



**ACCOUNTING AND FINANCIAL, INFORMATION AND LANGUAGE AND  
COMMUNICATION SUPPORT FOR THE SUSTAINABLE DEVELOPMENT  
OF THE AGRICULTURAL SECTOR: SCIENTIFIC, METHODOLOGICAL  
AND PRACTICAL PRINCIPLES**

**COLLECTIVE MONOGRAPH**

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The monograph examines the scientific problems of accounting and taxation development, analysis of production and economic activity, mechanisms for ensuring the economic security of agribusiness entities. The theoretical, organizational and methodical foundations of modern learning technologies in higher educational institutions and professionally oriented language training of specialists in the agricultural sector are revealed.

The collective monograph was published within the framework of the State Budget research topics “Innovative development of accounting, taxation and control in the system of ensuring the economic stability of enterprises” (state registration number 0121U109731) and “Finance, banking system and insurance in integrated rural development” (state registration number 0119U001573), “Information technologies and mathematical methods for the development of the agricultural sector of the economy” (state registration number 0120U105338), “Linguistic and professional training of specialists: lingual, social, cognitive, communicative and cultural aspects” (state registration number 0122U001178).

The publication is aimed at professionals engaged in practical activities in the field of regional policy, academics, government officials and the general public.

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## *Preface*

Problems of functioning and development of agrarian enterprises are constantly studied by scientists, agrarian economists and practitioners. This is quite understandable and correct due to permanent, extremely dynamic changes in factors, mechanisms and tools of management. The effectiveness of management largely depends on the quality, reliability and completeness of its accounting and information support, analysis and control of economic activity and other business processes.

An effective system of accounting, auditing, taxation and control is an important factor for ensuring the economic stability of agricultural enterprises. This allows to identify financial risks, to manage resources effectively and ensure compliance with legislation and standards. Availability of effective financial mechanisms and access to credit resources is a key factor for stimulating the development of agricultural enterprises. The coherence and appropriate organization of accounting, analytical and financial support provide not only the qualitative information service for managers of different levels, but the effective functioning of the whole economic entities.

The creation of an innovative system of higher education is aimed at ensuring the competitiveness of the agrarian economy by training qualified specialists with high productivity, mobility, creativity, as well as by creating, implementing and spreading new ideas and technologies.

The materials of the monograph are aimed at scientific research, generalization and development of recommendations on possible ways to solve the main problems of accounting, financial, information and modern learning technologies in higher educational institutions and professionally oriented language training of specialists in the agricultural sector are revealed.

Realizing that not all aspects of the research topic have been comprehensively reflected in the collective monograph, and some provisions and conclusions may be the subject of scientific discussion, we hope that the theoretical generalizations, conclusions and recommendations developed in this study will be used by scientists, teachers, graduate students and students of higher educational institutions of agrarian and administrative profiles, employees of public administration and local self-government bodies, entrepreneurs and other interested persons who are interested in this issue.

In this monograph, the authors summarize and supplement the results of many scientific studies and developments on the construction of accounting, financial, information and language and communication support for sustainable development of agribusiness entities. The first section of the monograph “Mechanism for ensuring economic security of agribusiness entities” is devoted to highlighting the main problems and areas of their solution to ensure economic security of agribusiness entities: Vasileva Lesia – paragraph 1.1, Volchans’ka Liudmyla – paragraph 1.2, Yurchenko Sergey – paragraph 1.3, Atamas Oleksandr – paragraph 1.4, Tkachenko Oleksandr – paragraph 1.5. The second section, “Development of the system of accounting, taxation and analysis of production and economic activity of agribusiness entities”, highlights the scientific, theoretical, organizational and applied foundations of accounting in the activities of the entity: Karamushka Daria – paragraph 2.1, Dubyna Olena – paragraph 2.2, Bardadym Mariia – paragraph 2.3. The third section of the monograph “Financial policy and mechanism of its implementation in the system of ensuring sustainable development of agribusiness entities”, is devoted to highlighting the main problems and solutions to the financial policy of agribusiness entities: Brovko Larysa – paragraph 3.1, Sirko Anna – paragraph 3.2. The fourth section of the monograph, “Modern learning technologies in higher educational institutions” Nuzhna Svitlana – paragraph 4.1. The fifth section “Language and professional training of the specialist in agricultural sector” Pidubtseva Olga – paragraph 5.1.

We express our deep gratitude to the reviewers of the collective monograph:

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## **1.5. THEORETICAL BASICS OF PRODUCTION COST MANAGEMENT IN THE SYSTEM FOR ENSURING ECONOMIC SECURITY OF THE ENTERPRISE**

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**Summari.** The article reveals the economic essence of production costs and their role in enterprise management. As a result of the conducted research, the historical directions of interpretation and financial content of the group of production costs were revised. The classification of production costs was investigated in order to ensure the economic security of the enterprise. The processes of managing production costs in the system of ensuring the economic security of the enterprise are studied. Cost accounting systems considered the most common in foreign practice include: the concept of financial accounting of costs according to the ABC method; the concept of financial accounting of full costs; the concept of financial accounting of regulatory costs; the concept of financial accounting of expenses by places of occurrence of expenses; concept of production organization and JIT accounting; concept of financial accounting of variable costs.

**Keywords:** production costs, cost, economic security, enterprise, management, analysis.

In modern conditions, the process of successful functioning and economic development of domestic enterprises largely depends on the degree of ensuring their economic security.

The need for constant observance of economic security is determined for each business entity by the task of ensuring the stability of functioning and achieving the main goals of its activity. The level of economic security of the enterprise depends on how effectively its management and specialists will be able to avoid possible threats and eliminate the harmful consequences of certain negative components of the external and internal environment.

Production costs occupy one of the central places among the set of problems facing society. Economic science deals with it, it is also important in economic practice. This problem becomes especially relevant at the current stage of economic development in connection with increased competition, increased business risks, emergence of economic entities of various forms of ownership and differing in scale and level of development.

Such well-known figures as: T. Bezrodnoi, F. Butyntsia, V. Volska, S. Golov, O. Gudzynskyi, V. Deriya, V. Zhuka, T. Kamin-skaia, V. Linnyk, B. Melnychuk, E. Mnykh, I. Okhrimenko, A. Pylypenko, I. Sadovskaia, V. Savchuka, L. Suka, A. Stangret, O. Shpychaka and others.

The development of market relations, the transformation of the domestic

economy and its integration into the European space necessitate the improvement of management functions. The implementation of these processes directly depends on the correct understanding of the economic essence of the main elements of enterprise activity, an important component of which is production costs. Further research into the nature of costs is essential both for determining their role in the activity management system and for achieving effective enterprise management.

In economic theory, "expenditure" refers to the consumption of various resources in the process of carrying out the enterprise's activities during a certain period of time (reporting period). In the implementation of production costs, there is no reduction in economic benefits through the elimination of assets. That is, one asset is replaced by another, and the use of resources in the production of products (performance of works, provision of services) does not correlate with the receipt of income. Only at the time of disposal of products (works, services), on the condition that income is recognized or if there is a corresponding certainty of non-receipt of income both in the current and in future reporting periods, costs forming the cost of products (works, services) are recognized as relevant costs (cost of sold products (goods, works and services) and are entered in the "Report on financial results". Costs not recognized as relevant expenses at the end of the reporting period are entered in the "Balance" in the form of an asset, i.e. in the form of costs of work in progress and/or actual production the cost of remaining finished products in the warehouse.

Therefore, it can be argued that the economic categories of "costs" and "costs" have a scientific basis, while the practical application and interpretation of these categories are not used according to their theoretical basis. The concept of "expenses" is broader and has a peculiarity: depending on the conditions of implementation, they are either recognized as an asset and reflected in the balance sheet, or transformed into expenses of the period. At the same time, expenses are a decrease in some assets with an equal increase in others or an increase in assets and liabilities by the same amount.

