THEORETICAL FOUNDATIONS OF ORGANIZING COST MANAGEMENT ACCOUNTING

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Annotation. In this article, the theoretical basis of the organization of cost management accounting, the objectives of management accounting and variable costs are covered and analyzed.

Keywords: financial accounting of the enterprise, management accounting, accounting, costs, variable costs

Each stage of economic development has its own characteristics and has a significant impact not only on the change of management bodies in sectors of the economy, but also on the features of accounting for the financial and economic activities of enterprises. As a result, there is a need for simultaneous reform of accounting, since changing the description of accounting objects changes the method of their assessment, as well as the ways of reflecting the results of activities in the report.

The effectiveness of corporate cooperation at enterprises is largely determined by the prospects of the management structure, in particular, accounting and control systems. In our opinion, it is advisable to conduct management accounting in a systematic form, which has a feature that ensures the interests of the enterprise management in organizing management accounting. The objectives of management accounting should be the following (Table 1).

Table 1

Objectives of management accounting

Goals of organizing management accounting at an enterprise	Clear organization of the relationship between expenses and income when taking into account the internal production of the enterprise.
	Formation of an internal report on the main performance indicators of each management object (type of activity, division)
	Formation of marginal income for the purpose of analyzing various profitability indicators within an individual enterprise
	Motivating functional managers based on their contribution to the overall revenue of the enterprise.
	Recognition of income and expenses within the framework of the management accounting object
	Development of the company's capabilities, development of the internal and external environment
The goals of organizing	Establishing a clear understanding of the relationship between the performance results of each of the company’s managers.

management accounting in accordance with the interests of the enterprise management	Generation of summary reports for each division (shop) of the financial and economic activities of the enterprise.
	Possibility of obtaining a one-time marginal income to determine the share of the enterprise management's contribution to covering costs
	Improving the profit management mechanism in order to increase the sources of development of the network's unique activities and dividends.
	Unification of the procedure for recognizing financial results in order to ensure uniformity of forms of internal management reporting from the point of view of corporate governance
	Development of the enterprise's activities based on the most favorable ratio of the enterprise's total costs and its economic results.

As can be seen from the table, from the point of view of corporate governance, the goals of organizing management accounting at an enterprise are aimed at uniformity of management reporting at enterprises and strengthening the responsibility of managers of individual structural divisions for achieving their goals. goals, as well as the creation of a transparent revenue management structure. In this case, it is necessary to turn management into the next source of information to ensure the separation of accounting and management accounting functions and their joint effective work. At the same time, when organizing management on the basis of specific accounting information, the interrelation of two information flows and system management technology created the need to separate management accounting. Achieving these goals requires the introduction of all accounting methods that create new accounting resources and allow obtaining high-quality information for management. Therefore, it is important to know the main problems in this system and eliminate them in time.

Improving the management accounting system should help solve existing problems in the process of its implementation, which will serve to increase the efficiency of the enterprise. This is why it is important to know the main problematic aspects of this system.

Problems of cost accounting, which is the most important link in the management accounting system:

• accounting for production costs and product costing continues to be considered as an integral part of accounting;

• production accounting information reflects the qualitative side of activities and includes only quantitative characteristics of costs;

• the current cost classification does not provide the communication network with information that allows reducing costs and increasing production efficiency in the future;

• the existing cost accounting methodology is characterized by accounting simplifications that do not justify themselves in market conditions. They reduce the level of accuracy and objectivity of information on cost indicators and do not provide control over expenses in terms of their sources and places of origin;

• the current methodology does not provide an information mechanism for quick and flexible response to changes in production conditions and operational cost analysis for making management decisions and making adjustments to production programs;

• the practice of reflecting costs in accounting does not allow obtaining reliable information about the results of the production unit, which complicates the control over its activities.

The weight of costs affects the cost of goods produced, and the cost affects the company's income. Therefore, it is important to take them into account correctly. To do this, you need to know the composition and types of expenses.

Currently, the main document that takes into account the activities of all enterprises of our republic, including water management enterprises, is "Composition of costs and financial results added to the cost of products (works, services) associated with its production and sales." The "Regulations on the formation procedure" were considered. Based on this provision, the composition of expenses added to the cost of management accounting is determined for the following purposes:

• collection of complete and reliable information on expenses incurred in the process of production and sale of products directly on accounting accounts;

• calculation of enterprise profitability;

• definition of competitiveness;

• correct determination of the tax base.

The costs of solving these problems are divided into the following groups:

• costs added to the cost of production;

• expenses that are included in the expenses of the period and taken into account when determining profit from core activities;

• expenses of financial activities taken into account when determining profit or loss from the general activities of the enterprise;

• extraordinary unexpected losses or gains that are taken into account in determining profit or loss before tax. Accurate and accurate grouping of costs for construction and installation work at water management enterprises improves the quality of accounting information. Construction costs, in turn, are divided into groups according to several indicators.

Costs can be classified according to the following criteria:

a) Product-related costs are associated with the production of finished goods. These costs are included in the cost of reserves. Costs associated with a product include basic materials, basic labor, and manufacturing overhead.

Basic materials – raw materials and materials included in the finished product.

Their value is added directly and cost-effectively to the composition of a given product without additional operations. The cost of direct materials can be calculated by multiplying this amount by the unit price of the material based on how much of it is used in the product.

