



ACCOUNTING AND ANALYSIS OF COSTS AS A BASIS OF BUDGETING

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**Abstract:** The article scientifically analyzes cost accounting and analysis for the purpose of organizing budgeting in small businesses.

**Key words:** budget, budgeting, budgeting methodology, main budget, planning, coordination, stimulation, control, evaluation, advanced training.

The term "budget" in economic life is primarily used in relation to the financial activities of the state, that is, as a result of the development of economic policy at the national level, the distribution and redistribution of the value of the gross domestic product, the formation of centralized monetary funds at the disposal of the government, and decentralized monetary funds at the disposal of enterprises, and from them means reasonable use. At the same time, the term "budget" at the microeconomic level is used in a narrower sense. In this case, "budgeting" represents a system of complex financial and economic planning, control and analysis of the economic activity of the enterprise.

It is known that budgeting includes planning as well as normalization and forecasting. In this regard, budgeting includes actions performed in a certain order. According to researcher S.A. Sidorov, "as a basis for calculating all parameters of the main budget, not only marketing research and sales budget should be taken, but also a budgeting scenario should be prepared." A script is a methodical instruction prepared for the implementation of certain purposeful and effective actions. The scenario relies on the accounting data, baselines, criteria, and factors required for budgeting.

There are different opinions about choosing a starting point for budgeting. A. A. Abdug'aniev touched on this issue and wrote that "we recommend to start budgeting not from income and profit, but from expenses and production volume." Professor M. Vakhrushina said, "the sequence of drawing up operating budgets depends on the factors limiting the activity of enterprises. For example, if the main limiting factor in the enterprise is the market capacity, it is appropriate to start drawing up budgets from the sales budget, if there is a lack of production capacity, from the production budget, if there is a shortage of raw materials and materials, then from the supply budget» [3] believes that.

In our opinion, budgeting should begin with the creation of a budget of income and expenses. Because in this approach, the budget not only reflects the expected profitability of the business (on the scale of the enterprise and structural units), but also clearly shows the structure of expenses.

Based on the study of research on the topic, the opinions of economists can be divided into two categories according to the methodology of budgeting:

- 1) supporters of budgeting according to the structural structures of the enterprise (E. Koba and others);
- 2) scientists who support the necessity of budgeting according to activity types (K. Shivorsh, A. Sheremet, etc.).

It is known that the final result of the budgeting process is expressed in the general budget of the enterprise. About the essence of the general budget, Professor B. Khasanov says: "The general budget is very important for the managers of the enterprise, it is a clear definition of the goals and

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tasks before them in the planned reporting period and the implementation of the production program, the process of formation of income and expenses, allows you to monitor the status of calculations".

There are also different opinions about the structural structure of the general budget. This is due to the fact that the theoretical and practical issues of the formation of the general budget have not been sufficiently studied in all sectors of the economy, including small business enterprises, and this issue has become a topic of debate among economists. For example, professor A. Pardaev divided the general budget into 2: operational (operational) and financial budgets, professor B. Khasanov divided the general budget into 3: operational, financial and investment budgets, Russian scientists A.D. Sheremet, S.A. Rasskazova-Nikolaeva, S.V. Shebek, E.A. Nikolaev allocated operational and financial budgets, etc.

In our opinion, since the master budget is the link that connects the various plans of the enterprise, it means the general financial and quantitative expression of the content of these plans, necessary to achieve the set goals, and coordinates the activities of all departments. Therefore, it is appropriate that the main budget in enterprises consists of operational, investment (innovation), special and cumulative budgets. At the moment, it is necessary to develop the technology of drawing up the general budget, taking into account the specific characteristics of each enterprise.

Budgeting can also be considered as the planning of the financial and economic activities of the enterprise for a certain period. Because the advantage of budgeting is expressed in the long-term, short-term and medium-term planning of the company's material, labor and financial resources, the behavior of competitors, and the study of market requirements for manufactured products. Through budgeting, expenditure directions and volumes are balanced with financial and economic resources. At the same time, the main focus is on estimating the amount of income (profit) from the sale of products, work and services. Planning through budgeting has taken a strong place in the management account of developed countries.

