

**NATIONAL UNIVERSITY OF LIFE AND ENVIRONMENTAL SCIENCES
OF UKRAINE**

FACULTY OF ECONOMICS

DEPARTMENT OF ACCOUNTING AND AUDIT

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“APPROVED”

Dean of the faculty of Economics

_____/Anatolij Dibrova/

“ ____ ” _____ 2015

REVIEWED AND APPROVED

At the meeting of the department
of Accounting And Audit

Minute # ____ from “ ____ ” ____ 2015

Head of the Department

_____/Tetiana Kaminska/

SYLLABUS

**Academic Discipline “MANAGEMENT ACCOUNTING”
for ED “Bachelor” 6.030509**

Specialty- Accounting and Audit

Syllabus compiled by: Doctor in Economics, Associate Professor Kaminska Tetiana
Grygorivna

Assistants Professor Olga Ilchak

Kyiv, 2015

Curriculum of Academic Discipline “Management accounting” for ED “Bachelor” specialty 6.030509 “Accounting and Audit” is reviewed and approved

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Compilers: Doctor in Economics, Associate Professor Kaminska Tetiana Grygorivna
(вказати авторів, їхні посади, наукові ступені та вчені звання)

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Curriculum of Academic Discipline “Management accounting” for ED “Bachelor” specialty 6.030509 “Accounting and Audit” is reviewed and approved on meeting of Department of Accounting And Audit

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CURRICULUM

**Academic Discipline “Management accounting”
for ED “Bachelor” 6.030509**

Specialty- Accounting and Audit

Syllabus compiled by : Doctor in Economics, Associate Professor Kaminska Tetiana
Grygorivna

Assistant Professor Olga Ilchak

Kyiv, 2015

1. Academic discipline description

« Organisation and methods of audit »

Field of knowledge, direction, specialty, educational degree		
Educational degree	Bachelor	
Specialty	“Accounting and Audit”	
Area of training	“Accounting and Audit”	
Characteristics of training programme		
Type		
The total number of academic hours	120	
Number of ECTS credits allocated	4	
Number of modules	2	
Forms of control	exam	
Indicators of academic discipline for full-time and part-time forms of training course		
	Full-time	Part-time
Year (course)	4	
Semester	7	
Number of lectures	30	
Number of seminars, practical classes	30	
Laboratory sessions (activities)	-	
Independent study	60	
Individual lessons	-	
Number of weekly in-class academic hours for full-time forms of training	4	

2. Goal and objectives of academic discipline

Goal is forming of the system of knowledge from organization and method of management accounting, its perfection according front-rank foreign experience..

Learning objectives are

- establishment of general methodological bases of construction of management accounting in the economic forming of AIC in obedience to the accepted legislative documents on passing to the relations of markets in an economics on the basis of peculiar on earth;
- development of the system of economic economic-financial performance indicators for an economic analysis and management;
- applications of modern technical receptions, methods, forms of conduct of accounting, their systematic perfection, in connection with the change of patterns of ownership of the economic formings of AIC;

- generalization of experience of conduct of accounting and control of the best economies and distribution of him within the limits of the system of AIC;
- application of the newest receptions of workers of registrations;
- creation AWP, collection and treatment of information on computer.

Learning outcomes :

Upon completion of this course, students should be:

competent in:

- theoretical bases of accounting,
- principles of modern organization of accounting in the system of AIC,
- technique of conduct of accounting,
- typical card of accounts,
- typical primary document,
- typical correspondence of accounts,
- progressive forms and methods of accounting,
- organization of the analytical and synthetic accounting of facilities,
- sources, obligations, processes, typical registers of registrations of basic forms of accounting,
- maintenance of the financial and production reporting.

be skilled in:

- define the forms of accounting,
- give the estimation of the state of accounting;
- understand maintenance of primary documents, registers of registrations, analytical and synthetic accounts,
- use information of accounting in the practical work,
- analyze economic information of economic and financial activity,
- use these information for the search of backlogs of improvement of production,
- use these information for the necessities of planning, control.

