

The Need for Budgeting Costs In Management Accounting

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Abstract

In this article, recommendations on the organization of cost budgeting in economic entities and the evaluation of the effectiveness of resource use in cost control have been developed. The positive aspects of the organization of management accounting in economic entities, effective ways of cost control are detailed. In addition, relevant scientific proposals and practical recommendations have been developed regarding certain problems identified in the field.

Keywords- management accounting, budgeting, costs, production, internal control, investment, strategic decisions.

INTRODUCTION

In a market economy, the goal of any enterprise is to maximize profit. Needs, market scale, volumes of consumer demand are changing, competition is intensifying, financial and material resources are increasingly limited. In the conditions of ever-increasing competition, only enterprises with the highest economic results can carry out their economic activities. It is important to increase the economic stability of economic entities, effectively organize the production process, and effectively organize the budgeting process of expenses at the expense of management. There is a need **to constantly increase production efficiency, reduce costs, and constantly increase the competitiveness of products and services.**

In this regard, the head of our country, Sh. Mirziyoyev, emphasized the necessity of optimizing administrative procedures and automating the management process by digitizing the work of state bodies within the framework of the "Digital Office" project ¹. (Decree, 2023).

¹ Decree of the President of the Republic of Uzbekistan dated September 11, 2023 "On the development strategy of the new Uzbekistan for 2022 - 2026" No. PF-158. www.lex.uz

According to the results of large-scale researches, the function of the accountant in developed countries is not only to carry out accounting work, but also important tasks such as drawing up income and expenditure estimates by segments, calculations, and planning the future are assigned. Expenses for organization and management have been determined. Budgeting in management accounting requires the most highly qualified specialists.

As a result of the reforms being carried out in our country, large-scale reforms are being implemented in the field of accounting, in particular, management accounting. In particular, the legal framework of accounting was strengthened, including the adoption of a new version of the Law "On Accounting" and other documents. (Law, 2016).

In practice, these works create conditions for ensuring economic stability, increasing investment attractiveness in our country, and ensuring effective use of funds in economic entities.

Therefore, it should be noted that the organization of management accounting in the activities of economic entities is poorly implemented, the failure to correctly calculate the costs related to production of products leads to an increase in the cost of the manufactured product and, ultimately, to the inefficient operation of enterprises. Systematic solution of these issues calls for more intensive large-scale research in the field.

Effective management and distribution of budget expenditures is essential for any state or public institution to ensure transparency, accountability and efficient use of public funds. Budgeting plays a key role in the management information system, allows turning strategic goals and key indicators into financial and operational plans, which provides strategic direction of business entities. Some businesses are already using traditional methods of cost budgeting, spending significant amounts of money, labor, and other resources on its implementation. However, a number of problems remain unsolved in this regard. Budgeting procedures are often not documented and the necessary standard documents are not used in its management. In addition, economic entities face difficulties in distinguishing long-term plans from short-term plans due to the lack of sequence of transactions. As a result, budgeting in economic entities shows that the coherence of goals is not ensured in the development of the strategy of effective development.

The approach to strategic budgeting is more effective when applied to different types of costs, including specific costs, because strategic budgeting is able to combine both categories of management into a single tool. Strategic budgeting should be one of the means of controlling expenses. At the same time, planning the use of strategic information is the most important condition for the effective organization of strategic cost management accounting. It plays a leading role in each strategic management accounting tool, and it integrates them in the strategic budgeting process. The need for constant improvement in budgeting and cost accounting in management accounting is increasing.

Literature review.

According to E. Atkinson and others, the strategy developed in business management in the conditions of current economic development, based on the specific characteristics of the enterprises' activities, makes adaptation to the conditions of sale of products and services. (E. Atkinson and others, 2005) .