In the English professional language, the concept of costs is denoted by such equivalents as "costs" and "expenses", which logically corresponds to the translation of the phrases "production prices" and "circulation expenditures" - "distribution costs". The corresponding procedure for coordinating the translation of the terms "costs" and "costs" in English and Ukrainian is summarized in Table 1.

Table 1

Coordination of the translation of concepts

in English	Ukrainian
expenses	costs
costs	expenses
production costs	production costs
distribution expenses	circulation costs

In modern foreign political economy, as well as in the classical one, starting with U. Petty and ending with D. Ricardo, production costs are considered as physical costs, that is, as costs of means of production (objects and means of labor)

and labor itself. According to K.T. Kryvenko, V.S. Savchuka, O.O. Belyaeva "capitalist costs of production are the costs of constant and variable capital associated with the category of value, or are the costs of capital (fixed and circulating) and labor associated with the category of the price of production, which is identified with value or excludes it" [7].

So, the main difference between these directions lies in the source of value and the resources that create new value. In the conditions of commodity production, the starting point of production costs is capital expenditure on means of production (c) and labor (v). These primary capital costs are, in fact, production costs. Cost as a general category of commodity production is determined by the total amount of labor embodied in the commodity. The difference between this amount and production costs is added value (t). So, the general form of actual production costs is as follows:

$$c + v + m \quad (1)$$

The cost of the product is divided into the transferred cost (c) and the newly created cost (v + m), which, in turn, consists of the cost of the necessary (v) and additional products (t). The newly created value is the net output, which is divided into the wage bill and the profit.

At the same time, V.B. Ivashkevich considers that "in a generalized form, production costs are a function of production and can be presented as: 1) the totality of the consumed amount of resources; 2) value expression of material and labor costs" [6].

In the first case, the costs of living and tangible labor for the production of products (performance of work, provision of services) are measured in physical units of costs as the amount of consumed raw materials, materials, fuel, electricity, etc.

Such a breakdown of costs is necessary to compare the in-kind balances of reproduction and the cost measurement of costs. In order to calculate the costs of raw materials, materials, and fuel in quantitative terms, it is necessary to know the need for them at each stage of production not only by the amount of net costs, but also taking into account waste and losses. Working time costs are a quantitative indicator of labor costs. The production process is divided into separate operations, which are grouped depending on the qualification of the work performed and the number of jobs. The positive aspects of accounting for the costs of material and labor resources in natural terms are concreteness, accuracy and technical determination of costs. However, due to the fact that they are incomparable, it is impossible to generalize and summarize them.

The cost of production as a monetary expression of the resources spent on it is affected not only by the quantitative factor, but also by the value factor. This allows you to compare different types of costs, bringing them to a single view, which are presented in a comparable form. As a result, it is possible to compare expenses that differ in content and purpose.

In the first half of the XIX th century. the theory of three factors of production arose and became widespread. According to this theory, labor, capital and land participate equally in the formation of value during the production of goods: labor creates wages, capital - profit (interest), land - rent.

At the end of the 19th century the neoclassical theory of value, the founder of which is A. Marshall, is being developed. According to this theory: "the price of a product is determined by demand and supply, while in the short term demand forms the price on the basis of marginal utility, and supply - on the basis of production costs" [13].

Representatives of Western economic science thoroughly worked out the problems of production costs in view of the need to increase its efficiency. At the same time, scientists proceeded from the limitation of resources and the impossibility of their alternative use.

In expanded commodity production, the producer's individual consumption fund takes the form of variable capital spent on hiring labor. This fund acts not only as a category of distribution (part of national income), but also as a category of production (part of advanced capital). The transformation of the consumption fund into variable capital is a prerequisite for the combination of such elements as the cost of means of production and labor power in one category - "production costs". However, the modern understanding of costs as a set of resources is unacceptable, since a person is at the center of a socially oriented economy. The socio-economic essence of production costs is that they reflect production relations in the form of capital costs, not labor spent on the production of products.

In the conditions of the development of a socially oriented market economy, the contradiction between labor and capital is gradually disappearing (due to the democratization of the latter). This is clearly visible on the example of joint-stock companies, where the relations between the worker and the entrepreneur are increasingly taking on the character of cooperation. Thus, there are changes in the socio-economic essence of production costs. So, in the modern period of economic development, it is necessary to talk about the development of socially oriented theory (Table 2).

From the point of view of economic theory, production (in our case – industrial) can rightfully be considered as the transformation of costs into results. With this approach, it turns out that cost management covers all levels of production management and should be based on the "cost - result" ratio.

A critical analysis of the positions of scientists regarding the essence of the concept of "costs" made it possible to formulate the following conclusion: almost all authors interpret costs as a monetary expression of the resources used for the production of products. It is obvious that these approaches determine the actual costs, that is, they have a retrospective nature, they do not have any influence on the "behavior of costs". Costs that affect management decisions are considered in the management accounting system, as relevant costs are formed only in it.

In order to make managerial decisions, information about the costs of "something" (products, equipment, services, process, etc.) is needed. The author calls this "something" a cost accounting object or a costing object, according to which the grouping and value measurement of costs takes place.

So, in management accounting, costs are considered from the standpoint of achieving a certain goal, that is, they are target costs.

Table 2

## Systematization of value theories

The name of the theory.	The founders of the theory.	Characteristics of the theory
1. Theory of three production factors	Zh.B. Sey and F. Bastiat	the production of goods and the formation of value, labor, capital and land participate equally: labor creates wages, capital - profit (percentage), land - rent
2. Neoclassical theory of value	A. Marshall	The price of a product is determined by demand and supply, while in the short term demand forms the price on the basis of marginal utility, and supply - on the basis of production costs
3. The theory of scientific management	F.U. Taylor	Production costs are considered based on the need to increase labor productivity under the condition of limited resources and the impossibility of their alternative use
4. Socially oriented theory	O.O.Androsenko	A person stands at the center of any activity, while the relationship between the worker and the entrepreneur increasingly acquires the character of cooperation. Labor costs should not be considered as expenses, but as capital, and at the same time, a person is human capital for an enterprise

The interpretation of this term in the Regulations (Standards) of accounting (hereinafter P(S)BO) was considered. Thus, according to P(S)BO 16, "expenses of the reporting period are recognized as either a decrease in assets or an increase in liabilities, which leads to a decrease in the company's equity (with the exception of a decrease in capital as a result of its withdrawal or distribution by the owners), provided that these costs can be reliably estimated" [11].

Quite rightly, L. Napadovska notes in her work that "the term expenditure, according to the national Standards, means the use (outflow) of funds. In other words, it is a decrease in economic benefit during the reporting period due to a decrease in assets or an increase in the company's liabilities, which leads to a decrease in capital." [8]. And then the author explains that for operations that reflect the use of resources directly in the production process, the term "expenditure" provided for in P(S)BO 16 cannot be used, because at the time of the release of materials for production and in the production process itself, no a decrease in assets, nor an increase in liabilities, but only the transformation of some types of resources into others (into work-in-progress or into finished products). The cost of spent resources in financial accounting is recognized as expenses of the reporting period only when the finished products are sold, because in financial accounting, in order to determine the financial result of the reporting period based on the principle of accrual and matching of income and



expenses, it is necessary to compare the income of the reporting period with the expenses incurred to obtain these income. According to the principles of financial accounting, a full production cycle, sometimes more than a calendar year, must pass before the cost of the resources used is recognized as an expense. However, this approach contradicts the principle of efficiency, characteristic of effective management.