3. The structure of the curriculum of academic discipline for full-time form of training

Topic		Amount of hours			
		Lecture	Seminar	Independent study	Total
Theme module 1. Basis of audit and audit of assets and capital equity					
1.	Purpose, maintenance and organization of management accounting	2	2	5	9
2.	Composition of charges of production.	2	2	5	9
3.	Cost classification and cost behavior..	4	4	5	13
4.	Methods of accounting and calculation of costs.	2	2	5	9
5.	Accounting and calculation for fixed costs.	2	2	5	9
6.	Accounting and calculation for variable costs.	2	2	5	9
Total with theme module		14	14	30	58
Theme module 1. Audit of liabilities and audit completing					
7.	Accounting and calculation for standard-costing	2	2	5	9
8.	Analysis of intercommunication of costs, volume of activity and income.	4	4	5	13
9.	Analysis of relevancy of information for making management decisions.	2	2	5	9
10.	Budgeting and control.	4	4	5	13
11.	Audit of income and financial results forming.	2	2	5	9
12.	Audit of tax accounting and payments.	2	2	5	9
Total with theme module		16	16	30	62
Total academic hours		30	30	60	120

4. Themes of laboratory activities

#	Name of theme	Number of hours
1	Purpose, maintenance and organization of management accounting	2
2	Composition of charges of production.	2
3	Cost classification and cost behavior..	4
4	Methods of accounting and calculation of costs.	2
5	Accounting and calculation for fixed costs.	2
6	Accounting and calculation for variable costs.	2
7	Accounting and calculation for standard-costing	2
8	Analysis of intercommunication of costs, volume of activity and income.	4
9	Analysis of relevancy of information for making management decisions.	2
10	Budgeting and control.	4
	Audit of income and financial results forming.	2
	Audit of tax accounting and payments.	2
Totally		30

5. Independent study

#	Name of theme	Number of hours
1	Purpose, maintenance and organization of management accounting	5
2	Composition of charges of production.	5
3	Cost classification and cost behavior..	5
4	Methods of accounting and calculation of costs.	5
5	Accounting and calculation for fixed costs.	5
6	Accounting and calculation for variable costs.	5
7	Accounting and calculation for standard-costing	5
8	Analysis of intercommunication of costs, volume of activity and income.	5
9	Analysis of relevancy of information for making management decisions.	5
10	Budgeting and control.	5
11	Audit of income and financial results forming.	5
12	Audit of tax accounting and payments.	5
Totally		60

6. Test questions for final assessment

EXAM QUESTION (35 points)

Give three factors that will affect the classification of a cost as direct or indirect.

EXERCISE (35 points)

Grünberg Lehrmittelverlag GmbH manufactures and sells pens. Present sales output is 5 million annually at a selling price of €0.50 per unit. Fixed costs are €900000 per year. Variable costs are €0.30 per unit.

Required

(Consider each case separately.)

a What is the present operating profit for a year?

b What is the present breakeven point in revenues?

TEST (30 points)

Question 1. Associate the business functions and its definitions and find their correct sequence.	
1. Production	a. the process by which individuals or groups (a) learn about and value the attributes of products or services and (b) purchase those products or services
2. Research and development	b. the mechanism by which products or services are delivered to the customer.
3. Design of products, services and processes	c. the generation of, and experimentation with, ideas related to new products, services or processes.
4. Customer service	d. the detailed planning and engineering of products, services or processes.
5. Marketing	e. the support activities provided to customers
6. Distribution	f. the coordination and assembly of resources to produce a product or deliver a service.

Question 2. Which costs are considered indirect?	
A	those costs that are related to the particular cost object and that can be traced to it in an economically feasible (cost effective) way.
B	product, a service, a project, a customer, a brand category, an activity, a department and a programme.
C	those costs that are related to the particular cost object but cannot be traced to it in an economically feasible (cost effective) way.
D	anything for which a separate measurement of costs is desired.