In our opinion, budgeting has the following positive aspects:

- processes that serve to ensure the main goal of the enterprise are planned;
- activities of individual units are coordinated;
- an information base will be created for the heads of the company's divisions to effectively perform their duties;
- employees of the enterprise are ensured to comply with internal procedures;
- there will be a basis for an objective assessment of the level of implementation of the plans set by individual units of the enterprise.

Based on budgeting, it will be possible to perform the following tasks:

- planning business transactions that ensure the achievement of the company's goals;
- encourage leaders of all levels to achieve the goals of the centers they are responsible for;
- coordination of activities of various departments. In this, the interests of the employees of the units are taken into account;
- control of the current activity of the enterprise, ensuring compliance with established procedures;
- to act as a basis for evaluating the implementation of the plans presented to responsibility centers and their managers;
- assistance in improving the qualifications of managerial staff.

The content of the budgeting process focuses on the implementation of the following tasks.

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Planning. In most cases, plans for management decisions are formed during the preparation of the production program and are clarified in terms of the budgets.

Coordination. Each responsibility center of the enterprise affects the work process of other responsibility centers and depends on their activity. In the preparation of budgets, separate types of activities are mutually coordinated, in which all departments operate on the basis of an agreement based on the general goal of the enterprise. In this case, the coordination of the production plan with the plan of the marketing department, including the comparison of the amount of manufactured products with the planned sales volume and the balance of finished products, is one of the main requirements. When planning the purchase of raw materials and materials, the demand for production expressed in the production budget is analyzed. Developed plans should not be implemented until all participants are fully familiar with their terms. The plans will consist of the following sections:

- how many products (goods, work and services) are produced;
- information about employees involved in production, methods and equipment used;
- how many raw materials and materials are purchased;
- how the sale price is determined, what restrictions will be followed in the future, etc. k.

This information allows you to plan advertising, maintenance, administrative and labor costs, and effectively manage product quality.

Encouragement. The budgeting process can be an important motivation tool in achieving the goals of responsibility center managers. The motivational role of budgets is reflected in the fact that more managers are actively involved in the process of creating budgets in their departments.

Control. Carefully prepared budgets are an important resource for analyzing actual performance, and they also include an assessment of the expected outcomes of all changes in the budgeting process. Until now, in the practice of enterprises, the current results have been compared with the results of the previous year. Many businesses still use this method as their primary benchmarking tool. However, this historical method does not reflect changes in the development program planned for the current year. Comparison of actual indicators with budget data determines which aspects should be focused on in management activities.

Analysis of deviations between actual results and budget data has the following advantages:

- helps to identify the problematic aspects of the enterprise's activity that must be solved first;
- helps to uncover new opportunities that have not been explored in the process of budgeting
- reveals existing inconsistencies in the general budget

Evaluation. Determining deviations from budgets on a monthly basis serves control purposes for the entire reporting period. Comparison of budget data with the actual results of the reporting period allows to assess the main factors affecting the activity of responsibility centers and their heads at the end of the year.

Skill development. Budgets also have a positive effect on improving the skills of managers, that is, managers can have detailed information about the activities of their departments when preparing budgets, as well as an opportunity to deeply analyze the economic relations between responsibility centers. This is important in appointing responsible persons to the responsibility centers of the enterprise.

When developing an accounting policy in small business, it is necessary to pay special attention to issues within the framework of management accounting. Because without it, enterprise management cannot be raised to the level required by the environment of a free economy. Modern

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enterprise activities are based on careful and continuous budgeting. It is becoming necessary to rely on standard costing in cost accounting. In the management of the enterprise, it is very important to rationally set the standards of costs by product types or responsibility centers, to ensure regular control over compliance with the standards, to conduct an analysis of production volume, costs and benefits. The implementation of these tasks is ensured by keeping a management account of the information base. Also, the accounting structure of a small business enterprise will have to perform these tasks directly.

It should be taken into account that the separation of production costs and period costs is necessary to determine the value of material production reserves. According to the principle of prudence, period costs are written off in the relevant reporting period, and unsold products are not carried over to future periods in the balance of work in progress. This is important in making decisions based on the price policy in the enterprise. Also, the separation of production costs and period costs allows to assess how the production activity of the enterprise, on the one hand, and administrative and non-production activities, on the other hand, influenced the final financial result.

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