O. Volkova management accounting is a part of accounting, which represents the tools in the form of methods, approaches and basic relationships necessary for the effective management

of enterprises and the implementation of accounting functions in other socio-economic practices. (O Volkova2016)

Yu. Sokolov, the economic content of this approach is to determine the true value of the final product or service produced, information about which can be used for management purposes, as well as for setting prices, determining profit, collecting profit tax, etc. (Yu Sokolov 2005)

A. Pardaev and others, management accounting is a component of the information system of the economic entity. The efficiency of production activity management depends to a large extent on operational (quick) information obtained about the activities of structural systems, departments and units of the business entity. (A. Pardaev)

I. Balabanov says, the concept of budget first appeared in England in 1870 as a document presenting a revenue and expenditure plan approved by Parliament. Initially, the budget was only related to the management of public finances, and only in the late 70s and early 80s . In the 20th century, this concept was transferred to the USA as the science of "financial management". But even within this discipline, the budget is based only on financial planning methods, and later its specific features were developed. (I. Balabanov 2001)

N. Shimshirt budgeting is a management tool in the allocation (planning) of monetary and physical resources to achieve strategic business goals. Budgeting can also be expressed as a process of analyzing previously made decisions (control), through which the enterprise evaluates the appropriateness of the actual use of enterprise assets, the quality factor and quality of the resources used. (N. Shimshirt 2011)

L. Chertok budgeting (budgeting). Budgeting process. Budget process, budgeting process. The process of determining the planned level of variable (fixed) costs. (L. Chertok 2012)

A. Kibanov Human Resource budgeting (HR budgeting) is a process of planning and managing personnel costs using a system of indicators that determine the contribution of human resources and personnel management services to the achievement of organizational goals. (A. Kibanov 2013).

N. Abdusalomov says, the main condition for effective management in system of market relations is the coordinated work planning (budgeting) of all departments of the enterprise, which serves to use its assets in the most reasonable way to ensure the harmonious development of the business. (N. Abdusalomova 2016).

B. Makhsudov budgeting allows business entities to effectively use their resources as a result of pre-planning of economic processes, material and financial resources and control over their implementation. (Makhsudov. B 2017).

Research methodology

Methods such as observation, grouping, generalization, comparison, induction, deduction and systematic analysis were used in the research work. According to the results of the research, special methods - analysis, logical, holistic and systematic approaches to the evaluation of economic events were used. A systematic analysis of the literature on cost budgeting was carried out.

Analysis and discussion of results.

In international practice, accounting is kept independently, separated as financial and management accounting. The main focus of management accounting is on the management and expansion of the internal activities of business entities, and it should help to solve problems that prevent the improvement of the efficiency of the business activity system. The concept of management accounting, that is, the need to organize strategic management accounting, was

scientifically substantiated using the research methodology of grouping, comparative analysis, systematic approach, and abstract analysis. It is aimed at expanding the field of management internal control based on accounting subsystem, management organizational structure, personnel management (employee management control) and other elements of the organization.

In recent years, the structural, property and legal changes in the economic sectors require to supplement the planning process with budgeting in the development of business entities. This requires more consistent research in the field. In management accounting, the main focus is on making management decisions and increasing the level of its usefulness by reducing costs and making management decisions in economic entities. In the era of innovative technologies, most of the cost reduction is directly related to the expansion of the scale of production. Manufacturing costs are incurred only during the primary reproduction of the product in the main production process.

Research on cost budgeting methodology in management accounting is carried out by the world's leading higher education institutions and scientific centers.

As a result of the scientific research on the improvement of budgeting in the management accounting system of the economy of the countries of the world, the strategic budgeting methodology, using modern methods of calculation, is finding its solution in the issues related to budgeting and cost control in economic entities.

Improving the theoretical and methodological bases and practical aspects of budgeting in management accounting, effective organization of the cost control system are considered to be urgent issues of today. Management accounting is also manifested in the integration of economic processes, organization of work , coordination and control of expenses. It is very important to integrate the functions of management accounting, which is considered a component of accounting, into the practice of an information business entity in order to allocate expenses, income, and results, to obtain reliable and complete information.

Every company has a goal of making a big profit. It should be noted that achieving these goals is not easy. For this, it is appropriate to carry out the following activities in the activities of enterprises:

1. Organization of management accounting taking into account the characteristics of the enterprises' activities and improving it;
2. Correctly defining the tasks of an accountant and his main goal for management accounting;
3. Development and establishment of a permanent monitoring and control system over spending of costs in production activities;
4. Introduction of budgeting in enterprises and constant monitoring of its effective organization;
5. Development of scientific and practical proposals and recommendations for continuous evaluation of the implementation of the budget established in enterprises, implementation of control over the planning of expenses and improvement of these works.

