



FEATURES OF COST CALCULATION IN THE ABC-COSTING SYSTEM

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In the current conditions of the market economy and the improvement of management, the development of a new strategy for the development of enterprises, the role and importance of cost accounting in the enterprise is increasing. Since a reasonable accounting of expenses contributes to the efficient use of all resources, improving the reflection and analysis of the financial and property situation of enterprises. And the analysis of the expenses of the organization plays an important role in making the optimal financial and management decisions in order to increase the economic performance of the enterprise. As the President of the Republic of Uzbekistan Sh. Mirziyoyev noted in his message to the Oliy Majlis: "The main tasks facing the country's economy are: achieving high rates of economic growth due to the diversification

ABSTRACT

The article examines the methods of distribution of management accounting costs, as well as the essence and procedure of the ABC analysis method, its advantages and disadvantages.

of the economy and increasing the productivity of labor ¹"

Today, companies produce a very wide range of products; direct costs make up only a small part of total costs, and overhead costs are significant. Учет расходов, базируясь на законодательных актах, положениях, экономических учениях и дисциплинах, на большом практическом отечественном и зарубежном опыте рассматривает основополагающие принципы бухгалтерского учета. Положение «О составе затрат по производству и реализации продукции (работ, услуг) и о порядке формирования финансовых результатов» гласит, что все прямые производственные затраты и накладные расходы должны быть отнесены на продукты, а

¹ message President Republics Uzbekistan Sh.Mirziyoeva Oliy Majlis from 28.12.2018



непроизводственные накладные расходы должны фиксироваться как затраты отчетного периода ². This is what is this that it is all the same to have a Misted under the production of the development, and it is possible to have a reason to be the same.

A reliable calculation of the cost indicator ensures the correct formation of the final financial result of the enterprise. With the development of competition and free pricing in the country's economy, the role of cost as the most important factor influencing profit growth is increasing. And from the point of view of saving reserves, the most manageable are overhead costs, which occupy a significant part in the cost of production. This determines the relevance of the topic of scientific work.

Literature

For effective enterprise management, an understanding of the current state of affairs in dynamics, which management accounting can show, plays a significant role.

The main task of management accounting is not only the preparation of management reports required exclusively for internal use by the heads of departments, projects, enterprises as a whole, in order to show both the results of activities and the stages of their creation, but also the determination of profitability, and, accordingly, the determination of costs with costing cost.

² Regulation "On the composition costs by production and sales products (works , services) and about the procedure formation financial results » Approved Cabinet Ministers Republics Uzbekistan dated February 5 , 1999

The enterprise must choose for itself the most suitable method for the specifics of its activities or create its own method, assembled from several methods, taking into account the requirements for management accounting described above. One of the main tasks solved by the methods is the distribution of costs among management accounting objects. The choice of methods is carried out by the management of the enterprise, based on the functional specifics and structure of activities in order to obtain an effective economic and managerial tool suitable for the scale of the enterprise, its capabilities in terms of management accounting and automation. Methods provide a way to achieve previously selected strategic goals and objectives of the enterprise, while they work as a transmission link from the strategy adopted within the board to the daily, operational activities of each unit and employee. Along with financial indicators of value, non-financial quantitative and qualitative indicators have recently been used.

Based on the studied material, we indicated the methods for distributing management accounting costs (Fig. 1):

Process method. When using this method, the average costs for each unit produced for the reporting period are calculated. The process-by- process method is used when many identical units of production are produced, and there is no need to determine the cost of each unit.