Question 3. What are two major goals of a job-costing system?	
A	to determine the cost of individual jobs
B	to masses of similar units
C	to assist in the cost management of departments
D	to make end-of-period adjustments for under- or overallocated overhead

Question 4. Associates definitions.	
1. Cost pool	a. a factor that is the common denominator for systematically linking an indirect cost or a group of indirect costs to a cost object.
2. Cost tracing	b. a grouping of individual cost items.
3. Cost allocation	c. the assigning of direct costs to the chosen cost object.
4. Cost allocation base	d. the assigning of indirect costs to the chosen cost object.

Question 5. What two main classifications are costs often divided into in process costing?	
A	direct materials
B	conversion costs
C	indirect materials
D	additional costs

Question 6. Describe three criteria for evaluating cost functions and choosing cost drivers.	
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A	The speed with which cost estimates can be developed.
B	The speed with which cost estimates can be developed.
C	Quantitative analysis of current or past cost relationships.
D	The improved credibility of the cost function to all personnel.

Question 7. <i>Outline the five-step sequence in a decision process</i>	
1.	Making predictions
2.	Evaluating performance
3.	Gathering information
4.	Implementing the decision
5.	Choosing an alternative

Question 8. <i>Define relevant cost</i>	
A	large changes in contribution margin per unit of product may not affect the optimal product mix.
B	assumed to remain the same regardless of the product mix.
C	those expected future costs that differ among alternative courses of action
D	LP systematically analyses the exchange of a given CM per unit.

Question 9. <i>What is "... - making changes to an existing costing system that results in a better measure of the way that jobs, products, customers and so on differentially use the resources of the organisation" ?</i>	
A	costing system refinement
B	cost relevance
C	cost allocation
D	direct-costing

Question 10. <i>'Increasing the number of indirect-cost pools is guaranteed to sizably increase the accuracy of product, service or customer costs.' Do you agree?</i>	
A	<i>Agree</i>
B	<i>Disagree</i>

7. Teaching methods

Lectures are conducted with using media teaching aids. Laboratory work and independent work are conducted by means of information and communication technologies in education. Synchronized the projector and audio equipment are used.

8. Forms of control

Evaluation and grading

At the end of each theme module students' knowledge is monitored by the writing a test. Final control: examination.

Grading system: National and ECTS

National grade	Grade ECTS	Grade according to national system	Percentage score
Passed	A	Excellent	90 – 100
	B	Very good	82-89
	C	Good	74-81
	D	Satisfactory	64-73
	E	Satisfactory enough	60-63
Not-passed	FX	Unsatisfactory	35-59
	F	Unsatisfactory– serious work is needed	0-34

9. Technology and methodological requirements

Methodical recommendations and tasks for practical classes and self-studying for students of specialty 6.030509 “Accounting and Audit” by author edition. Recourses of Educational, scientific and production laboratory "Information technology in the accounting" are used during the lectures and seminars.

10. Required and recommended literature

Basic literature

- 1) Bhirmani A., Horngren Ch., Datar S., Foster G. (2008) *Management and cost accounting*. Pearson Education Limited, Edinburgh Gate.

Supplemental materials

1. *ACCA Paper F2 (INT/UK). Management accounting Text*. Kaplan Publishing UK Unit 2 The Business Centre.
2. *Accounting on agricultural enterprises / For red. prof. M.F. Ogiychuka*. – K.: Higher education, 2003. - 800 p.
3. *Methodical recommendations from organization and conduct of accounting for a magazine-warrant form on the enterprises of agroindustrial complex, ratified the order of Ministry of agrarian policy of Ukraine from March, 7, 2001 N 49*.
4. *Accounting in Ukraine / For red. R.L. Homyaka*.- Lvov: Intelekt - West”, 2003. – 820 p.
5. *Accounting on agricultural enterprises / For red. M.F. Ogiychuk*. K.: Higher education, 2004. – 799 p.
6. *Accounting in agricultural enterprises on national standards* – K.: JV “Intertechnodruk”, 2000. -218 p.
7. *Administrative accounting / F.F. Butinets, T.V.Davidyuk, other*. – Zh.: PE “Ruta”, 2002. – 480 p.
8. *Drury K. Administrative and industrial accounting*.-K.: UNITY-DANA, 2002

