Accounting and Analysis of Subsidiary Industries of Economic Entities of the Region

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Abstract

Purpose: The purpose of the work is to analyze the activities of auxiliary industries of economic entities, describe the accounting of auxiliary industries, and characterize the procedure for calculating the cost of production. *Design/methodology/approach*: In order to achieve the goals of this research, the main focus will be made on the analysis of the market space, the formation of consumer demand, and the creation of products with a high level of quality and competitiveness. In addition, sound accounting is crucial for the effective development of the organization and the adoption of correct management decisions. *Findings*: The accounting of finished products should be carried out on the basis of the creation of a database on the availability and movement of finished products in places of storage and material persons in accordance with International Financial Reporting Standards. *Originality/value*: In the course of the research, methods of using the analysis of the activities of auxiliary industries of economic entities of the region aimed at measuring the efficiency of the functioning of enterprises and organizations of the region were identified, priority areas for improving the development of the efficiency of the functioning of accounting were identified, the peculiarity of auxiliary industries arising in the course of operation was evaluated, investment potential was assessed and analyzed, and the methodology for estimating the fair value of biological assets was reflected.

Keywords

Accounting • Auxiliary production • Service production • Government • Management • Efficiency • Process

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1 Introduction

At present, one of the important components of accounting is the accounting of auxiliary production and the calculation of the cost of production. In turn, it is worth noting that the cost of production helps to reflect the main aspects of the production and financial and economic activities of the organization (Taranova et al., 2015). The chosen topic of this work is very relevant because timely accounting of auxiliary production products is necessary to generate high financial results and increase the profit of the organization when it is sold to external users.

This article is based on numerous published works on the problem posed, in particular, on the works (Krokhicheva, 2017; Nikolaev & Alekseeva, 2017; Simonovich, 2018; Sokolov, 2019; Weaving & Krokhicheva, 2018; Blazhenkova, 2018; Kokaeva & Bugulova, 2019; Lyulkov & Tyamusev, 2016).

2 Materials and Method

The final phase of any production cycle is the process of creating a product for the purpose of its implementation to existing or potential consumers. At the stage of release, the cost of this product changes and goes from production to stream of commerce.

If the products of production are not final for the consumer (semi-finished products) but are intended for further

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consumption in the production process, then they fall into the category of work in process and they are taken into account in accounting precisely as work in process.

As a rule, the production of products at the enterprise is carried out on the basis of a contract between the manufacturer and the consumer, in accordance with the technical assignment or production plan, which reflects the qualitative and quantitative characteristics of the produced products.

The sale of manufactured products allows the enterprise to reimburse the costs incurred for materials, raw materials, energy, wages, etc. In addition, the remaining funds, after covering the costs, can be allocated to the payment of loans, as well as to the development of the enterprise, its main and auxiliary production. The main and auxiliary production harmoniously complement each other, developing synchronously, since asynchronous development in the production process will not have a positive effect, some of the production will always lag behind and pull the other back.

In an enterprise, auxiliary production can go into the category of basic production if it can generate income from a non-core enterprise.

The increase in production and sales costs is usually associated with problems in enterprise management. The main indicator of the crisis in management is the profitability of both the enterprise as whole and individual components. Profitability calculation is possible when determining the cost of production, and is necessary for effective management through management decision-making processes.

The inefficient operation of an enterprise can lead it to an economic crisis or even bankruptcy. In this regard, publications on methods and tools for improving the economic efficiency of industrial and non-industrial enterprises are increasingly being published in scientific research. However, this problem has not yet been fully investigated. In this regard, it is interesting to study the information sources necessary for the implementation of management functions to increase the efficiency of enterprises.

In modern studies, the valuation of the manufactured products is usually considered from the position of quantitative characteristics. But it seems to us that in order to more accurately determine the valuation of the manufactured products, it is necessary to take into account its qualitative characteristics, since this will make it possible to more reliably evaluate the results of the enterprise.