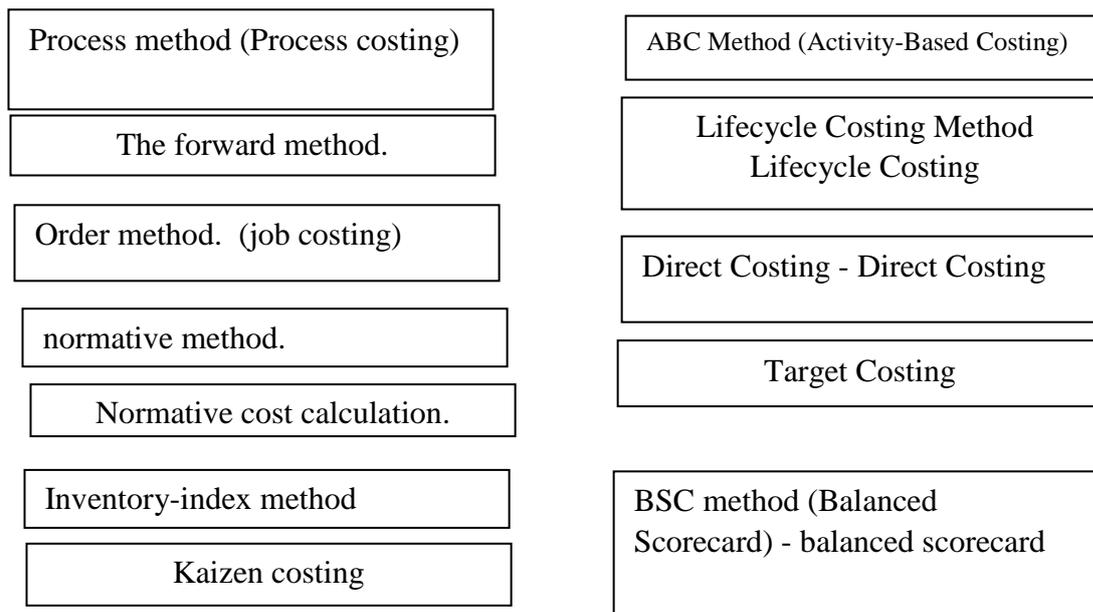


Fig.1. Cost Accounting Allocation Methods

The forward method. With this method, costs are taken into account first by redistribution, and then distributed by product, for which the cost of intermediate semi-finished products is calculated. The stages of redistribution are characterized by the release of various goods - semi-finished products that can be used at your enterprise or sold on the market. The method is mainly used in the metallurgical, textile, woodworking, glass, paper, food industries.

Order method. With this method, individual orders (works, contracts, projects, batches of products) are evaluated. The method is used in enterprises that define each individual order as a unique independent unit of output.

Normative method. With this method, a normative calculation is preliminarily compiled for the cost items of finished products according to the current

standards and taking into account deviations for them.

Inventory-index method. The difference from the previous method lies in the fact that cost accounting for the period is carried out without norms and deviations, on the basis of a periodic inventory and assessment of the balance of work in progress.

Cost calculation by type of activity - ABC (Activity-Based costing). With this method, the processes within the enterprise are identified and the costs are distributed in proportion to their use in various processes. For example, proportionality to the hours of equipment loading, the use of personnel, etc. This method also converts overhead (fixed) costs to direct (variable) costs.

Costing - Lifecycle Costing. This method takes into account not only the usual direct and indirect costs, but also the costs of research, design and development,

Методы распределения затрат управленческого учета



efforts to research markets, sell the product, as well as the costs of after-sales service after the product has passed to the buyer, the cost of withdrawing the product from the market and even disposal of used products, equipment for its production - in fact, the entire life cycle of the product.

Direct costing – Direct Costing . With this method, the calculation of the cost of production is made on the basis of only direct (variable) costs. The essence of the direct costing method is the division of costs into fixed and variable . The cost of production is determined on the basis of variable costs, and fixed costs are included in the total amount.

Target costing - Target Costing . With this method, the cost is determined based on the planned selling price and the projected margin of the product.

Kaizen costing method . This method is the opposite of where target costing is applied. When using this method, the cost of production is gradually and continuously reduced as a result of a special program of the enterprise.

BSC method (Balanced Scorecard) - this method is considered a strategic performance management tool, as monitoring is carried out that allows managers to track the performance of tasks by employees, as well as the consequences of performance or non-performance. This method is equipped with special design and automation methods.

Next, we will take a closer look at the method of calculating the cost by type of activity - ABC (Activity-Based costing).

It is believed that the ABC analysis method was first used at the end of the 19th - beginning of the 20th century, in particular

, in tarctates by the Italian economist Vilfredo Pareto , 1848-1923 .³

But also some scientists believe that the ABC method (Activity based costing) was developed by American scientists R. Cooper and R. Kaplan in the late 80s of the last century ⁴.

One of the first publications on the subject of ABC is the book by G. Staubus " Activity Costing and input-output Accounting " written in 1971 ⁵.

However, it is believed that the first formal, systematic description of ABC was given by the authors RS Kaplan and W. Bruns in the book " Accounting and Management : A Field Study Perspective "1987. The 'first formal, systematic description of ABC was given by the authors RS Kaplan and W. Bruns in the book "Accounting and Management: A Field Study Perspective" in 1987. The idea of the Activity-based costing system belonged to J. Staubs (1971) In the mid-1980s, it was developed into a holistic management accounting system in the works of R. Cooper and R. Kaplan. In the 1990s, the ABC module was introduced into a number of automated business management systems of the ERP-2 standard (in particular, to SAP's R3 product).