The second group of authors interprets the concept of "costs" in the context of economic theory as a part of the value of the product, which must be advanced again for continued production; the highest utility of those benefits that society can receive for the optimal use of economic resources. That is, it is a management aspect related to the effective use of resources.

Scientists of the third group interpret expenses from the point of view of their target orientation to ensure a specific management function.

Let's dwell on the interpretation of expenses in the Tax Code of Ukraine (hereinafter referred to as the Tax Code of Ukraine). In particular, Article 14.1.27 defines: "Expenses - the sum of any expenses of the taxpayer in monetary, material or non-material forms, carried out for the conduct of the taxpayer's business activities, as a result of which there is a decrease in economic benefits in the form of disposal of assets or an increase in liabilities, as a result of which the equity decreases (except for changes in capital due to its withdrawal or distribution by the owner)" [14].

It should be noted that there has been a theoretical approximation of the rules for keeping records of costs in PKU and P(S)BO. However, a detailed study of the provisions of these regulatory documents and their use in practice shows a number of discrepancies between the requirements of the PKU and similar provisions of the P(S)BO and international financial reporting standards (IFRS).

The existence of different interpretations of the essence of costs, according to a number of domestic scientists, is explained by the following important factors:

1) a significant expansion of the tasks of the domestic accounting system in connection with the complication of the ongoing economic processes;

2) the existence of different groups of users - external and internal, whose information needs differ significantly; to meet these needs, it is advisable to create different types of accounting: financial (for external users), management (for internal users), tax - to establish relationships between business entities and the state.

In contrast to the financial system, the management accounting system requires information to make management decisions based on the economic feasibility of certain alternatives. That is, in modern conditions, we should be talking about a systematic study of production costs and production costs in order to meet the needs of the management system.

Since the term "costs" is directly related to the formation of the cost of products (works and services) in the process of economic activity, costs are understood as the optimal cost of resources that ensures the required quality and quantity of finished products (works and services).

The study of the accounting essence of costs is related to the determination of the cost of resources necessary for the implementation of any activity. However,

taking into account that the result of the activity is the manufacture of a finished product, the essence of the production cost should be considered as the result of spending.

As an economic category, the cost price arose when it became necessary to calculate the costs of producing a product, profit or loss from its sale. It is quite common among scientists to define the cost price as a part of the cost.

V. Yarmolenko gives the following definition of cost price: "...this is a category that expresses not only productive, but also unproductive costs caused by production conditions" [15].

P. Bezrukikh emphasizes the following characteristics of the cost of production "as an economic indicator:

1. The cost of production in the political economic aspect is the totality of costs of productive and unproductive labor. At the same time, the costs of productive labor should be included in the cost price not entirely, but partially, that is, with the exception of that part of the costs that will form the net income of the enterprise. The costs of unproductive labor are the net costs of commodity and monetary circulation (they are included in the cost of materials, workshop, general plant, non-production and other similar costs), costs of socio-economic activities, etc.

2. Cost is measured by the labor costs of enterprises and associations. These costs may be higher or lower than socially necessary costs or equal to them. The cost price should also include abnormal, excessive costs and losses (overspending of resources due to shortages, downtime, etc.).

3. It is expedient to include some elements of society's net income as costs in those cases when they represent costs associated with the production and sale of products." [1].

V. Palii presents an interpretation of the concept of "cost price", where there are several options:

1) part of the cost, which includes the cost of the means of production and most of the necessary product, which is equal to the costs of wages;

2) part of the cost, which represents the costs of the company's resources for the production and sale of products;

3) part of the cost, which embodies the costs of past and live (necessary) labor for the production and sale of products;

4) productive and non-productive costs related to the production and sale of products;

5) part of the value, which in the process of circulation must be returned to the enterprise in order to reimburse its costs;

6) part of the cost that reimburses the costs to ensure the continuity of the production process" [13].

In a significant number of publications, the cost price is defined as:

1) qualitative indicator of the enterprise's activity;

2) monetary expression of costs;

3) amount of consumed resources;

4) the totality of material costs and live labor, which shows how much

production costs;

5) the amount of expenses (costs) for manufactured and sold products.

In foreign literature, the concept of "cost" is equated with costs. Thus, R. Anthony defines "cost (expenditure) as a monetary expression of the amount of resources used for certain purposes" [4].

K. Drury, B. Needles, H. Anderson believe that "the cost of production is the production costs of the manufactured products, and non-production costs are attributed to the costs of the reporting period" [3, 10].

As noted by Chumachenko M.G. "the views expressed are not dual, what is confirmed by the prospect of combining the combination, revealing the essence of the cost of the product, the costs of its production revealed in monetary form and the need for a whole study of the cost" [2].

The creation of a complex product cost management system, which includes subsystems (cost forecasting and planning; production cost accounting and product cost calculation; cost analysis and preparation of management decision projects aimed at reducing production costs), is given considerable attention even in the modern period. Therefore, one should fully agree with scientists who believe that "...the creation of a cost management system corresponds to the introduction of management accounting at the enterprise."

On the basis of the conducted analysis and generalization of the studied materials, it can be concluded that although certain disagreements have arisen among economists regarding the content of the category "cost", this does not apply to its importance for enterprise management. Cost is expressed in monetary terms used resources of the enterprise in connection with the production of products. The cost price as the sum of expenses is an object of financial accounting, and the cost price as the cost of a unit of manufactured products is an object of management accounting.

The costs incurred by the enterprise in the process of production of its products are production costs. These costs existed in the ancient era almost from the time when man began to produce something to satisfy his needs. But then she did not think about their existence, about the fact that raw materials, her time and labor were wasted. It was not clear the need to distinguish the costs incurred in the production of the product and the costs incurred during its sale. The purpose of the activity was trade, production worked for the market, therefore the results of economic activity were determined as a whole at the enterprise by comparing all costs with all income.

The appearance of double entry, the founder of which was the mathematician Luca Pacioli, was the first stage in the development of production costs, which led to the emergence of attempts to classify costs. Thus, L. Pacoli singled out "three classification groups of circulation costs: in relation to the enterprise, the product and the economic process. Based on these groups, all expenses were divided into commercial and domestic, direct and indirect, ordinary and extraordinary. Although it was a classification of circulation costs, it contained production costs. [12].

The development of the industrial revolution at the beginning of the 19th century. became the second stage in the development of production costs and created a turning point in the history of production costs. At that time, almost all teachings

were devoted to the problem of classification of production costs, their distribution and accounting. Even then, it was thought that, in addition to the costs of raw materials and labor, it is necessary to include the costs of equipment and rent in the composition of production costs. There was such a term as the cost of manufactured products, which embodied all the production costs spent on the production of a competitive product.

With the appearance of additional production costs (depreciation, rent payments), an understanding emerged that not all costs should be fully attributed to the cost of production, which became the third stage of the development of production costs. Which led to the appearance of different teachings with different theories of the formation of the cost of finished products.

Production costs, passing through all stages, gradually changed, were supplemented, but it was the costs of purchasing raw materials, materials, labor costs, costs of mandatory payments, costs of depreciation, which are the main and most important at this time, remained unchanged in the composition production costs.

The issue of classification of production costs in economic theory has been given considerable attention for a long time, however, a single classification of such costs that would satisfy the information needs of users has not yet been developed. Therefore, in practice, various cost classifications are used. At the same time, there are certain differences in the justification of such classifications in different countries of the world. The problem is that it is important to choose the classification of production costs that would most fully correspond to the research objectives and directions of their implementation in the management system.

Classification, in a general sense, is one of the methods of learning and studying objects. Its essence is the distribution of the studied objects into classes based on the determined general properties of the objects and regular relationships.

