

## THE PURPOSE AND OBJECTIVES OF ACCOUNTING FOR THE PRODUCTION AND MARKETING PROCESS AT AUTOMOBILE ENTERPRISES

**Nabiev M.A**

Senior Lecturer of the Department of "Accounting, Analysis and Audit" of the Andijan Institute of Agriculture and Agrotechnologies, Doctor of Philosophy (PhD) in Economics

**Khozhiboev M.Sh**

Associate Professor of the Department "Accounting, Analysis and Audit" of the Andijan Institute of Agriculture and Agrotechnologies, Candidate of Economic Sciences

**Yuldashev F.A**

Senior Lecturer of the Department "Accounting, Analysis and Audit" of the Andijan Institute of Agriculture and Agrotechnologies, Candidate of Economic Sciences

**Annotation:** In this article, the authors examined the theoretical foundations of accounting for production and sales of products in the automotive industry, including the goals and objectives of accounting.

**Keywords:** automotive industry, product, production, sales, management system, solution, accounting, IFRS.

The emerging market relations in Uzbekistan affect the economic relations of management, including the system of accounting, analysis and control, leading to its qualitative change.

Any management system - be it an administrative or a market system - needs an appropriate information system.

Accounting is the most important source of information for collecting information, fixing it in primary documents, generalizing it and making managerial decisions. Based on this point of view, if we take into account that accounting as the main element of the economic mechanism is the main part of the information necessary for enterprise management, then the organization of accounting for the production of finished products, which is considered as its component, based on the requirements of a market economy, is one of the most pressing problems of our time.

With the transition to market relations, enterprises face various risks and uncertainties: payment of invoices to suppliers, unsold products, sharp price changes, and others. In addition, there are financial investments, the issuance and sale of private shares, operations with currency and real estate, the receipt and payment of dividends, and a number of other operations. In order for an enterprise to interpret this new information and realities in a timely and correct manner and to develop sustainably on this basis, it is necessary to have and produce an effective data collection system.

In a market economy, accounting performs a function that serves the informational interests of owners, including investors and creditors.

Therefore, the enterprise enters into competition not only for the buyer and the market, but also for the credit resources of commercial banks and the funds of other potential investors. As a result, on the one hand, there is a need to have a modern and complete information system for making management decisions and evaluating their results. At the same time, the need to report to the state budget on the correctness of tax deductions in market conditions remains.

The improvement of accounting in a market economy is directly related to the following factors: the formation of private property, price fluctuations, the quality of finished products, the development of the stock market, the influx of foreign investment, the development of foreign economic activity, the integration of our country's economy into the world economy and adaptation to international standards, and others factors.

In practice and in economic theory, there are many definitions of the place, role and essence of accounting.

For example, Belvert Needles gives the following definition: "Accounting is the main link in the system of observation, collection, grouping, registration and transmission and analysis of information about the events of economic life that are created to manage economic processes<sup>1</sup>".

The purpose of the accounting reform is to adapt the accounting system to the requirements of a market economy, while:

- a) the enterprise has an effective and realistic tool for managing the economy in the new conditions;
- b) have a reliable source of information about how potential investors and other external users use their investments in the enterprise.

To achieve these goals, accounting reform should address the following issues:

- establishing the concept of financial accounting in a market economy;
- development of the basic principles of accounting, national standards and their generalization in the forms of financial reporting;
- development of a new schedule of accounts in accordance with the new accounting principles;
- development of new forms of financial statements that meet the requirements and principles of accounting for internal and external users of financial statements;
- ensuring the separation of accounting and tax accounting;
- development of relevant principles of production and management accounting, provision of complete information on costs and income;
- activation of the system of training and retraining of accountants

Joint-stock companies are legally free, draw up a business plan, independently, depending on the level of their capabilities, conclude contracts with suppliers and buyers at an agreed price. He also distributes his own income.

Under the conditions of economic modernization, automotive industry enterprises were created in the form of joint-stock companies. It also requires the reorganization of accounting, including its orientation to serve the interests of shareholders, and sets a number of tasks for it, including:

---

<sup>1</sup> B. Needles and others "Principles of Accounting", 1993, p 12.

