

Calculation of production costs in the Republic of Uzbekistan

Mukhametov Abubakr Boboevich -

Associate Professor of "Economics"
Gulistan State University

Abstract: This article deals only with the accounting of the costs of the main production in accordance with the NAS of the Republic of Uzbekistan. The composition of expenses has been deciphered, the correspondence of accounts for the accounting of the main production is given.

Key words: production cost; costs directly related to the production of products; direct and indirect material costs; direct and indirect labor costs; social security contributions related to production; depreciation of fixed assets and intangible assets for production purposes; other direct and indirect costs, including production overhead costs; account 2010 "Main production".

Introduction

Expenses are divided into the following groups: costs included in the cost of production, current expenses, expenses on financial activities, emergency losses. In this article, we will only consider the costs that are added to the cost of the product.

In order to determine the profitability and market competitiveness of the business entity is determined in order to form complete and accurate information in the accounting records of all costs incurred by the business entity during the production and sale of products and to accurately determine the tax base.

All costs are grouped as follows:

1) costs included in the production cost of the product:

a) direct and indirect material costs;

b) direct and indirect labor costs;

c) other direct and indirect costs, including overheads of a production nature;

2) expenses that are not included in the cost of production, but are taken into account in the profit from operating activities and included in current expenses:

a) selling expenses;

b) administrative expenses;

c) other operating expenses and losses;

3) expenses on the financial activity of the business entity, which are taken into account in the calculation of profit or loss from the general economic activity of the business entity:

- a) interest expenses;
 - b) negative exchange rate differences on foreign currency transactions;
 - c) revaluation of investments in securities;
 - d) other expenses on financial activities;
- 4) extraordinary losses, which are taken into account in the calculation of profit or loss before the payment of income tax.

The structure of costs included in the cost of production of the product. The cost of production includes costs directly related to the production of the product, conditioned by the production technology and its organization. These include: direct and indirect material costs, direct and indirect labor costs, other direct and indirect costs, including overheads of a production nature.

Costs that make up the cost of production of a product are grouped according to their economic content with the following elements:

- material costs of production (excluding the cost of recyclable waste);
- labor costs of a production nature;
- social insurance contributions related to production;
- depreciation of fixed assets and intangible assets of production significance;
- other production costs.

Material costs associated with production. Material costs associated with production include:

- a) raw materials and materials purchased from abroad, which form the basis of the manufactured product, are part of it or are an integral part of the manufacture of the product;
- b) Purchased materials used in the production process to ensure the normal technological process and to be used for product or other production needs for packaging (testing, inspection, storage, repair and use of equipment, buildings, structures and other fixed assets) , as well as the cost of spare parts, inventory, household items and other non-fixed assets for the repair of equipment;
- c) purchased components and semi-finished products, which will be further assembled or further processed by the business entity;
- d) works and services of a production nature that do not belong to the main type of activity performed by external legal entities and individuals, as well as internal structural units of the business entity;
- d) payment for natural raw materials (allocations for land reclamation, payment for land reclamation work carried out by specialized legal entities), payment for root trees, payment for drinking water supplied by enterprises from water management systems. Depreciable amount of rights to use wood, lumber or minerals for industries of raw materials or the cost of restoring the environment;
- e) transport works for technological purposes, production of all types of energy, all types of imported

Calculation of production costs in the Republic of Uzbekistan

fuel used for heating of buildings, production services performed by the transport of economic entities;

j) all types of purchased energy used for technological transport and other production and economic needs of the business entity. (Costs of transformation and transmission of purchased energy to the place of consumption for electricity and other types of energy produced by the business entity itself are included in the relevant elements of costs);

h) obsolescence and low output of material resources in the field of production;

i) costs associated with the transportation of material resources by the business entity and its employees should be included in the relevant elements of production costs;

k) containers received by business entities from suppliers of material resources are also included in the cost of material resources;

l) the cost of reimbursable waste and the cost of packaging and packaging materials included in the cost of material resources included in the cost of the product are deducted at the cost of their actual sale, use or entry into the warehouse;

m) The cost of material resources reflected in the item "Material costs" from the purchase price, including barter transactions, overpayments, supplies, brokerage awards paid by foreign economic organizations, the cost of commodity exchanges services, including brokerage services, duties and fees, taxes, transportation fees, storage and delivery fees paid by foreign legal entities.