It is appropriate to study the approaches of scientists to the classification of costs, since the scientifically based grouping of costs according to certain homogeneous characteristics is important for the purposes of accounting, analysis, control, planning and management decision-making regarding the production process. Consider the grouping of costs by economic elements and costing items (Table 3).

These tables show that the classification of expenses is carried out based on certain goals. In domestic practice, the classification of expenses by economic elements and costing articles is considered one of the main ones. The peculiarity of the classification of costs by economic elements is that it is based on the economic nature of costs, does not depend on specific conditions, and therefore the composition of the elements can be established.

At the same time, the classification of costs by elements cannot satisfy the information needs of the enterprise about costs according to their intended purpose, by individual types of products, when controlling the rational use of material, labor and financial resources.

Table 3

## Grouping of costs according to classification features

Classification sign	Cost grouping
By the method of transferring the cost to products	Direct costs (costs that can be attributed to a specific cost object). Indirect costs (costs that cannot be attributed directly to a specific cost object).
By types of products (works, services)	Product costs (costs related to the production or purchase of goods for sale). Costs for groups of products. Costs per order.
According to the costing articles	Raw materials and materials. Purchased semi-finished products and component products. Fuel and energy for technological purposes. Salary of production workers. Deductions for social events. Total expenditures.
In economic terms	Material costs. Salary expenses. Deductions for social events. Amortization. Other expenses.
By the place of occurrence of expenses	Production costs. Shop expenses. District expenses.
By calendar periods	Current expenses, the periodicity of which is less than one month. One-time costs, which are carried out once and are aimed at ensuring the production process for a long time.
By management functions	Production costs. Non-production costs.
Depending on the expediency of their implementation	Productive costs (costs that are foreseen by the technology and organization of production). Non-productive costs (optional costs that arise as a result of specific deficiencies in the organization of production, technology violations).

The presence of other approaches to the classification of expenses is due to the fact that the enterprise has many technical, economic, marketing, and financial features that affect the formation of the cost price. When forming accounting information for making management decisions, there is a slightly different classification of costs, because every manager or owner of an enterprise must know how much it will cost to produce a particular product, what is the profit from its sale in the total amount of profit, is it possible to increase or decrease the price of this product and what is the effectiveness of making a management decision, for this they use an economically justified classification of costs. For management purposes, it is divided according to the principle: different costs for different purposes. For this purpose, the following three areas of classification of costs are distinguished (Fig. 1).

Controlled and uncontrolled costs are distinguished for monitoring the activities of individual units and evaluating the work of their managers:

- controllable costs are costs that the manager can directly control or exert a significant influence on;

Uncontrollable costs are costs that the manager cannot control or influence.

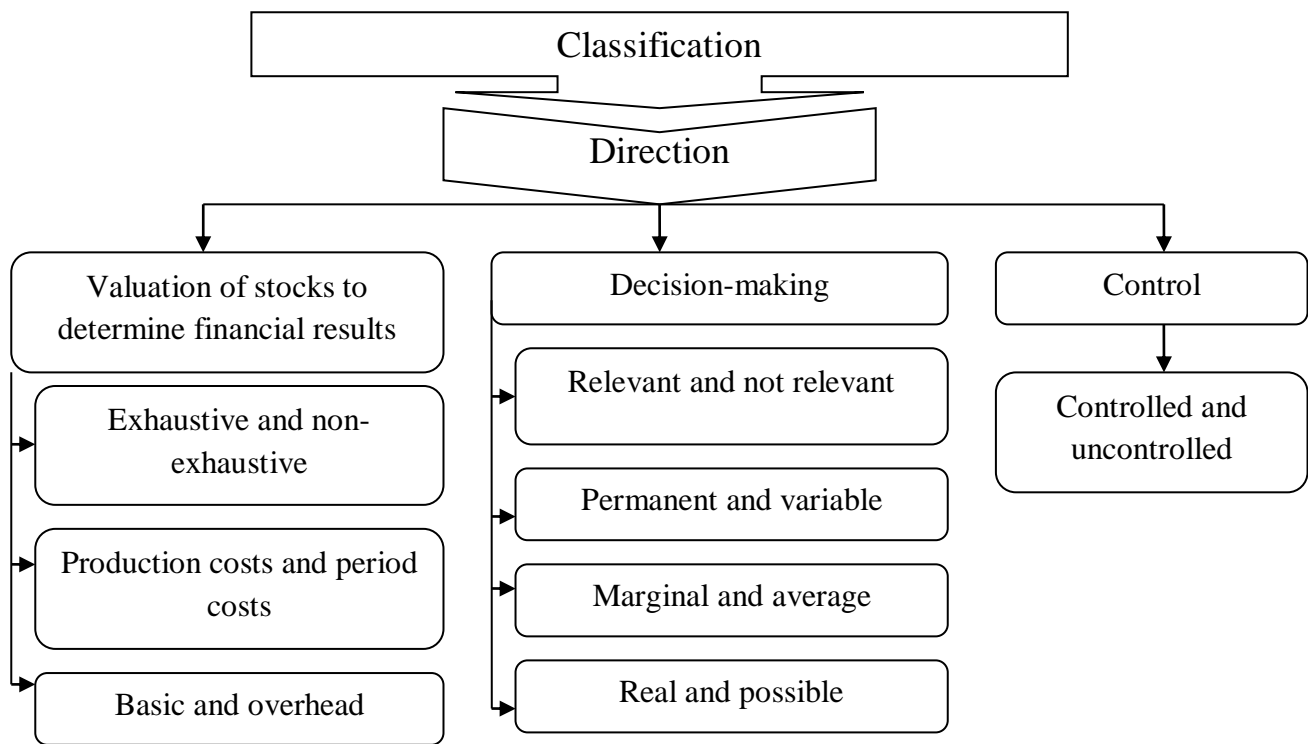


Fig. 1. Classification of costs for the needs of accounting and management decision-making

Depending on the period of receiving income from incurred expenses:

- exhausted (consumed) costs are an increase in liabilities or a decrease in assets in the course of current activities to obtain income for the reporting period;
- unexpended (unconsumed) costs are an increase in liabilities or a decrease in assets in the course of current activity to obtain income or other benefits in future periods.

Expenses related to the operational activities of enterprises include:

- production costs (direct materials, direct wages, other direct costs, general production costs);
- expenses of the period (administrative expenses, sales expenses, other operating expenses).
- basic costs are the totality of direct costs for the production of products;
- overhead costs that are associated with the production process but cannot be attributed to certain objects in an economically feasible way.

Depending on the management decision:

- relevant costs are costs that can be changed as a result of a decision;
- irrelevant - these are costs that do not depend on decision-making;
- constant - these are costs, the amount of which does not change significantly due to an increase (decrease) in the volume of production;
- variables are costs that change when the volume of production changes;
- marginal costs are the costs of producing an additional unit of production;
- average - these are costs, which are defined as the sum of costs for the

production of the main and additional products divided by the number of manufactured products;

– valid – these are expenses that require the payment of money or the expenditure of other assets and as they occur, they are reflected in the accounting registers;

- possible costs are those benefits that are lost if the choice of one course of action requires abandoning an alternative decision.

The practical division of costs into controlled and uncontrolled depends on the manager's area of authority. The same expenses can be controlled by the shop manager of one company and uncontrolled by the shop manager of another company.

It is worth emphasizing that the multifaceted nature of the characteristics by which expenses are grouped in accounting for management needs confirms the need for effective organization of their accounting support for the formation of the necessary information in order to meet the needs of users.

As mentioned above, the classification of costs is necessary for determining the cost of products and, accordingly, for pricing. The classification of costs is of great importance in their management and, above all, in calculating the cost of production for various management needs.