The above tasks are carried out continuously in the activities of some enterprises. In our analysis, one of the main reasons why enterprises do not achieve their expected income in the reporting year is that they do not organize the management account correctly or do not keep it at all. Also, failure to properly account for production and other non-production costs ultimately leads to financial instability.

Accounting policy plays an important role in the budgeting of expenses in economic entities, that is, the adoption of financial budgets depends on the accounting policy. Of course, the lack of mature specialists in the development of accounting policies of economic entities is one of the main problems today, and accounting policies of economic entities are considered as a secondary issue. Managers interpret financial statement data, income and expense budget data due to insufficient understanding of the basic rules of accounting policy.

the main problems in keeping an account of expenses of an economic entity depends on the method of formation of the expenses part. In this, the main focus is on the formation of product production and costing, in accounting for product costing, first of all, it affects the amount of profit in the budgeting of costs, as well as it affects the value of reserves and finished products in the balance sheet. As a result of budgeting the costs of expansion of the economic entity, it leads to an increase in the profit of the economic entity in the current period.

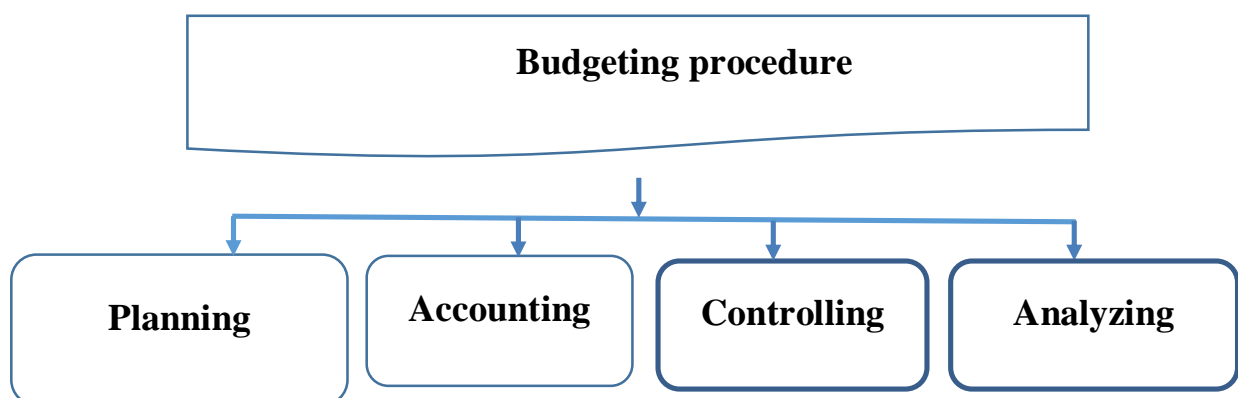


Figure 1. Budgeting procedure

The following research methods can be effectively evaluated in our research: grouping, logical and comparative analysis methods, questionnaires, abstract thinking and other methods.

In the activities of enterprises, management accounting, as well as effective organization of budgeting, constant control of production-related costs are of urgent importance and ensure the achievement of the following goals:

- Making effective management decisions;
- Cost control by introducing budgeting;
- Preventing losses in production and thereby increasing income;
- Cost optimization through the rational use of calculation methods;
- Ensuring the effective functioning of the internal control function in the management account.

In general, based on the above, taking into account the specific characteristics of the research object, the integral connection of the processes of budgeting, processing and recalculation of costs serves to ensure the financial stability of the economic entity.

Conclusions and suggestions.

Conducting scientific researches on budgeting and constant control of costs at the expense of management in many areas of the economy of our country is one of the urgent topics.

Cost budgeting is a creative process, because each economic entity directly depends on its own management methods, its structural structure, the goal of management and the level of knowledge of personnel. Therefore, the system of cost budgeting in each economic entity is a unique, unique and unique system.

Budgeting helps the activity of the economic entity to be directed towards a specific goal. On the basis of cost budgeting, it will be possible to identify and eliminate other costs incurred by economic entities. In particular, as a result of strategic and tactical planning, it helps to monitor the activity of the economic entity. It also creates the basis for achieving effective results in organizing the activities of the economic entity.

The implementation of our opinions, proposals and recommendations made above will create an opportunity to further improve and regulate the processes related to budgeting and control of all expenses of the economic entity at the expense of management, further development of economic reforms.

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