Kozlov A.S. believes that by the ABC method we mean "a method for accounting

³Zemlyanskaya V.N. CLASSICAL METHOD OF ABC-ANALYSIS AND ITS MODERN MODIFICATION. Eurasian Union of Scientists (ESU) #9 (42), 2017| ECONOMIC SCIENCES

⁴ Kozlov A.S. Design and research of business processes: textbook. allowance / A.S. Kozlov. - 3rd ed. - M.: Flinta: MPSI, 2008. - 272 p.

⁵ Staubus , George J. Activity Costing and Input-Output Accounting. — Richard D. Irwin, Inc., 1971

⁶ Kaplan, Robert S. and Bruns , W. Accounting and Management: A Field Study Perspective. — Harvard Business School Press, 1987.



and analyzing costs and other characteristics of products and services based on the calculation of the characteristics of processes (operations) and the resources involved in these processes (operations)"⁷

The ABC method is a system that provides the accumulation and systematization of information on various financial indicators (including income and expenses) involved in the organization's activities in the context of business processes and operations. The process approach allows you to control costs at each stage of the process of transporting goods, to identify deviations of actual costs from estimates ⁸.

By **in** our opinion, the ABC analysis method allows you to classify company resources (customer base is a resource) according to their importance. This analysis is one of the methods of rationalization and can be applied to any enterprise and in any area of its activity.

Research methodology.

The main goal of ABC-analysis is to identify groups of objects in the object segments that provide the greatest contribution (80%) to the results of the company's work in order to focus on the best satisfaction of the needs of this particular group.

ABC - method allows you to perform the following types of work:

- determining and conducting a general cost analysis of business processes at the enterprise (marketing, production and provision of services, sales, quality

management, technical and after-sales service, etc.);

- carrying out a functional analysis related to the establishment and justification of the functions performed by the structural divisions of enterprises in order to ensure the release of high quality products and the provision of services;

- identification and analysis of basic, additional and unnecessary functional costs;

- comparative analysis of alternative options for reducing costs in production, marketing and management by streamlining the functions of structural divisions of the enterprise;

- analysis of the integrated improvement of the performance of the enterprise;

- now the ABC method has become a comprehensive tool for assessing systems, processes and concepts.

The concept of ABC allows you to present management information in the form of financial indicators. Using financial indicators as units of measurement, the ABC method reflects the financial condition of a company better than traditional accounting does. This is because the ABC method physically reflects the functions of people, machines and equipment. The ABC method displays the level of resource consumption by functions (and not by business units, as is customary in traditional accounting), as well as the reasons why these resources are used.

ABC information can be used both for current (operational) management and for making strategic decisions. The main directions for using the ABC model for reorganizing business processes are to increase productivity, reduce cost, labor intensity, time and improve quality.

⁷ Kozlov A.S. Design and research of business processes: textbook. allowance / A.S. Kozlov. - 3rd ed. - M.: Flinta: MPSI, 2008. - 272 p.

⁸cost management method. Economic analysis: theory and practice. 35.290-2012. pp. 26-35.

The procedure for calculating the cost using the ABC method is as follows (Fig. 2). At the first stage, the main activities of the organization or products are determined, for which the cost price must be calculated. At the second stage, those types of costs that will be distributed are indicated. This is the most important step in the whole process, since the scale and detail of the calculations will depend on the list of costs received. It is not necessary to make this list very large, complicating the calculations. For example, if it is planned to determine the total cost of a distribution channel, then the advertising, warehousing costs associated with this channel will be taken into account, but the costs associated

with research will be ignored because they are associated with products, not channels. At the third stage, the costs are collected for each carrier into cost groups by activity. For example, the cost group for the cost of a distribution channel will include the costs of advertising, warehousing associated with this channel.

At the fourth stage, the factors that determine the amount of costs by type of activity are determined, they are called carriers (or drivers) of costs. Cost carriers (cost drivers) is any factor that affects the amount of costs for a particular type of activity. Any activity can have many cost drivers associated with it and thus affect the amount of resources needed.