Labor costs of a production nature. The following items are included in the cost of labor of a production nature:

a) calculated wages in accordance with the forms and systems of remuneration of labor of the business entity, tariff rates and salaries calculated for the work actually performed, including the incentive provided for in the regulations on the remuneration of the business entity color payments;

b) increase in tariff rates and salaries for professional skills and coaching;

c) payments in the form of compensation related to the mode of work and working conditions, including:

- Tariff rates and surcharges and surcharges for night work, overtime, weekends and holidays, provided for in the schedule of the technological process;

- Masters for multi-shift work, combining professions and expanding service areas;

- masters for work in heavy, harmful, especially harmful working and natural-climatic conditions according to the list of professions and jobs approved by the government, including masters for continuous work experience in these conditions;

- for each day of travel on the road, paid from the moment of departure of the business entity from the place of departure to the moment of return to the place of business, from the location of the business entity to the salary of employees of communications, railways, rivers, roads and highways and other employees masters;

- for employees who are directly involved in construction, reconstruction and overhaul, as well as for those who perform work on a part-time basis in cases provided by law, a bonus for the portable and mobile nature of work;
 - additional payment for employees who are permanently engaged in underground work for the normative time that passes from their departure and return to work in the mine;
 - Payments established by the coefficients for the regulation of wages in the regions, including the coefficients for work in the desert, arid and high mountain areas in accordance with the district coefficients and current legislation;
 - Tariff rate, payable amounts (for part-time work) provided for in the schedule of time work for the days from the location of the business entity to the place of work and on the way back, as well as for days spent on the road due to meteorological conditions and the fault of transport organizations; ;
- g) payment of employees for days off in connection with overtime work, when the work is organized on a part-time basis, in the cumulative calculation of working hours and in other cases provided by law;
- d) payment for time not worked:
- Payment for regular and additional leave, compensation for regular unused and additional leave, privileged hours of adolescents, breaks in maternity leave to feed the child, as well as time associated with medical examinations in accordance with applicable law;
 - payment of employees on compulsory leave with partial retention of the basic salary;
 - Payment to donor staff for blood testing, donation days and days off after each day of blood donation;
 - Remuneration for the performance of public duties;
- e) payment for the work of employees not employed by the business entity for the performance of work under civil contracts, if the settlement with the employee for the work performed is carried out by the business entity, including the contract;
- j) other types of payments included in the cost of remuneration of employees involved in the production process in accordance with the established procedure.

Social security contributions related to production. Contributions to social insurance include:

- a) compulsory social contributions to income in the form of wages in accordance with the norms established by law;
- b) contributions to non-state pension funds and insurance premiums for voluntary insurance.

Depreciation of property, plant and equipment and intangible assets of production significance. Depreciation of property, plant and equipment and intangible assets of production significance includes:

- a) the amount of depreciation of fixed assets, including financial leases, calculated in accordance with the legislation on accounting;

Calculation of production costs in the Republic of Uzbekistan

b) the amount of depreciation allocated to intangible assets of production significance. The depreciation rate for intangible assets for which it is not possible to determine the useful life is set at five years, but not more than the useful life of the business entity.