9. Financial accounting: Textbook for the students of speciality «Accounting and audit» of HES/ for red.prof. F.F. Butintsya- a 7-th edith. – Zh.: PE “Ruta”, 2006. – 832p.
10. Golov S.F. Accounting and financial reporting on international standards. – K.: Libra, 2004. – 880 p.
11. Golov S.F. Accounting on international standards. K., 2000. - 250 p.
12. Golov S.F. the Administrative accounting. Textbook.-K.: Libra, 2003.
13. Marenich T.G. Accounting in agroformation. – K.: Publishing house “Professional”, 2005. – 892 p.
14. Pushkar M.S. Financial accounting: Textbook. T.: Carte blanche, 2002. 628p.
15. Suk L.K., Suk P.L. Accounting II – K.: University “Ukraine”, 2005. – 701 p.
16. Tkachenko N.M. Financial accounting on the enterprises of Ukraine. - K.: A.S.K., 2006. - 784 p.
17. Tkachenko N.M. Financial accounting, taxation and reporting: Textbook. – 2-nd edith. is complemented and done. – K.: Alerta, 2007. – 957 p.

Normative literature

1. Code of Ethics for Professional Accountants
 - a. <https://www.ifac.org/system/files/publications/files/ifac-code-of-ethics-for.pdf>
2. International Accounting Standards and International Financial Reporting Standards
 - a. http://www.minfin.gov.ua/control/uk/publish/article?showHidden=1&art_id=408095&cat_id=408093&ctime=1423500775962
 - b. <http://www.ifrs.org/IFRSs/Pages/IFRS.aspx>
3. Law of Ukraine „About accounting and financial reporting in Ukraine”
4. from 16. 07. 1999 / 996 - XIV.
5. State (standards) of accounting.
6. Instruction „About claim of card of accounts of accounting of assets, capital, liabilities and economic operations of enterprises and organizations”, ratified the order of Ministry of finance of Ukraine from 30.11.1999 № 291.
7. „Plan of accounts of accounting of assets, capital, obligations and economic operations of enterprises and organizations”, ratified the order of Ministry of finance of Ukraine from 30.11.1999 № 291.

IT resources

Materials of official sites:

- 1) Ministry of Finance of Ukraine <http://www.minfin.gov.ua/>
- 2) Ernst & Yang <http://www.ey.com/UA/uk/Home>
- 3) Deloitte <http://www2.deloitte.com/ua/uk.html>
- 4) PricewaterhouseCoopers <http://www.pwc.com/ua/uk/index.jhtml>
- 5) KPMG <http://www.kpmg.com/ua/uk/pages/default.aspx>

LECTURE NOTES

Lecture 1. General bases of management account

1. Object, objects, methods, principles, aims and functions of management accounting

An management accounting is a process of exposure, measuring, accumulation, analysis, preparation, interpretation and passing to information, which is used the management link of enterprise for realization of planning, estimation, control after economic activity into an enterprise and adopting of management decisions, providing the optimum use of resources and control after plenitude of their account.

In a general view the aggregate of objects comes forward **the article of management account** in the process of all cycle of management of operations.

The objects of management account expose his maintenance and they can divided into two groups:

- *resources of productions* are facilities of labour, articles of labour, immaterial assets, resources of labours
- *economic processes and their results* which make production activity of enterprise in an aggregate (supply-purveying, production, financially-sale, organizational).