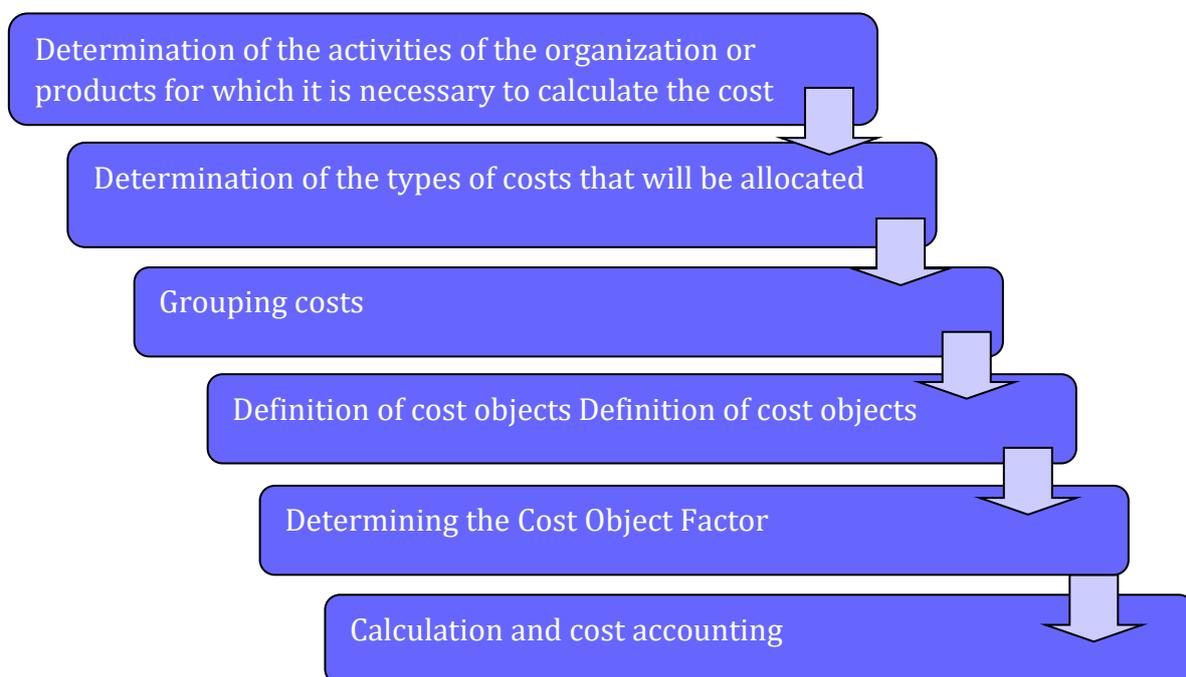


Fig.2. Stages of cost calculation by ABC method.

In the fifth step, the cost driver ratio is calculated by dividing the total overhead costs in each cost pool by the total cost drivers. For example, the total cost of material handling is divided by the total

number of production cycles, resulting in a material handling cost driver factor.

6) At the sixth stage, the calculation and accounting of costs is carried out by



multiplying the driver coefficient by the number of cost drivers.

The results of the ABC system are converted into reports for management analysis and management makes management decisions based on the reports, for example, what factors of activity need to be reduced in order to reduce the corresponding amount of overhead costs.

Analysis and results

After studying this topic, we came to the conclusion that ABC requires a highly structured accounting system and detailed business processes and cost drivers. When deciding whether to use ABC, it must be determined that the costs and effort of implementing ABC should be in line with the benefits expected by the enterprise from its application. Since, if all costs are taken into account and analyzed in detail, there is a risk of creating a very laborious and costly system. In general, ABC allows:

- management to receive information on the cost of certain types of products in more detail;
- more accurate determination of the cost of goods;
- effectively manage the business processes of the enterprise

- effectively manage enterprise resources;
 - receive all information about processes and resource costs;
 - effectively manage personnel based on motivation
 - effectively organize budgeting and management accounting, etc.;
- But the ABC method also has some drawbacks, which can be attributed :
- complexity and cost of the process;
 - the presence of many conventions in the calculations, which sometimes makes it possible to doubt the usefulness of the results
 - the complexity of creating a model and determining drivers

Based on the above, we can conclude that the ABC method for calculating the cost is advisable to use for an enterprise whose business process consists of a large number of operations. Since this will allow you to make more effective decisions in the field of marketing strategy, product profitability, etc., because it makes it possible to control costs at the stage of their occurrence. But it is important to periodically review and review the current system so that its usefulness does not decrease over time.

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