Nashkerska V.G. believes that "formation of costs is initially carried out in the management accounting system. Costs are collected by individual objects: types of products, works, services, technological processes and their parts, etc. Expenses in the accounting system for management needs are collected by costing items as assets decrease and liabilities increase." [9].

Therefore, the cost management system will be effective only if the peculiarities of each enterprise are taken into account, all processes carried out by the enterprise are covered and it is built in accordance with management principles.

At the current stage of the development of competitive relations, when enterprises use modern technologies, more economical productive equipment, improve the organization of enterprise management, obtaining profit by increasing prices becomes problematic. Non-price factors of market conquest come to the fore, in particular by improving the quality of manufactured products, developing warranty and post-warranty service, and providing additional services. Cost management with the aim of forming their optimal structure, as well as reducing their value (provided that the quality of the produced products is preserved) allows to reduce the prices of products, which, other things being equal, gives the company the opportunity to maintain or even strengthen its position on the market.

The organization of effective cost management in order to optimize them, increase the competitiveness of products and, ultimately, obtain profit and ensure a stable financial condition is a priority direction in the activities of enterprises. Cost management is an integral part of the company's short-term policy, aimed at ensuring current activities with the necessary resources and the uninterrupted implementation of production and economic activities (Fig. 2).

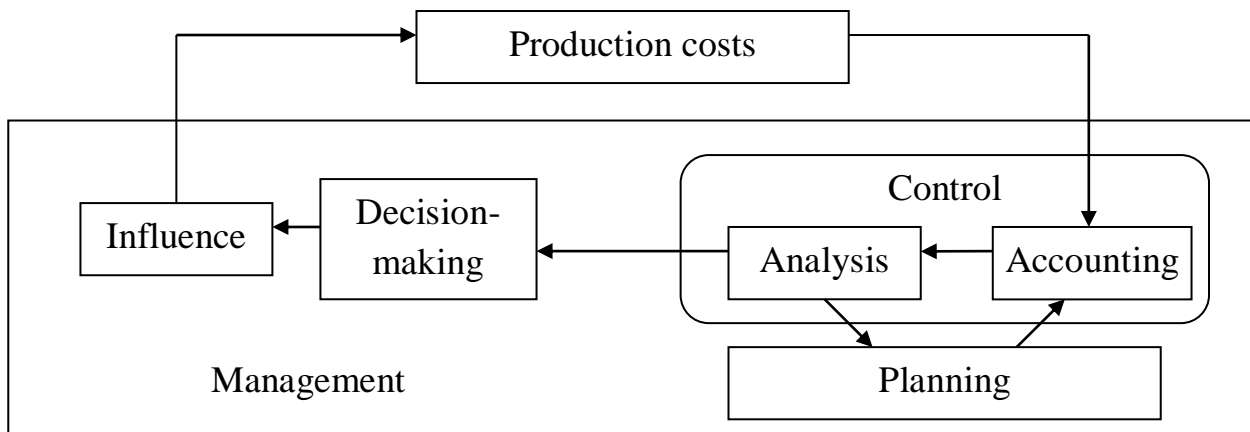


Fig. 2. Scheme of the production cost management process

For a long time, expenses were detected and taken into account by the so-called boiler method. During the entire reporting period, all funds spent on production were taken into account in the single accounting register, regardless of the place of their consumption and their target orientation. Kotlova's method did not reveal the possibility of reducing costs, its main drawback was the impersonality of information. Such accounting did not allow the enterprise to obtain the necessary data for controlling production costs by cost areas, places of their occurrence, types of products produced.

In 1887, the first edition of the theoretical work of the English economist J.M. Felsa and E. Harko "Manufacturing accounts: principles and practice of their management". The authors made an attempt to create a more mobile cost accounting system, which increases the informativeness of cost data and helps to strengthen control over their use. The basis of this system was the division of costs into fixed (today these are constant costs) and variable (conditionally variable) costs. Scientists have established that the change in fixed costs does not directly depend on the volume of production, and variable costs increase or decrease in direct proportion to the increase or decrease in the volume of production. This led to the opinion that it is possible to increase the volume of production with the consumption of fewer resources than previously thought, since conditionally constant costs increase unevenly [5].

American economist A.G. Church in 1901 in his work "Adequate distribution of production costs" divided fixed (or overhead) costs related to production into labor overhead costs and general production costs. Since then, there has been a debate in scientific circles about the proportion in which fixed costs should be included in the cost price. And only in 1936, when J. Harris put forward the concept of "direct costing", the need to allocate overheads disappeared. By the mid-1960s, this method gained a strong position in accounting.

However, for the enterprise, it is not so much the task of accurately and completely determining the cost price that is becoming more and more important, but the prevention of unjustified costs that could be avoided. The solution to this problem



was the appearance at the beginning of the 20th century. in the USA, and then in Europe, the "Standard Cost" system, which compares actual costs with standardized ones. Cost accounting began to develop in such a way that the administration not only determined costs, but also more fully controlled the use of resources, preventing the occurrence of unjustified costs. This led to the formation of J.A. Higginson of the concept of centers of responsibility, according to which costs were not only considered within the framework of the entire enterprise, but also differentiated by centers of responsibility with the appointment of responsible persons. Thus, cost accounting focused not on the final product of production, but directly on the production process.

Currently, the most common cost accounting systems in foreign practice are:

- 1) accounting system of total costs;
- 2) variable cost accounting system;
- 3) accounting system of regulatory costs;
- 4) cost accounting system according to the ABC method;
- 5) a cost accounting system by places of cost occurrence; 6) JIT production organization and accounting system.

Absorption-costing is a system of cost accounting and product costing, according to which all direct production costs and all indirect costs are included in the cost of production. The specified system is based on the classification of expenses according to the cost method (direct and indirect). Direct costs are applied to a specific type of product in an economically justified way. The total amount of indirect costs is distributed by types of products in proportion to the selected distribution coefficients. The more costs in the enterprise's cost structure are direct, the more accurate the value of the cost of specific types of products turns out to be.

In Ukrainian practice, the use of this cost accounting system is quite widespread. This system allows you to form the full cost of certain types of products, as well as the cost of work-in-progress and the remaining finished products in the warehouse, to calculate the profitability of certain types of products.

The main advantages of this system:

- 1) the ability to determine the cost and profitability of certain types of products;
- 2) application for the purposes of financial accounting and external reporting;
- 3) the ability to calculate the full cost of finished products, stocks of finished products in the warehouse and work in progress;
- 4) wide scope of application;
- 5) the possibility of application for calculating the price per unit of production.

The main shortcomings of the system include the following:

- 1) the subjectivity of choosing the distribution coefficient; with a complex organizational structure and a large assortment of products, there is a possibility of choosing an incorrect distribution base, which distorts the real value of the cost price and leads to the establishment of unreasonable prices;
- 2) the ambiguity of assigning expenses to one group;
- 3) the impossibility of applying for comparative analysis the cost of

homogeneous goods produced by different enterprises; it is possible to compare the full costs of the same goods from different manufacturers, but it is impossible to conduct a qualitative analysis of the cost structure, namely to assess the impact of the organizational structure of the enterprise, the share of fixed costs on the cost value.

The most effective is the application of the system at small and medium-sized enterprises, as well as at enterprises that produce one or more types of products. At larger enterprises, as well as at enterprises with a significant range of manufactured products, it is more effective to use the full cost accounting system in combination with other accounting systems.

The system of accounting for variable costs, or "direct-costing" (Direct-costing), is a system of accounting for costs and costing, according to which only variable production costs are included in the cost of production and in the assessment of ending stocks, and fixed costs in the total amount are attributed to financial result of activity and are not distributed by type of products. The main concept of this cost accounting system is the concept of marginal income, which is the income received by the enterprise after reimbursement of all variable costs.

