ba enterprises, etc.).

Costs associated with the release and distribution of their own securities.

Other expenses on financial activities, including negative discount.

In accordance with this regulation, production costs must be formed during the reporting period on production accounts and on the finished product account. However, in the serial (large-scale) production of a type of product, the extraordinary or consequential costs caused by emergencies should not be included in the cost of the finished product, but directly written off as sales costs.

Assessment of stocks of commodity-material assets, unfinished production, as well as the costs of future periods is carried out in accordance with the law of the Republic of Uzbekistan "on accounting".

The costs of future periods constitute a separate category of expenses. They are carried out in the current period, but are added to production costs in subsequent reporting periods. However, in accordance with

this regulation, expenses from the list listed in Appendix 2 are excluded from these expenses (they are reflected as expenses of the reporting period that will be excluded from the future tax base).

In conclusion, we offer:

1. Further improvement of accounting and control work is necessary when calculating the cost of production and organizing cost accounting, for this we offer automation of accounting work at Warehouse Services and also production sites. This in turn leads to a reduction in costs.
2. In our opinion, "...." at the enterprise, it is necessary to establish strict control over each material resource. As a result of this, it will be possible to avoid various illegal losses.
3. Based on the current modernization conditions, it is necessary to introduce low-output technologies and technologies into production, as a result of which there is a decrease in the cost of production.
4. It is necessary to increase the material responsibility and material interest of workers and employees. This in turn prevents various theft and leads to a reduction in costs.

We think that the above proposals provide practical support in the organization of accounting work at the enterprise.

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