Methods of management account:

- Elements of method of financial account (accounts and double record, taking of inventory and document, estimation and calculation, balance generalization and accounting)
- Statistical (index method)
- Adopting an economic analysis (factor analysis)
- Mathematical methods (correlation, linear programming, method of the least squares and others like that)
- Other methods are with the use of computer technique.

Integration of the above enumerated methods with the purpose of management an enterprise grounds to assert that a method of management account is an operative analysis of the systems.

Principles of management accounting: Any system of account is organized on an enterprise answers the generally accepted principles (continuity of activity, unique money measuring device, principle of plenitude and analytical of information, principle of periodicity)

However, an management account has the own principles:

1. Estimation of results of activity of structural subdivisions of enterprise;
2. Principle of acceptability and reusing;
3. Principle of complexity;
4. Principle of budgetary method of management.

Aims of management accounting

The purpose of management accounting is a grant information to the management link for making weighed management decisions.

1. Grant information for:

- planning, estimations and management activity;
- providing of saving and increment of assets of company;

- co-operating is with the interested parties.
- 2. Participation in the process of management is providing of guidance information for:
 - decisions of strategic character;
 - marketing decisions;
 - decisions of optimizations;
 - management risks;
 - organizational decisions;
 - and others like that.

Functions of management accounting

1. Informative is providing of leaders of all levels of management information, which is needed for the current planning, control and making management decisions;
2. Communication is forming of information which is an internal of communication communication mean between the levels of management and different structural subdivisions of one level;
3. Control is an operative control and estimation of results of activity of internal subsections and enterprise on the whole in achieving a purpose;
4. Prognosis is the perspective planning and co-ordinating of development of enterprise in the future on the basis of analysis and estimation of actual results of activity.

Lecture 2. Composition of charges of production

Issue of the prepared products which is intended for realization, and a receipt of income is the primary objective of production activity of enterprise. In the process of production charges on the production of goods and its production prime price are formed.

To the production unit (works, services) cost included:

- direct financial maintenances; are direct maintenances on payment of labour; are other lines of expense; are summary-productional charges.

A list and composition of the articles of calculation of production unit (works, services) cost is set an enterprise.

On the method of including to the prime price of expense divided into lines and unlines.

In the complement of lines of financial charges the cost of raw material and basic materials which form basis of the produced products or by its necessity by a component is included, which can be directly delivered to the concrete object of charges.

In the complement of direct maintenances on payment of labour a pay and other payments is included to the workers, to busy in the production of goods, implementation of works, or providing services which can be directly delivered to the concrete object of charges

In the complement of other lines of charges all are included other charges of productions, which can be directly delivered to the concrete object of charges, in particular deduction on social measures, paying for the lease of the landed and properties shares, depreciation and others like that.

At grouping of charges under the object of account of charges it follows to understand products, works, services or type of activity enterprises which need determination of the charges related to their production (by implementation).

Indirect charges behave to growing of many cultures, a few groups of animals, implementation of different works. For including to the prime price these charges must be preliminary distributed between the objects of account. That is why in practice they are often named those which are distributed, and pursuant to S(S) A 16 «Charges» — by summary-productional charges. The subsequent working out in detail of charges in an account is carried out in the cut of the articles of calculation of prime price. In agriculture apply a wide enough nomenclature.

Direct maintenances of productions are taken into account directly on an account 23 «Productions».

Indirect charges are taken into account on an account 91 of «Summary-productional of expense». At the end of current period an account 91 is closed by writing of distributed between the types of products of summary-productional charges in the debit of account 23 «Productions».

An enterprise takes into account the produced products on a brief (incomplete) prime price (an incomplete prime price (production) does not include management charges, charges on a sale and other charges). Order of account of the prepared products on a brief (without the part of commercial charges) prime price and taking of indirect (administrative) costs straight on an account 79 the «Financial results», known in countries with the developed economy, as an account after the method of «direct-cost». After this method in those cases, when it is necessary to define the prime price of concrete type of products include the fate of and commercial charges, coming from the operating on an enterprise rates of their division, that to the complete actual cost.