The main advantages of the specified system:

1) establishing the relationship between the volume of production, the amount of costs and profit;

2) determination of the break-even point, i.e. the minimum volume of production at which the enterprise will not incur a loss;

3) the possibility of applying a more flexible pricing system and establishing a lower price per unit of production, which is especially effective when production capacities are not fully loaded and reduces the inventory of products in the warehouse;

4) simplification of the calculation of the cost price (compared to the accounting system of full costs), since there is no procedure for the distribution of fixed costs by types of products;

5) the possibility of drawing up an optimal production program and product sales plan; 6) the possibility of determining the profit brought by the sale of each additional unit of production, which allows you to plan prices and discounts for a certain volume of sales.

However, the variable cost accounting system is not without some disadvantages, including:

- accounting of costs based only on production cost, which does not meet the requirements of Ukrainian legislation in terms of cost formation;

- lack of information on the full cost of a product unit.

When applying the method of variable costs, it is necessary to remember that it is intended primarily for the calculation of the minimum price of a unit of production. If this method is used to carry out a policy of reduced prices (that is, not to overload production capacities, but to achieve a privileged position in the market), then in the case of dumping (a policy of reduced prices) there is a probability that part of the fixed costs will NOT be covered by marginal income and the enterprise will fall into the loss zone.

The standard cost accounting system, or "standard-cost" (Standard-cost), is a cost accounting and calculation system using standard (standard) costs. It is based on the principle of accounting and control of expenses within the limits of established norms and standards and according to deviations from them.

Prior to the start of the production process, preliminary normalization of costs per unit of production is carried out. To calculate overhead costs, estimates are drawn up that are of a permanent nature. In the case of significant fluctuations in the volume of production, which can lead to a change in the amount of overhead costs, sliding estimates are made with a breakdown of all items of overhead costs into fixed and variable elements. To calculate the standard cost, standard costs for raw materials and materials, labor costs, and standard overhead costs are summed up. During the implementation of production activities, all facts of deviations from normative indicators are recorded. On the basis of a detailed analysis of the causes of deviations, management decisions are developed to eliminate these causes.

Among the main disadvantages of the "standard-cost" system, the following can be distinguished:

1. The system depends on external conditions. Changes in legislation, changes in supplier prices, and the influence of the inflation factor complicate the calculation of regulatory costs, which must be constant over a certain period.

2. The system cannot be applied at all stages of the product life cycle. As a rule, during the period of development and introduction of the product to the market, costs are no longer predictable, so the calculation of regulatory costs can be made sufficiently approximately.

3. The system does not cover qualitative indicators of the enterprise's activity. Since the system is based on performance indicators and the amount of costs when solving the main task, minimizing costs and deviations of actual indicators from normative ones, problems of improving product quality, expanding the range of additional services remain outside the system.

4. Deviations from normative costs, showing the excess of actual costs over normative ones (or vice versa), are usually too aggregated, but are not always tied to specific types of products, technological areas, batches of products.

The scope of application of this cost accounting system is quite broad, the exception being enterprises with a non-constant nomenclature of manufactured products or unstable production technology, as well as activities at the stage of development and introduction of a new type of product.

The shortcomings of existing cost accounting systems led to the search for new options for cost accounting, one of which is the ABC (Activity Based Costing) system, which has become widespread in Western companies of various industries. According to the ABC method, the enterprise is considered as a set of interconnected operations (functions). During the operation, various resources (materials, labor, equipment) are consumed.

The type of activity means all the functions performed in order for the product to be provided to the buyer. Accordingly, the product assumes the costs of all types of activities that will be required for its creation and delivery to the buyer.

The principle difference between the specified cost accounting system and the traditional one is the order of distribution of indirect (overhead) costs. All production and economic activity is divided into functions. The more complex the activity, the more functions are allocated. Initially, indirect costs are transferred to resources in proportion to the selected drivers (allocation parameters), so all the resources necessary to perform each function are allocated. For each type of activity, a cost carrier (factors that cause a change in costs) is selected, which is expressed in the appropriate units of measurement (for example, for the office equipment maintenance function of the enterprise, the cost carrier can be the number of equipment units, for the personnel management function - the number of employees). Through the system of cost carriers, indirect costs will be allocated to specific goods (works, services).

The main advantages of the system:

- accurate definition of production costs, possibility to eliminate non-productive costs;
- an effective mechanism for managing costs and profits, as it allows you to determine the "contribution" of each type of product, each client, each geographical area to the overall financial result;
- the ability to control not only the amount of expenses, but also the reasons for their appearance;
- the possibility of application as a tool for the development of an effective price and marketing policy.

This system makes it possible to significantly reduce the costs of enterprises, to improve the relationships between individual divisions, therefore it has great prospects for implementation at Ukrainian enterprises. The most effective application of the ABC method is in multi-industry enterprises, in complex economic complexes, where a large share of indirect costs in the cost structure.

The main disadvantages associated with the implementation and use of the ABC method are its laboriousness, complexity, as well as significant financial and material costs for its implementation.

The system of cost accounting by cost centers (responsibility centers) depends on the existing organizational structure of the enterprise. The place of occurrence of costs is an organizational unit of the enterprise (team, department, section, workshop) that performs specific functions, for the implementation of which certain resources are needed. The distribution of costs is carried out in proportion to the selected distribution bases.

Among the advantages of the cost accounting system by the places of cost occurrence, it is possible to note the possibility of:

- estimates of costs of each structural subdivision, their contribution to the formation of the overall financial result of activity;
- obtaining operational data on the amount of actual costs for each structural subdivision, order;
- identification of cost reduction reserves by structural subdivisions and orders;
- prompt adjustment of costs in case of a change in technology, influence of external factors. The scope of this cost accounting system is not limited by any

conditions, but the greatest effect of its implementation can be obtained in large industrial complexes with a large number of redistributions.

The main drawback associated with the implementation of the cost accounting system by responsibility centers is its resource intensity. In addition, the implementation of the system requires the establishment of integrated information systems, which causes additional investment costs and increased qualification requirements for personnel to work in this information system.

In principle, JIT is not an independent cost accounting system, it is a system of production organization and the enterprise as a whole, which implies specific features of accounting and cost formation. The purpose of this system is to reduce unnecessary costs in the cost structure, reduce costs for maintenance, storage and transportation, effective use of the company's production capacity. Most of the costs become direct. For example, raw materials and materials are purchased for a specific order (product type), and a large part of the costs of supply and loading and unloading of materials and raw materials is related to this order; specific equipment is involved in the production of a specific type of product, so the costs of repair, current maintenance and depreciation deductions become direct costs and are attributed to a specific type of product.

The main advantages of the system are:

- a significant reduction in storage and transportation costs, which significantly reduces the cost of production;
- reduction of time for delivery of materials to the enterprise;
- reduction of the share of indirect costs in the cost structure, due to which the cost calculation becomes more accurate;
- reduction of the production cycle of order fulfillment;
- efficiency of decision-making regarding defect elimination, product quality improvement, etc.

The main drawback is the limited scope of application. For the formation of an application for materials and raw materials and their delivery "just in time", the geographical proximity of supplier enterprises is better. The further away the counterparty companies are, the more time is needed for the delivery of materials, raw materials, spare parts, and the higher the risks of delivery (non-compliance with deadlines, damage during transportation, etc.).

Thus, the scope of application of JIT is small or medium-sized enterprises and enterprises that produce fairly homogeneous products. The greatest effect of the application is achieved if the enterprises are located in close proximity to their suppliers.

Optimization of production costs at the enterprise is one of the most priority tasks of their management. Functioning by costs involves the implementation of a set of defined actions in the process of determining the amount of costs per unit of service or product.