- creation of a separate account for each shareholder in joint-stock companies, separate accounting of acquired shares, securities, income from them, that is, dividends;
- separate calculation of income from leased fixed assets in enterprises and farms operating on a lease basis, and ensure that accounting records are maintained in accordance with the requirements of international standards;
- improving the methodology for accounting for finished products and their implementation at automotive industry enterprises, including the use of advanced methods and methods for evaluating finished products and reflecting them in reporting;
- reducing the cost of finished products, increasing labor productivity, improving the organization of production at automotive industry enterprises;
- from 2020, at enterprises in the automotive industry, prepare a financial report in accordance with international standards for full financial reporting, audit it in accordance with international auditing standards and submit a financial report to information users.

In order to organize accounting in our republic, on the basis of international standards, the Charter "On the composition of costs for the production and sale of products (works, services) and the procedure for generating financial results" was developed, approved by the Decree of the Cabinet of Ministers of the Republic of Uzbekistan No. 54 dated February 5, 1999.

The main purpose of this Charter is to provide information to internal and external consumers interested in the activities of enterprises. It can be seen that the goal of reforming the current accounting in the republic is to create an information infrastructure that meets the requirements of a market economy.

Accounting today is divided into two parts: tax accounting, financial accounting and management accounting.

Management accounting is used for planning, budgeting, calculating the cost of production, accounting and control of the management activities of an enterprise or firm.

One of the main tasks of management accounting is to bring timely and reliable information to the management apparatus, including information on expenses and income received by the enterprise and its individual divisions.

Management accounting takes into account the correctness of accounting for the cost of finished products manufactured by the enterprise, and the procedure for determining the cost of production. Therefore, it is important to organize cost accounting or production accounting.

It is known that the accounting system has been reformed and improved since the independence of the Republic of Uzbekistan. From the first period of independence, the Republic of Uzbekistan began to carry out reforms in the field of accounting. In this regard, the adoption of a new version of the Law No. LRU-404 dated April 13, 2016 "On Accounting" in the Republic of Uzbekistan has become one of the most important steps.<sup>2</sup>

Currently, economists express different opinions regarding the accounting reform (Table 1).

---

<sup>2</sup> *Law of the Republic of Uzbekistan "On Accounting". Folk word. April 14, 2016*

In general, international financial reporting is a form of financial reporting prepared in accordance with International Financial Reporting Standards (IFRS) or US GAAP.

**Table 1**

**Interpretation of the content of measures to reform accounting in economic literature and legislative documents <sup>11</sup>**

The content of measures to reform accounting	The authors	Source of literature and laws
1. One of the important directions for improving accounting is bringing the method and organization of accounting to the level of market requirements	R.Kholbekov	Market, money and credit, 2002, No. 6, p. 56.
2. Deepening economic reforms, integration of the Republic of Uzbekistan into the world economic system and, in turn, require constant improvement of existing accounting and its adaptation to international norms and standards	Zh.Kurbanbaev, S.Jumanov	Scientific Journal of Finance, 2016, No. 1, p. 100.
3. In modern conditions, the main idea for further improvement of the accounting practice of our country is the tendency to bring financial statements closer to the principles and requirements established in international standards	B. Mamatov	Journal of Taxation and Accounting, 2015, No. 11, p. 15.
4. In our republic, the stage-by-stage organization of accounting on the basis of international financial reporting standards and the preparation of financial statements will make it possible to penetrate more widely into world integration. This will be a new stage in the reform and modernization of accounting in our republic	Z. N. Kurbanov, F. A. Akramov	Journal of Business Expert, 2015, No. 4, p. 21.
5 The first stage of the transition to international financial reporting standards in our republic has been completed, all enterprises have adapted their reporting to international standards, today there is time to work on mistakes or develop plans for the future	N. Mirzarakhimova	Journal of Taxation and Accounting, 2016, No. 11, p. 20.
6. As the main vector of the national accounting system in the Russian Federation in 1998, a program was developed to reform accounting in accordance with International Financial Reporting Standards (IFRS). National Financial Reporting Council Since June 2006,	T.M.Odintsova	Accounting and audit, 2016, No. 6, p.23.

work has been underway to organize financial reporting. Since 2011, the Regulation on the recognition and use of IFRS in the Russian Federation has been adopted		
7. In Ukraine, on May 12, 2011, amendments were made to the Law "On Accounting and Financial Reporting" No. 3332-VI. This Law entered into force on January 1, 2012. In accordance with this Law, from January 1, 2012, joint-stock companies, banks, insurance companies, and from January 1, 2013, business entities providing financial services, and non-state pension organizations will draw up financial statements based on the IFRS. The implementation of this legal norm is ensured by the order of the Ministry of Finance of Ukraine dated December 9, 2011 No. 1591.	Yu.Klovskaya	Debit-credit, 2012, No. 4, p.41

According to Yu.A. Babaev and A.M. Petrov, "The development of International Financial Reporting Standards (IFRS) was improved by the International Accounting Standards Committee (IASC) from 1973 to 2001 under the name of International Accounting Standards (IAS). In 2001, International Accounting Standards (IAS) was renamed the International Accounting Standards Board Committee (IASB). Since April 2001, the IASB has continued its work under the name "International Financial Reporting Standards" (IFRS) with the approval of previous standards issued by the International Accounting Standards (IAS)<sup>3</sup>.