Other production costs. The following complex items of accounting for other production costs are divided into cost elements listed in the above paragraphs:

a) production process maintenance costs:

- costs of providing production with raw materials, supplies, fuel, energy, instruments, devices and other means and products of labor;

- costs of maintaining fixed assets (operating and maintenance, average, current and overhaul costs). All types of adjustments of fixed assets are included in the cost of production on the relevant elements of production costs (material costs, labor costs, etc.);

- costs of fire safety and security, as well as other special requirements provided by the rules of technical operation of business entities, control over their activities;

- costs associated with the current lease of fixed assets related to production activities;

- costs of storage and use of funds for nature protection purposes, including compensation for environmental pollution and waste disposal;

- costs associated with the characteristics of production and ensuring normal working conditions and safety, provided by law;

- health measures related to the direct participation of employees in the production process;

- the cost of free utilities, food, the cost of food for employees of certain industries, the cost of free housing for employees of the business entity;

- The value of items that are provided free of charge and remain in personal use in accordance with applicable law;

- costs of maintenance and maintenance of technical means of management, communication nodes, signaling means, other technical means of management, computer centers related to the production process;

- Payment to medical institutions for the natural examination of employees engaged in production in accordance with the legislation;

b) costs of sending production personnel on business trips related to the production process;

c) costs of compulsory and voluntary insurance of production personnel and production assets;

g) losses due to defects;

d) losses due to idle time due to internal causes of production;

e) the cost of warranty repair and warranty service of items with a guaranteed service life;

- j) costs of mandatory product certification;
- h) benefits paid on the basis of and without the decisions of the relevant authorities in connection with the loss of ability to work due to industrial injuries;
- i) costs associated with transporting and transporting personnel to and from work on routes not served by public passenger transport;
- k) costs associated with construction risk insurance when constructing facilities at the expense of state capital investments;
- l) expenses related to the write-off of the amount of goodwill intangible assets, in the prescribed manner for non-productive property;
- m) costs of preparatory work in the extractive industries, if they do not relate to capital expenditures. These costs are treated as “Deferred Expenses” and are deducted in proportion to the cost of production or the volume and quantity of the extracted product over a specified period of time. The chosen method of writing off future expenses should be reflected in the entity's accounting policies;
- n) expenses related to the payment of temporary disability, pregnancy and maternity benefits to employees involved in the production process in accordance with the procedure established by law.

Accounts receivable. The generalization of information on the main production costs of products, which are the main activity of the enterprise, is made in the 2010 account "Main production".

Prior (rent, subscription fee, etc.) or subsequent periods (payments for excess costs of the accountant's amount, etc.) - operating expenses are included in the cost of products regardless of the period of their payment - in the same reporting period.

2010 The debit of the account "Main production" reflects the direct costs directly related to the production of goods, works and services, as well as ancillary production costs, curved costs associated with the management and maintenance of the main production and losses due to defective products .

The direct costs directly attributable to the production of goods, work and services are deducted from the credit of the 2010 “Main production” account, which accounts for production inventories, payroll accounts, etc. Auxiliary production costs are deducted from the credit of account 2310 "Auxiliary production" to the account 2010 "Main production". The curve costs associated with the management and maintenance of the main production are deducted from the 2010 “Main production” account 2510 “General production costs”. Losses due to defective products are deducted from the account 2610 "Disposable products in production" to the account 2010 "Main production".

The credit of the account "Main production" in 2010 reflects the actual cost of production of finished goods, works and services. These amounts can be debited from the account 2010 "Main production" to the accounts 2810 "Finished goods in stock", 9110 "Cost of finished goods sold", 9130 "Cost of work performed and services rendered".

The balance at the end of the month on the 2010 Main Production account shows the cost of work in progress.

Calculation of production costs in the Republic of Uzbekistan

Analytical accounting is carried out by types of costs and types of products. The grouping of expenses by place of origin and other characteristics, as well as the calculation is carried out in a separate system of accounts. The structure and method of use of these accounts is determined by each enterprise depending on the characteristics of its production activities, structure, organization of management. If the grouping of costs by location and other characteristics and the calculation is not taken into account in the system of separate accounts, the analytical account of the account 2010 "Main production" is also maintained for individual divisions of the enterprise.