Duality is represented by the control function in the production cost management system at the enterprise. The functions of the production cost management process and their corresponding control objectives are shown in Table 4.

The purpose of internal control is the continuous and systematic monitoring of the production, organizational, sales and financial activities of all structural units of the enterprise in order to identify reserves for increasing the level of productivity, establish deviations and deficiencies, resolve emerging issues, and adopt appropriate administrative conclusions.

Table 4

Interrelationship of control with other functions of management of production costs of the enterprise

Management functions	Control objectives
Forecasting and planning	- control over the evaluation of alternative options for management decisions; – control over compliance of management decisions with the general purpose and strategy of the enterprise; - control over the achievement of planned indicators.
Rationing	– cost control in compliance with established regulations and standards; - cost control by responsibility centers.
Organization	- control over the correctness of the organization of the production process, decision-making to obtain the necessary results; - control over the rationality of the organization of spending.
Accounting	- control over the composition and volume of resource use and their compliance with established norms, regulations and standards; - control over the legality and correctness of business operations.
Analysis	- control over the evaluation of the results of the implementation of management decisions; – control of the level of costs by the places of their origin; – quality control of the performed analysis; - control over the timeliness of analysis of deviations.
Regulation	- control over the regulation of management decisions; - control of measures aimed at eliminating shortcomings and deviations in terms of costs.

The technology of internal control is based on the application of a general approach during the study of the object of control, as well as a methodological basis aimed at solving specific control issues. A characteristic feature of early cost control is considered to be the fact that the work is carried out in the input of the concept of enterprise management.

The priority tasks of the internal control of production costs of the enterprise are:

- control of the volume of products produced by the company;

- control of the cost of production and other costs and control of results (income and profits).

The content of analytical support in the management system of the business entity is implemented through the processing of information from the internal and external environment. Analytical support as a process is characteristic at all stages of management decision-making.

The study of the texture of production losses is directly related to the consideration of their dynamics. During such a review, the inconsistency of the fate of individual elements of production costs from similar information of previous stages is established, the impact of these deviations on the change in the final indicator is calculated. During the review, the elements of production costs that make up the maximum part of the final costs of ordinary activities, as well as the components according to which the maximum changes occurred, are distinguished.

Management accounting is not the goal itself, it is designed to achieve maximum efficiency in business. Management accounting for the enterprise requires justification of management decisions by managers of all levels, promptly providing complete and reliable information.

The management procedure for an enterprise is often analyzed as the sequential performance of four management functions: planning, organization, motivation, and control. The structure of this process is present in any enterprise, even if it does not care about compliance with management functions. Ensuring the most effective operation of this system is constantly increasing, this is due to the complexity and growth of the dynamics of the external and internal environment of the enterprise. That is why it is necessary to improve systems of supplying complete and reliable information in the process of making current management decisions at the enterprise.

As a result of the conducted research, it can be concluded that the cost of production as a monetary representation of the resources spent on it is influenced not only by the numerical factor, but also by the price factor. This makes it possible to compare different types of costs, bringing them to a common type, which are given according to a comparable form. As a result, it is guaranteed to be possible to compare costs of different content and purpose. Management of production costs is a necessary part of the company's short-term policy, focused on providing current work with the necessary resources and uninterrupted implementation of production and economic work.

Management of production costs is a process of purposeful formation of the optimal level of costs of the enterprise. The optimization criterion is a minimum of costs, which enables the enterprise to obtain certain competitive advantages in the sales market, conduct a flexible pricing policy, form an optimal production program, and, under various conditions, achieve high levels of profit. However, reducing the level of production costs is an important task, but not the main goal of management of production costs, because such optimization can lead to a decrease in the quality of products and customer service, refusal to sell types of products that are in demand, but require significant costs, at least for the first stage of their implementation.

The main goal of managing production costs of the enterprise is to obtain or

increase competitive advantages in order to ensure the economic security of the enterprise. Therefore, it is the market orientation that should stimulate the introduction of the latest cost management technologies, which will allow to successfully provide management with innovative tools for effective functioning.

In order to effectively manage production costs, a necessary condition is to carry out a comprehensive technical and economic analysis of the enterprise's work, which includes not only the development of the technical and organizational level of production, but also the use of fixed assets, raw materials, materials and production capacities, labor and, in general, economic connections, because the main task of conducting an analysis of production costs is to find sources and ways of reducing the cost price to increase the company's profit.

To ensure the economic security of the enterprise, we will present the main reserves for reducing production costs:

1. Increasing labor productivity:

- improvement of personnel structure;
- material support;
- improvement of labor discipline.

2. Improving the use of fixed assets:

- improving the use of production facilities;
- renewal of fixed assets and modernization of fixed assets;
- liquidation of losses due to defects.

3. Saving material and energy costs:

- improvement of technologies and methods;
- use of new energy carriers;
- use of new materials.

4. Reduction of production maintenance costs:

- improvement of the production structure;
- organization of a new management structure;
- improvement of technological discipline.

It is necessary to take into account the fact that it is not always possible to obtain the desired economic effect from the use of measures aimed at improving equipment and technology. Here it is necessary to conduct a comprehensive analysis, evaluate the enterprise as a system and find those levers that will help to improve the production process and improve the organization of work.

As a result of conducting an effective policy to reduce production costs, the company will receive an economic benefit, which is expressed in the following:

1. Increase in profit and the size of deductions to economic stimulation funds.
2. Growth of profit remaining at the disposal of the enterprise.
3. Improvement of the financial condition of the enterprise.

The development of an effective strategic model of cost optimization requires not only the study of production costs, but also the analysis of the mechanism of cost management and control, because cost management is a tool for improving business processes. At the same time, it is necessary to take into account the specifics of the activity of construction enterprises, namely, the industry-specific features of the



impact on cost accounting, the relationships between the subjects of investment activity, the grouping of costs for the construction of objects.

Thus, on the basis of a well-organized cost management system, a strategic model is developed and adapted, which is the key to the processes of increasing the efficiency of production processes and optimizing costs, because costs must be economically justified and controlled.

The model of strategic management of production costs is a development strategy, the development of which should correspond to the main goal and tasks of the company, and the sequence of processes and stages of its implementation should ensure an increase in the efficiency of production and non-production activities.

The main goal of the strategic model of cost accounting is the creation of such a system that will perform the functions of planning, analysis and control of the activities of both individual branches and the entire organization as a whole. Taking into account the peculiarities and nature of the enterprise's activity, we have developed a model of strategic management of production costs.

All of the above stages are interrelated, i.e. changing the results of one stage requires changing and adjusting the next one. It should be noted that the SWOT analysis is important both before the development of the production cost management strategy and after its implementation, because it will give an opportunity to identify possible ways of optimizing the value chain, identify directions for the development of production activities, and adjust the current cost management system.

Also, an important step during the development of an individual strategic model of management of production costs is the construction of the company's value chain. Subjects of the classical chain are: environment of influence, suppliers of raw materials and materials, suppliers of raw materials and materials, potential buyers, population.

The value chain is a system of successive processes of creating company values. It helps to determine the dependence of production on such external factors as suppliers and buyers, costs of marketing and consumption of products, as well as costs of distribution channels, so it must be individual, adapted to a specific type of activity and adapted to the external environment.

Based on the results of the SWOT analysis of the entities of the value chain, the company can get an overall picture of the priority directions for the development of its activities.

It would be expedient for the enterprise to propose a cost optimization strategy that includes a system of the following measures:

1. Increasing the technical level of production.
2. Increasing the level of production organization.
3. Reduction of waste and costs.
4. Change in product range, volume of products.
5. Development of new production, opening of new shops, warehouses and branches.
6. Application of non-classical methods of reducing production costs.
7. Introduction of new, more economical materials and substitutes.