The Explanatory Notes to IFRS state that there are currently "29 IAS and 17 IFRS. Interpretations (IFRIC, SIC) have been introduced into the standards to clarify some of the provisions of the standards"<sup>4</sup>.

Agreeing with the opinion of scientists N.F. Karimov and others that "the need to develop national accounting standards arose as a result of ongoing reforms in the accounting system", it can be noted that today there is a need to harmonize IAS with IFRS.

It should be noted that accounting entities apply international financial reporting standards and have the right to do so in accordance with the law.

We would like to express our opinion on the improvement of this Law:

1. Article 10 of the Law - "Accounting Standards" states that "Accounting entities have the right to apply international financial reporting standards in the manner prescribed by law". In our opinion, it would be advisable to clarify that "Accounting entities are required to apply international financial reporting standards in the manner prescribed by law".

---

<sup>3</sup> Yu.A.Babaev, A.M.Petrov *International Accounting Standards (IAS). Textbook.* - M.: Vuzovsky textbook: Infra-M, 2012. - 398 p.

<sup>4</sup> <https://www.ifrs.org.ua/mezhdunarodny-e-standarty-finansovoj-otchyotnosti/>; [www.ifrs.org/issued-standards/list-of-standards/](http://www.ifrs.org/issued-standards/list-of-standards/)

2. The accounting policy of the company is an official document that is developed by the head of the accounting service and approved by order or order of the head. However, the Law "On Accounting" does not contain relevant comments on this matter, so it would be advisable to clarify the responsibility for approving the accounting policy of an enterprise and monitoring its implementation in practice.

It should be noted that in the context of the globalization of our modern economy, it is possible to achieve a unified approach to the formation of reliable and high-quality information, that is, by recognizing international financial reporting standards (IFRS) and preparing reports in accordance with it.

Attracting foreign direct investment in the economy of our country, the creation and functioning of free economic zones necessitate the organization of accounting on the basis of international financial reporting standards.

Currently, IFRS is increasingly used by business entities in the preparation of accounting information aimed at meeting the needs of external users and ensuring their attractiveness.

Positively evaluating the ongoing work on the reform of accounting, we can note that an important step in this direction was the adoption of IFRS. This provides increased transparency for users of accounting information to demonstrate the financial condition and actual financial position of economic entities in a market economy, to control the availability and movement of property.

As provided for in the Decree of the President of the Republic of Uzbekistan "On the Action Strategy for the Further Development of the Republic of Uzbekistan", the second part of the third paragraph of this strategy is devoted to "Increasing the competitiveness of the economy, modernizing and actively diversifying its leading industries". According to him, in the next 5 years, industrial production in the republic will increase 1.5 times, its share in GDP will increase from 33.6 percent to 36 percent, the share of processing industries in industry will increase from 80 percent to 85 percent, and in 2017 more than 75 new types of competitive finished products are expected to be developed this year.<sup>5</sup>

In a market economy, the volume of product sales is one of the main indicators in all enterprises, regardless of the form of ownership. This indicator encourages enterprises to produce quality products for household and personal consumption. Sale (maintenance) of goods in its term ensures uninterrupted continuation of production, accelerates the turnover of funds. Selling the product, the costs are covered, and the company makes a profit. Sales volume is the last stage of the production process. The company makes the first payments at the expense of income from the sale of products. Carries out tax calculations, payroll with suppliers, workers and employees. Therefore, the financial condition of the enterprise, the speed of circulation of working capital and their condition, financial results largely depend on the implementation of the sales volume plan and its dynamics. The acceleration of the sales process affects the acceleration of the company's

---

<sup>5</sup>[Decree of the President of the Republic of Uzbekistan "On the Strategy of Actions for the Further Development of the Republic of Uzbekistan". // Folk word, 02/08/2017. No. 28 \(6722\).  
<http://strategy.regulation.gov.uz/ru/document/table/3>](http://strategy.regulation.gov.uz/ru/document/table/3)

production and supply processes, reduces accounts receivable and payable. Cash flow can be expressed as follows:

*Cash* → *inventories* → *finished products* → *sales of finished products* → *Cash*

The finished product and its quality play an important role in the fulfillment of the sales plan. Finished products - products that have passed all processing operations and are ready, in accordance with the established state standard or technical requirements, and have passed technical control.