3 Results

The risks of bankruptcy that arise at the enterprise are usually caused by the presence of a financial crisis, which is the consequence, first of the management crisis, and then the economic crisis.

To prevent a possible bankruptcy of an enterprise, the management link needs to have reliable and reliable sources of information for the development and adoption of managerial decisions to prevent crisis events.

In order to take into account product indicators from a quantitative point of view, as a rule, it is possible to use meters in a conditionally natural section, which allow to summarize data on products with similar characteristics. The next indicator of product accounting is value, which is characterized by the volume of products in monetary terms. This indicator is the most commonly used than quantitative.

The distinguishing features of finished products from purchased goods, materials, work in progress and raw materials are:

(1) emergence of finished products as a result of the production activity of the enterprise;
(2) finished products are the result of a fully completed production cycle;
(3) compliance of finished products with all requirements and technical characteristics.

It is necessary to organize accounting of finished products in order to ensure the formation of information on the availability and movement of finished products in places of storage and material responsible persons in accordance with international financial reporting standards. In modern conditions, international financial reporting standards penetrate many areas of activity of enterprises and organizations.

The use of international financial reporting standards makes it possible to harmonize and make comparable financial and accounting indicators in enterprises of various areas of activity. In addition, international financial reporting standards are used by business entities engaged in foreign economic activities. Because you can map credentials internationally.

Therefore, financial reporting indicators are the most important information source in management economic decision-making.

The advantages of international financial reporting standards to simplify accounting can be summarized as follows:

(1) simplicity, accessibility, and comprehensiveness of financial reporting indicators;
(2) financial statements, enables investors to make balanced decisions;
(3) evaluation of organization management effectiveness is possible;
(4) financial statements allow you to choose the most effective tax policy for the organization;
(5) financial reporting allows you to form statistical collections at all levels of management.

International financial reporting standards have been introduced to reduce discrepancies in the reporting figures for the main elements of the balance sheet (asset and liabilities) as much as possible. In addition, the introduction of these standards facilitates is designated to promote the simplification of accounting procedures on the principle of simplicity and comprehensiveness.

Therefore, the introduction of international financial reporting standards into accounting policies has been an engine that has accelerated the development and implementation of quality standards that allow the implementation of such principles of information support as comprehensiveness, appropriateness, and objectivity. In addition, the introduction of standards improves the quality of financial reporting.

The specific nature of the organization's activities has a direct and direct impact on the selection of a specific option for the current valuation of products, as well as the turnover of products and their inventory in warehouses at the beginning and end of the reporting period, the nature of production and output, the range of cost items associated with the production of products and other factors that have a significant impact on its valuation methodology. The organization is required to reflect in its accounting policy how it evaluates products.

The products are evaluated according to the following parameters:

(1) the production cost is considered to be full and incomplete;
(2) prices given in signed contracts;
(3) wholesale prices if the products are sold in bulk;
(4) prices, which are formed on the basis of the action of supply and demand data on the market;
(5) prices at which the goods are issued.

As a rule, if production is either small-scale or one-time, then the production cost is calculated. The same rule applies when issuing mass products of a small item.

The prices reflected in the contracts apply only if these prices are stable. At the end of each month, it is necessary to calculate the deviation of the actual production cost of the product from its cost at accounting prices. To distribute this variance to the shipped products and their stock balances. All this must be done when using standard cost, contractual and other price types as accounting prices.

Pricing for sales of products in bulk is carried out by comparing the production cost with the sales price.

The valuation of products at prices based on the action of demand and supply is carried out on the basis of the formation of an equilibrium price.

At selling prices, the valuation is carried out exclusively on one-time sales of products in the retail network.

The choice of a specific version of the current product evaluation is carried out by the organization and depends directly on the specific exceptional nuances of the production activity, as well as the nature of production and output, the turnover of products and the amount of their inventory in warehouses at the beginning and end of the reporting period and the account cost related to the production of products and other factors that affect the product evaluation methodology. The organization is required to reflect in its accounting policy how it evaluates products.