Summary charges which are related to the management and maintenance of enterprise on the whole, 92 «Management expenses are taken into account on an account». Charges on maintenance of subsections, which are engaged in the sale of products, advertising, by delivery products to the users and other charges of enterprise from realization are taken into account on an account 93 selling «Expenses». By comparison of help for the realized products with its brief prime price determine margin the size of which must cover the sum of management charges and charges on a sale and give an income is certain to the enterprise.

In the conditions of application of «direct-cost» different profitability of the prepared products shows up more distinctly, as a difference between selling prices and brief prime price not veiled as a result of writing of indirect costs on a concrete prepared unit cost.

It is considered that indirect costs are poorly related to the prime price of separate types of products. In addition, in most cases in general it is impossible to set

such connection, that is why division of these charges proportionally results conditional bases in substantial curvatures of prime price of separate types of products and determination of their veritable profitability.

At the calculation of unit cost important part is acted by classification of charges after elements (by economic maintenance) and articles of calculation (by character of origin and setting). Elements of charges after economic maintenance are homogeneous. S(S)A 16 «Charges» are regulated by the order of charges of operating activity after such economic elements: are financial expenses; ~ charges are on payment of labour; it is deduction on social measures; it is depreciation; are other operating-rooms of expense.

In the complement of element the «Financial expenses» the cost of spent is included in a production (except for the product of own production): - raw material and basic materials; - purchasing ready-to-cook foods and wares of stuffs; ~ fuels and energies; - build materials; - spare parts; - container and materials of containers; - auxiliary and other materials.

In the complement of element of «Expense on payment of labour» included pay after salaries and tariffs, bonuses and encouragements, compensative payments, pay of vacations and other unworked time, other charges on payment of labour.

In the complement of element of «Deduction on social measures» included: deduction is on the pension providing, deduction on social security, insurance payments in case of unemployment, deduction on individual insurance of personnel of enterprise, deduction on other social measures.

In the complement of element «Depreciation» is included sum of the accrued depreciation of basic facilities, immaterial assets and other irreversible tangible assets.

In the complement of element «Other operating-rooms of expense» are included charges of operating activity, which did not enter in the complement of elements, resulted higher, in particular allowances of travels, on services of connection, on payment of financial help, paying for calculation-cash service and others like that.

To the financial charges charges belong on percent for possessing got credits. Grouping of charges after economic elements is carried out in all industries of national economy. It enables to set a necessity in circulating and irreversible assets, shows how many what assets it is spent, independently where they are produced, on what aims used, and also characterizes the structure of charges.

But classification of charges after economic elements does not allow to calculate the prime price of separate types of products and set the volume of charges of concrete subsections of enterprise. To that end apply classification of charges after the articles of calculation depending on their setting and place of origin.

Between charges on a production, which are grouped after economic elements, and charges in a calculation cut is both intercommunication and difference. For example, to the element the «Financial charges» are included all materials expended in a production, and in a prepared unit cost after the articles (seed and landing material, fertilizers, facilities of defence of plants and animals, forages, raw

material and materials, fuel and lubricating materials) represented only that of them, which are used on the production of the prepared goods (works, services) of plant-grower, stock-raising, industrial and other productions. Other part of materials is represented in the articles which form a production prime price («Summary-production of expense») and in composition the charges of activity («Management charges», «Charges on a sale»).

A list and composition of the articles of calculation of production unit (works, services) cost is set an enterprise independently and depends both on specific gravity of their kinds or groups of charges and from the degree of economic homogeneity of charges which are incorporated in the article, specifics of subindustry, organization of production, variety of technological processes, possibility of direct or indirect taking of charges on a prepared unit cost (works, services).

