

DESCRIPTION OF PRODUCTION COSTS AND THEIR CLASSIFICATION

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Abstract: Production activity primarily depends on the use of live and materialized labor costs, labor tools and financial resources. Any entrepreneur should have sufficient resources when starting his activity. Their production process should be ready to generate income in return for the sale of the product. This income should be more than the cost of production. The greater the difference, the higher the profit and efficiency of the operation.

Keywords: economic content, production costs, Loss Statement, Report on Production .

Every entrepreneur, while carrying out his activities, seeks to make a certain amount of profit from his expenses. Useless and unnecessary expenses should be eliminated as much as possible or brought to a minimum.

All this can be achieved as a result of skillful management of expenses through planning, proper accounting and analysis. This, in turn, requires the implementation of "Expenditure" types and indicators, calculation methods that represent them, cost planning and analysis.

Everyone expenses in the sheep characters based on to categories categorized as:

1. on the role in the field of management ;
2. expenses level of control according to
3. cost functional variation according to
4. economic content according to
5. calculus substances according to
6. cost accounting and product costing the introduction according to

Management role in the field according to expenses divided into two groups :

- a) production costs ;
- b) non- production costs .

Production costs directly related to product production . They are their own in turn to subordinate departments separated ;

1. of materials directly expenses ;
2. for wages directly expenses ;
3. production is common expenses .

Direct material costs and direct labor costs are **primary costs** because they are directly related to the production of the product and are included in the cost of the right product unit. Total production expenses indirectly expenses is called , that is partially transferring its value to the finished product going are expenses . For example , the main of means at the cost of to be entered expenses according to example will be Its natural form does not change . In product form or in the composition own expression does not find But b costs is entered . Primary and indirectly expenses of the sum of the products production cost organizes .

Non-production costs are not directly related to product production. They include product sales, scientific research, administrative management costs, loan interest payments, and other costs not directly related to the enterprise's production activities. of expenses production and to non-production costs The division performs accounting and analysis in increasing and enterprise activity

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to the results into account when calculating influencing factors get is expressed by necessity . In addition, the enterprise is based on them production and unemployed of output costs common expenses in the amount in making conclusions about the share and cost cutting and also use savings in management decision-making can Non- production costs share increase of profit to decrease and work of output efficiency to decrease take will come

Information on the amount of production and non-production costs can be found in Form 2 "Profit and Loss Statement", Form 5 "Appendix to the Accounting Balance Sheet", Section 6 "Expenditures by the Enterprise", as well as "Report on Production and Sales of Enterprise Products" of the financial statements. given in the statistical reports named.

can be divided into direct and indirect (non-correct) costs depending on the level of **control , that is, the cost of the object can be calculated.**

Direct costs are costs that are directly included in the cost of production of certain types of products: It is necessary to distinguish between direct costs incurred for a specific product and direct costs incurred for departments.

If a cost can be traced directly to a specific product, it is considered a true cost for that product. of the enterprise expenses directly related to departments this the correct cost of the department is counted , but this they are skewed in relation to the specific output produced in the section is a cost .

Correct costs directly to product cost taken in the amount of production costs will go These costs completely transfers its value to the actual manufactured product .

The right expenses main the following items :

1. raw material and main materials ;
2. buy removable items and semi- manufacturers ;
3. of production staff main salary ;
4. such as the cost of electricity .

Curved expenses , them again indirectly expenses is called them to the specific type of product directly take go will not be (if several types of products are produced) . To different types of products at the same time take to go expenses joint or complex costs of production is called and curve expenses to the series enters. For example , the wages of shop employees (the head of the shop, service pointer of employees) , utility service , sex buildings depreciation and common in use equipment and others

Curved of expenses main substances are as follows:

1. common trade expenses ;
2. general plant expenses ;
3. non- production costs a part

Costs are direct costs for departments, so they can also be variable costs for products. The salary of the head of the repair-mechanic workshop is a correct cost for the workshop , but in this workshop prepared many types of products for curve is a cost .

Correct costs directly « Main in production account own on the contrary finds , curve expenses and refers to the " General production costs " account and types of products using the cost allocation method According to them at the end of the month « Main to the "production " account take will go the enterprise is correct and curve when analyzing costs , product quality without reducing his the cost decrease to achieve management decisions on it is necessary

Functional change according to expenses variable and immutable to expenses is divided .

Changeable expenses so costs that they produce or service show of size directly proportional to the change way will change . For example , materials and raw material expenses , wages of production employees , transportation and gasoline expenses and others.

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Immutable expenses it is product manufacturing and service completely despite the change in display size are fixed costs . For example , administrative management costs , rent expenses , insurance and tax payment .

Expenses variable and immutable to expenses division them planning , determining the point of utility , planned for profit calculation and product cost calculation it is necessary .

Production of products in planning , analysis and calculation practice and sell expenses cost elements grouped by and their the main ones are the following:

4. raw material and materials ;
5. helper materials ;
6. from abroad obtained fuel and electric power;
7. main tools depreciation ;
8. wage fund of industrial production employees ;
9. social security and social supply separable funds for ;
10. other money expenses .

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