Finished products include works and services performed for customer enterprises, as well as works and services performed for non-production farms belonging to this enterprise.

Goods intended for sale are called goods. It includes finished products intended for sale, semi-finished products, production work performed for enterprises and customer institutions. Cars and trucks produced and sold as finished products in the automotive industry are considered. Information on car brands developed by "GM Uzbekistan" JSC and their current selling prices is given in Annex 1.

The purpose of accounting for finished products in the automotive industry is to provide users with information about a unit of finished products, their cost, selling price, income from the sale of finished products, and the status of settlements with buyers.

To achieve this goal, we offer the work performed in the "Modern model for the transfer of accounting for finished products to IFRS" in the following sequence:

- develop an accounting policy for accounting for finished products in the automotive industry based on IFRS, determine the conceptual norms and principles for accounting for finished products;
- selection of methods for estimating reserves, including FIFO, identifying all and developing methodological techniques for using methods of weighted averages;
- criteria for recognition of finished products in the automotive industry, determination of the composition of finished products, development of a business scheme for the movement of stocks (finished products);
- determination of responsibility centers for finished products, their functional tasks and responsibility responsibilities at an automobile manufacturing enterprise;
- choose the use of periodic and continuous accounting systems from the best practices of finished products and develop a methodology for its implementation;
- determination of the principles of classification, evaluation and calculation of material, labor and overtime production costs, which are the main elements of the cost of finished products in the automotive industry;
- development of a system for calculating the cost of finished products in the automotive industry, including the cost of products for the reporting period, the cost of manufacturing finished products, the cost of finished products sold, depending on the initial and final balance of stocks;
- for the application of the direct costing system in the automotive industry, costs, including production costs, are divided into variable, fixed, semi-variable and semi-fixed costs;

- divide the production costs at the automobile manufacturing enterprise into direct and indirect (overproduction) costs, determine the methodological procedure for distributing the costs of overproduction to cost objects;
- development of a scheme for determining the cost of finished products at an automobile industry enterprise;
- the choice of an ordinal or process costing system for determining the cost of finished products in the automotive industry, the development of a process costing scheme, the division of car production into processes, the establishment of a procedure for determining an equivalent unit, the development of methodological regulations for the use of FIFO methods and weighted averages when calculating the cost of processes;
- development of a report format on the cost of products manufactured in the automotive industry and its implementation by responsibility centers;
- preparation of internal regulations on the use of regulatory calculations in the automotive industry, development of methodological regulations for the application of this system;
- establishing the circulation of documents on the movement of finished products and establishing strict control over them;
- determining the procedure for setting prices for cars, making decisions about prices;
- conclusion of contracts for the sale of finished products with buyers and development of a procedure for determining the net value of receivables, mechanisms for recognizing revenue in accordance with IFRS No. 15 “Proceeds from contracts with buyers”;
- assessment of the balance of finished products in accordance with the IAS “Inventories” No. 2 standard, determination of the procedure for reflecting in the balance sheet, development of the procedure for reflecting proceeds from contracts in the income statement;
- depreciation of finished products, recognition of events that occurred after the date of the report on them, and the establishment of a procedure for their reflection in the reports;
- development of a procedure for reflecting information about finished products in disclosures to financial statements.

The introduction of this model ensures the successful transition of automotive industry enterprises to IFRS and serves to improve the efficiency of accounting for finished products.

#### References:

1. V.M. Bogachenko. Accounting for production costs and calculation of the cost of production.<http://www.konspekt.biz/index.php?text=8178>
2. Deloitte. International GAAP Holdings Limited Model financial statements for the year ended 31 December 2014.
3. Dusmuratov R.D., Menglikulov B.Yu. Accounting reform in Uzbekistan: experience, problems and prospects. // Journal of Economics and Business: Theory and Practice. -2016.-№10. - P. 35-40.
4. R. D. Dusmuratov, Yu. I. Tulaev. Financial reporting: theoretical, methodological and practical aspects.-T.: "Extremum-Press", 2012, -144 p.;

5. Ibrokhimov A. K., Karimov A. A. Accounting for foreign investments.-T., "Uzbekistan", 1999. 143 p.