Classification after the articles is used in an account at forming and determination of actual (current) cost. She enables to carry out the control of the having a special purpose using up of facilities and find out backlogs of cutting production costs.

Lecture 3: Principles of registration classification of charges

Most economic expedient approach to the construction of the system of account of charges is a selection of typical groups of decisions (for example, control after the charges of labors or use of materials) and selection of the proper entities of account of charges (for example, products or subsection).

Classifications of charges select three directions (rice. 1). Principle is fixed in basis of classification of charges: different charges are for different aims.

I. Classification of charges is with the purpose of estimation of supplies and determination of financial results

1.1. Charges of past and current periods of calculations

Charges are exhausted (used) is multiplying obligations or diminishing of assets in the process of current activity for the receipt of profit of current period. Unused charges are multiplying obligations or diminishing of assets in the process of current activity for the receipt of profit or other benefit in future periods.

Unused charges are represented in the asset of balance, and charges are exhausted - in a report on financial results.

1.2. Charges which form an unit and expense of period cost

An unit (commodities) cost is charges, directly related to the production of goods or with acquisition of commodities for realization.

In a production sphere charges (raw material and materials, заробітна pay of workers of productions with deductions from her, depreciation of machine-tools and others like that), related to the function which form the productions of goods of, its historical prime price, belong to such charges. On an auction enterprise charges on products is a net acquisition of commodities cost for realization.

Charges of period are charges, which do not join in an unit and supplies cost and examined as charges of that period which they were carried out in.

In the enterprises of production sphere charges which belong on an unit cost name the charges of productions, and charges of period - by the charges of activity.

1.3. Lines and indirect charges

Direct maintenances are charges which can be delivered directly to the certain object of charges economic a possible way. Indirect charges are charges which can not be delivered to certain

to the object of charges economic by a possible way.

The same charges can be simultaneously lines and unlines in relation to different objects.

1.4.Fixed and superimposed costs

The fixed costs are an aggregate of direct maintenances on the production of goods. They are divided into three groups: direct financial maintenances, direct maintenances on payment of labour and other lines of expense.

In the complement of lines of financial charges take raw material and materials, purchasing ready-to-cook foods and stuffs wares, other financial charges which can be directly delivered to the concrete object of charges.

Overhead costs of productions are charges, related to the process productions which can not be delivered to the certain wares economic a possible way.

1.5. Unproductive and productions charges

Unproductive charges include: management charges, charges on a sale and other operating-rooms of expense.

Conception of charges is considered used for drafting of the financial reporting.

II. Classification of charges is with the purpose of decision-making

2.1. Relevant and not relevant charges

Relevant charges are charges the size of which can be changed as a result of decision-making. Unrelevant charges are charges the size of which does not depend on a decision-making.

2.2. Actual and charges are possible

Actual charges are charges which require payment of money or expense of other assets. These charges are represented in book-keeping registers to the extent of their origin.

Charges (losses) are possible is a benefit which is lost, when the choice of one direction of action requires to give up an alternative decision.

2.3. Margin and middle charges

Margin charges are charges on the production of additional unit of products (as a rule, on every next unit products will diminish).

Middle charges on the production of unit of products determine by determination middle arithmetic.

2.4. Indirect and variable costs

Name charges the general size of which grows or diminishes straight proportionally the change of production volume variables (de bene esse-variable) (for example: direct maintenances of materials; direct maintenances of labour; part of overhead costs of productions; variable charges are on the sale of goods and services).

Indirect (de bene esse-permanent) costs are charges the general size of which remains unchanging at the change of volume of activity(for example: rent payments,

depreciation decrees and others like that). Indirect costs on unit of products change inversely proportional the change of volume of activity.

2.5. Obligatory and discretionary charges

Charges of nominal power - it overhead costs which would be borne at a zero volume of business operations are planned. Such charges carry the name of obligatory. Obligatory charges are divided into the special and general for different subsections organizations.