Auxiliary production is an integral part of the production process, performs functions, tasks to carry out the uninterrupted operation of the main production process.

If the organization works with profit, then the risks of bankruptcy are reduced. Both internal and external factors affect financial sustainability. The cost of production is a key factor in improving financial sustainability by reducing and increasing profits.

Therefore, financial sustainability is an economic category that provides the basis for organizing an uninterrupted production process, optimal consumption of resources, achieving economic efficiency of activities, and reducing the risk of bankruptcy. The financial sustainability of organizations can be disrupted by crisis phenomena.

At present, auxiliary and main production has a direct relationship that affects important aspects of the production process of the economic entity.

In the economic and accounting literature, the following types of factors reflect this influence:

1. Change in the number of employees of an economic entity who are employed in structural subdivisions of auxiliary production.
2. Low level of organization of production of an auxiliary nature.
3. Increase the level of temporary losses in production.
4. Qualification of employees who are employed in structural subdivisions of auxiliary production.

4 Conclusion

As a result of the studies, the following conclusions can be drawn:

1. Clarification of accounting information in the process of calculating the cost of a certain type of product. The key indicator of crisis events at the enterprise is the level of profitability.

2. Calculation of profitability of sales based on the ratio of the fair price of assets and revenue from sales, which allows assessing the risks of sustainable development.

Therefore, the developed methodological approaches to generating information for assessing bankruptcy risks will increase the veracity of data in order to make effective management decisions.

The cost of production is calculated as the cost of resources spent on its production. It has a significant impact on enterprise accounting policy decisions.

In addition, the cost of production is a kind of indicator and it makes it possible to assess the economic effect of the production activity of the enterprise. The main task of the management at the enterprise is to make comprehensive decisions to reduce the cost of products, which will increase financial stability and reduce the risks of a crisis and the launch of bankruptcy proceedings.

In the current conditions, the problems of auxiliary production are insufficient investment in a particular industry, a high level of borrowed funds, the presence of losses and weak support and initiative from the state. These circumstances increase the risks in the production and economic activities of the enterprise.

Accounting usually uses generally accepted methods of calculating the cost of goods:

(1) based on standards;
(2) a method of adding costs;
(3) method of elimination of costs for by-products;
(4) direct calculation method;
(5) application of various combined methods;
(6) cost calculation based on proportional distribution.

The automated processing of accounting information gives the accountant the immediate opportunity to issue and process a certain amount of accounting documents electronically, using specialized software, which is based on the primary documentation.

The system for providing accounting information based on automation is characterized by the following:

- complete systematization and automation of the collection, transfer, and processing of accounting information;
- the use of not only a hard copy for accounting information but also software;
- submission of information in the form of reports and tables;
- accounting and control of computational process of accounting information entry;
- reducing the likelihood of accounting errors.

Thanks to automated processing of accounting information, it is possible to quickly obtain various certificates, summary statements, characteristics for each of the employees, if necessary, as well as replace the performance of manual transactions for accounting for the receipt or disposal of fixed assets, calculating depreciation deductions and filling out statements and journals manually (Bernstein, 2018).

The development of automated processing of accounting information and its introduction into the production process of the organization allows improving the performance of economic activities and its reflection in accounting registers. The use of automated accounting information processing depends on the composition of the tasks of accounting, analysis, planning and operational management, as well as various types of management decisions that are amenable to automation and are essential for the effective economic activities of the organization. In the future, it is necessary to increase the basic set of functional tasks, expand and integrate information support, as well as modernize and introduce new software.

Thus, accounting for finished products is maintained by all economic entities that are engaged in entrepreneurial activities. Effective management of material and financial resources, as well as minimizing the risk of tax offenses of an economic entity, directly depends on the correct and prompt reflection of the business operations for the production and sale of finished products.

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