8. Integrated use of raw materials and materials.
9. Application of the method of minimizing the level of expenses in net income.
10. Development of an economic mechanism for managing personnel costs.
11. Reduction of equipment repair costs through the use of progressive repair methods.
12. Reduction of plant-wide costs as a result of reduction of administrative and management personnel.

Therefore, in order to organize an effective system of management of the production costs of the enterprise, a necessary condition is to carry out a comprehensive analysis of the industry specifics of the enterprise, taking into account the interrelationship of the subjects of economic activity, the grouping of production costs and the peculiarities of the cost of agricultural products. Such a system should include forecasting, cost planning, their organization, coordination, regulation and control, because the cost price, as a general economic category, reflects all aspects of the enterprise's activity, namely the level of technological equipment of production, labor organization, the degree of utilization of production facilities, the use labor and material resources.

As a result of the conducted research, historical trends regarding the interpretation and economic content of the category of production costs were considered. The existence of different points of view regarding the essence of costs is due to different approaches in views on the nature of economic life in general and the production process in particular. Several fundamental approaches can be identified. A typical interpretation of production costs according to the first approach is as follows: costs are the costs of living and embodied labor for the production of products. The second approach assumes that the place and role of costs is considered and disclosed in an applied aspect as a constituent element of the price, which is formed in the market system based on changes in supply and demand.

The economic activity of the enterprise involves ensuring the synchronization of the functional activity of the components of the accounting and analytical support. The production management system can function effectively only with proper accounting and analytical support, which includes a set of measures aimed at accumulating primary information, grouped in a certain sequence and systematized using the methods and techniques of economic analysis, which create appropriate conditions for making informed management decisions in the field production activity of the enterprise. The main activity of the enterprise is the production of goods, the volume and quality of which must ensure a competitive position on the market and obtain the expected profit.

Integration of accounting and analytical support using modern information systems and technologies is one of the most effective methods of obtaining operational information for its processing, analysis, control and decision-making. Implementation of effective control over production costs is cost planning in structural divisions and the enterprise as a whole, which involves budgeting. Cost budgeting is one of the main and important functions of the production cost

management system, which has a direct impact on strengthening the control function of accounting and analytical support regarding the availability, preservation and use of the company's assets, according to the timeliness of settlement transactions. Budgeting limits the cost of resources and the level of profitability for certain types of products, types of production and centers of responsibility.

Budgets for an enterprise are needed for operational management and efficient distribution of economic resources. Budgets provide quantitative guidelines for business. However, the role of budgets changes depending on the time period: at the beginning of the reporting period, the budget is a plan, and at the end, it is a tool for measuring and comparing results (plan-fact analysis) for adjusting further activities.

Thus, budgeting for the enterprise performs the following functions:

- financial planning;
- financial accounting and analytics;
- financial control and coordination;
- staff motivation;
- communication (coordinating the plans of units and fixing the responsibility of the executors).

The process of implementing a budgeting system for an enterprise can be imagined as follows (Table 5)

Table 5

The process of budgeting system implementation

Stage number	Essence of the stage
1	Development of the financial structure of the enterprise
2	Creating a structure of budgets
3	Formation of accounting and financial policy of the enterprise
4	Development of interaction regulations
5	Implementation of the budgeting system

The purpose of the first stage is to develop a structure model that allows establishing responsibility for the implementation of budgets and controlling the sources of income and expenses.

At the second stage, the general scheme of forming the consolidated budget of the enterprise is determined

As a result of the third stage, the rules for maintaining and consolidating accounting, production and operational accounting are formed in accordance with the restrictions adopted during the preparation and control (monitoring) of the implementation of budgets.

The fourth stage is aimed at determining the procedure for planning, monitoring, as well as conducting analysis and clarifying the reasons for non-fulfillment of budgets and current budget adjustments.

The fifth stage includes work on drawing up operating and financial budgets for the planned period, conducting a scenario analysis, and adjusting the budgeting system based on the results of the analysis.

Let's consider the organizational aspects of the budgeting system using the example of agricultural enterprise A. The cost budgeting system for agricultural enterprises must be formed within the production centers of responsibility, since the main problems in determining costs arise precisely in the production sphere. In the organizations of the studied industry, such centers of responsibility are: supply, production, implementation, management.

Budget data together give management the opportunity to assess the operational state of the enterprise, present planned values, forecast short-term and long-term trends and, if necessary, plan activities that can contribute to the achievement of goals. If the planning and forecasting analysis showed that the goals are achievable and the company's efficiency corresponds to the planned level, the budgets of the local level are approved and begin to be implemented. If the data and plans do not fully match, the budgets are adjusted, and a search is made for the optimal business scheme for the company.

It is worth noting that agricultural companies that try to implement a budgeting system face a number of problems.

1. Low involvement of financial reporting centers (FCCs) in budget planning and assessment. Very often, the budget is drawn up and planned exclusively by the planning and economic department without the involvement of the CFP, despite the fact that the planned budgets will have to be implemented by the CFP, and not the planning and economic department (PEC).

2. Absence of the role of the owner of the budgeting process (budget controller). The company should have a designated person whose main task will be budget planning and control - this employee will also have to be responsible for prompt resolution of complex or controversial issues and settlement of disagreements between users.

3. Lack of clear budgeting regulations. To establish budgeting, it is necessary to conduct a time-consuming preliminary analysis, determining the centers of financial responsibility and responsible, types of budgets, as well as to develop an internal accounting policy, a system of planning, analysis and regulation.

4. Excessive detailing of budgets. Sometimes a PEV employee includes a creative vein when drawing up a budget, and at the end we get a budget with excessive detail - this can be expressed both in the presence of unnecessary analytics and in a too short planning period.

5. Ignoring the sliding scale method when planning the budget. In conditions of high uncertainty, this method can and even should be used. It consists in planning a budget for a certain period, while periodically (usually monthly), reviewing and adjusting the planned budget based on actual data for the past period and external factors. This method is widely used in project budget planning

6. Ignoring real needs. Very often, the basis of planning budgets is the data of past periods, and the real need of the market is completely ignored, as a result of

which we get huge discrepancies between the plan and the fact.

7. Lack of regular monitoring of budget implementation. Very often, the employees of the enterprise consider their mission accomplished after the budget is planned and approved, forgetting that without constant monitoring of implementation, the effect of the budgeting system is reduced to zero.

8. Lack of connection between the budgeting system and the management accounting system. Sometimes companies face the problem that for the analysis of planned budgets, the management accounting system cannot provide operational information regarding the analytical sections provided for in the budgets, i.e. management accounting, due to its implementation, is simply unable to provide the required data.

All these factors are constant companions of traditional planning and control systems and lead to the fact that the company cannot fail to get a real picture of planning as a result, not to conduct a break-even analysis, not to determine the sensitivity of the formed budgets to possible changes, not to determine those responsible for non-fulfillment of plans, etc. d.

However, all problems are currently being intensively solved, and the undeniable advantages of budgeting lead to its rapid widespread implementation. Implementation of the budgeting process at the enterprise will allow:

- allocate and use resources;
- to optimize the company's expenses and introduce operational control over fixed and variable expenses;
- improve the company's solvency based on effective cash flow management;
- to increase the quality and efficiency of management decision-making;
- to agree and coordinate the actions of individual divisions and departments of enterprises, as well as areas of activity to achieve the set global goals.

Summarizing the above, we can conclude that effective budgeting allows the company to build a flexible financial policy due to timely control and proactive decision-making to prevent negative consequences of changes in both the external and internal environment. As a result, control over the use of resources is strengthened and unforeseen losses are reduced.

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