Basic labor includes all labor costs that can be directly added to a particular product.

Factory overhead costs (manufacturing overhead) are all costs other than basic materials and basic labor, that is, various costs associated with production, but which cannot be attributed to a specific type of finished product. the amount of costs associated with additional materials, additional labor, wear and tear of production buildings and equipment, utilities, rental of production buildings).

Cost of goods manufactured takes into account production costs related to finished goods produced in a certain period. To calculate cost of goods manufactured, production costs incurred during a given period are increased or decreased by the net change in work in process (beginning of work in process minus ending work in process).

Cost of goods sold shows expenses compared to revenue. To calculate cost of goods sold, cost of goods manufactured is increased or decreased by the net change in finished goods inventory (beginning finished goods balance minus ending finished goods balance).

Production costs are divided into elements and calculation items depending on their purpose. Grouping by elements serves to determine production costs according to their economic content and draw up appropriate estimates. Grouping by calculation items is needed to calculate the cost of a product.

Costs at enterprises are divided into production and non-production depending on their participation in production. Production costs include costs directly related to the preparation and processing of products, and non-production costs include costs for cultural and household items.

At enterprises, costs are divided into direct and indirect depending on their addition to the cost of production, and direct costs include costs for materials, wages and other costs directly related to the preparation and processing of products.

Curve costs include costs that are not directly related to the production of products, such as management costs, equipment maintenance and operating costs, and so on. Costs are divided into variable and fixed depending on changes in the volume of production.

Variable costs include costs that change with changes in production volume, for example, raw materials, fuel for technological purposes, energy, etc.

Fixed costs include costs whose amount does not change when production volume changes. Examples include salaries of management personnel, costs of maintaining management buildings, and so on.

Depending on the specifics of the enterprise, costs are divided into preparation and processing costs. Preparation costs include the purchase, storage, transportation and other costs of raw materials, while processing costs include the costs associated with processing and receiving products.

At water management enterprises, period costs include management costs, costs associated with the sale of products, general business costs and production development costs. This type of cost is not included in the cost of production and is covered by the fund.

Variable costs depend on production volume. The amount of variable costs changes in proportion to changes in production volume (level of labor activity) and represents a constant amount per unit of output. Raw materials, key labor, commission expenses are examples of this.

Variable costs are costs that change in proportion to the volume of production, but remain unchanged in relation to the unit of production. Variable costs include: raw materials, wages, and the variable part of indirect costs. These costs are considered as a function of the volume of production activity. It is reasonable to assume that fixed costs are less closely related to the cost of production of individual types of products. Accordingly, it is widely accepted to divide the production costs of an enterprise into fixed, ss and final costs.

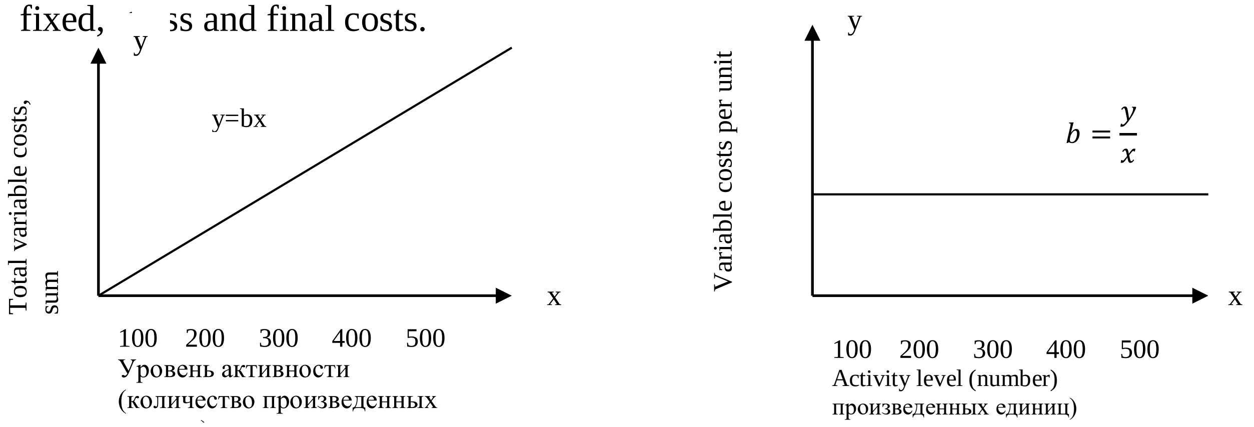

Figure 1. Variable costs:
a) general; b) per unit of production.

The amount of fixed costs does not change even when the volume of production (level of activity) changes; they are relatively constant, but when the level of production changes, the fixed costs calculated per unit of output also change. Examples include depreciation, rental expenses, and administrative expenses.

In turn, fixed costs are divided into two groups: residual and initial. Residual costs include that part of the costs that the enterprise continues to incur, despite the fact that production and sales of products have been completely stopped for some time. Start-up costs include a portion of the fixed costs incurred once production and product sales resume. There is no clear distinction between residual and initial costs. The length of time production and sales of products are suspended affects the decision into which group of fixed costs to include certain costs. The longer the downtime, the lower the remaining costs. Because this increases the possibility of eliminating or reducing certain expenses (for example, a rental agreement for a building, an agreement for hiring certain types of workers, etc.). The sum of fixed and variable costs constitutes the total costs of the enterprise.

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