Here is an example of a basic production cost calculation. MBA produces two types of products - "S" and "T". During the reporting period, the company incurred the following costs for the production of the product:

Expenditures	Product "S", thousand soums	Product "T", thousand soums
Raw materials and supplies	150 000	300 000
The value of the returned waste is subtracted	2 300	5 000
Fuel and energy	50 000	80 000
Wages of key production workers	60 000	88 000
Social tax on labor	7 200	10 560
Services of external organizations (rent, etc.)	20 000	32 000
Depreciation of fixed assets	12 000	25 000

Suppose there is no unfinished production. The finished product was taken to the warehouse. We make accounting entries and determine the cost of the product produced.

Calculation of production costs of product "C":

Debit 2010 "Main production", "Product C"

Credit 1010 "Raw materials and supplies" - for the amount of raw materials and supplies - 150,000 soums;

Debit 1090 "Other materials"

Credit 2010 "Main production", "Product C" - for the cost of recyclable waste - 2,300 soums;

Debit 2010 "Main production", "Product C"

Credit 6010 "Accounts payable to suppliers and contractors" - for the amount of consumed electricity, steam and gas - 50,000 soums;

Debit 2010 "Main production", "Product C"

Credit 6710 "Payroll settlements" - for the amount of wages of key production workers - 60,000 soums;

Debit 2010 "Main production", "Product C"

Credit 6520 "Payments to state trust funds" - for the amount of social tax on labor - 7,200 soums;

Debit 2010 "Main production", "Product C"

Loan 6990 "Other liabilities" - for the amount of services of external organizations (rent, etc.) - 20,000 soums;

Debit 2010 "Main production", "Product C"

Credit 0200 "Accounts for depreciation of fixed assets" - for the amount of accrued depreciation - 12,000 soums;

Debit 2810 "Finished goods in stock", "Product C"

Credit 2010 "Main production", "Product C" - to the amount of production cost of product "S" - 296,900 soums (150,000 soums - 2,300 soums + 50,000 soums + 60,000 soums + 7,200 soums + 20,000 soums + 12,000 soums).

Calculation of production costs of product "T":

Debit 2010 "Main production", "T product"

Credit 1010 "Raw materials and supplies" - for the amount of raw materials and supplies - 300,000 soums;

Debit 1090 "Other materials"

Credit 2010 "Main production", "Product T" - the cost of recyclable waste - 5,000 soums;

Debit 2010 "Main production", "T product"

Credit 6010 "Accounts payable to suppliers and contractors" - for the amount of consumed electricity, steam and gas - 80,000 soums;

Debit 2010 "Main production", "T product"

Credit 6710 "Payroll settlements" - for the amount of wages of key production workers - 88,000 soums;

Debit 2010 "Main production", "T product"

Credit 6520 "Payments to state trust funds" - for the amount of social tax on labor - 10 560 soums;

Debit 2010 "Main production", "T product"

Loan 6990 "Other liabilities" - for the amount of services of external organizations (rent, etc.) - 32,000 soums;

Debit 2010 "Main production", "T product"

Credit 0200 "Accounts for depreciation of fixed assets" - for the amount of accrued depreciation - 25,000 soums;

Debit 2810 "Finished goods in stock", "T product"

Calculation of production costs in the Republic of Uzbekistan

Credit 2010 “Main production”, “Product T” - to the amount of production cost of product “T” - 530 560 soums (300 000 soums - 5 000 soums + 80 000 soums + 88 000 soums + 10 560 soums + 32 000 soums + 25,000 soums).

References

1. Law of the Republic of Uzbekistan "On Accounting" (new edition) dated 13.04.2016. Approved by Law No. ZRU-404.
2. REGULATION on the structure of costs of production and sale of goods (works, services) and the order of formation of financial results. Of the Cabinet of Ministers of February 5, 1999 APPENDIX to Resolution No. 54.
3. IFRS 21 RK "Instruction on the plan of accounting of financial and economic activities of business entities and its application." Registered with the Ministry of Justice of the Republic of Uzbekistan on October 23, 2002, No. 1181.
4. Accounting: Textbook / B.A. Khasanov, A.A. Khashimov, A.B. Mukhametov, A.A. Abdurahidov. - T.: "World of Economy", 2021. - 992 p.