Discretionary charges arise up during the certain period of time (that it is periodic charges) as a result of concrete strategic decision which is accepted guidance of organization. They are unconnected with volumes productions or to the sale. The level of such charges is set the decision of organization; by the same decision they can be megascopic, brief or removed (charges on research and developments, cost of facilities of publicities and expense on the programs of the in-plant of personnel training).

3. Methods of study of conduct of charges

Under the conduct of charges understand character of reacting of charges on changing in activity of enterprise.

Changes in composition and size of charges take place under act of certain events and operations which take place in the process of economic activity. That is why activity which influences on charges is named the factor of charges. For the different functions of business (marketing, logistic, production...) the peculiar factors of charges. The study of conduct of charges allows to do the estimation of charges and build their function.

An estimation of charges is a process of calculation of conduct of charges, that establishment of quantitative intercommunication between charges and different factors on the basis of research of past activity.

A function of charges is mathematical description of intercommunication of charges and their factor. In the simplified kind the function of charges can be described so:

$$Y = a + bx$$

where: Y is general charges; a- general indirect costs; b - variable charges on unit of activity; x - a value of factor (factor) of charges.

In practice charges, as a rule, depend on a few factors of charges, but for the construction of function of charges, mostly, elect one or two most influential factors. The function of charges facilitates the foresight of charges, that prognostication of future charges is for different levels (terms of activity).

For example, the accountant-analyst of auction enterprise defined that his indirect costs made 50000 UAH, and middle variable charges on unit of commodity are 100 UAH

The function of charges of enterprise will look like That is why: $Y = 50000 + 100 X$

Consequently, if an enterprise plans to realize 600 units of commodity, general charges will make: $Y = 50000 + (100 X 600) = 50000 + 60000 = 110000 \text{ UAH}$

A technological analysis is an analysis of the systems of functions of activity for determination of technological intercommunication between the charges of

resources and result of activity. Such analysis needs the detailed study of all operations, their expedience, determination of necessary operations, necessity of resources and estimation of adequacy of their use. It is an original functionally-cost analysis of activity.

Method of analysis of data of registrations This method foresees dividing of charges by variables and permanent in relation to the proper factor on the basis of information from the accounts of record-keeping.

Method of higher-under point Method of analysis of data of registrations is widely enough used in practice, but it follows to take into account that he to a great extent is based on experience and intuition of manager and analysis of past events. Through that his defect is certain subjectivity and possibility of substantial differences between the past and future terms of activity. To a certain extent avoiding the noted defects is possible by the series of supervisions of intercommunication between the factor of charges and charges.

This method foresees determination of function of charges on the basis of supposition, that variable charges are a difference between general charges at the greatest and lowest levels of activity.

A method of visual adaptation is graphic approach to determination of function of charges, at which an analyst by sight draws straight line, in consideration of all points of charges. The method of visual adaptation allows to avoid the defects of method of higher-under point, but not avoid subjectivity, as results of calculations substantially depend on exactness of eye and hand of analyst.

Lecture 4. Calculation of variable charges: advantages and lacks of direct-cost

Direct-cost (calculation of variable charges) is the system of calculation of prime price only on the basis of lines (variables) of charges of productions.

The method of direct-cost is based on that all charges are divided into lines and unlines. Direct maintenances directly belong on that or other type of good. Indirect charges are overhead costs in relation to good, so as their sum consists of permanent and variable parts.

Basic signs of direct-cost:

- a prime price is calculated, only on the basis of lines of variable charges of productions; the other charges - permanent productions and unproductive covered due to total revenue of firm;
- management and financial account integrated;
- in the process of calculation a margin is determined.

Complication of development of method of exact division of charges consists in that charges which are variables in one case, in other can be permanent.

Integration of management and financial account consists in that accounting entries management and financial account are united in the general system such by a way, that all internal operations of production account are represented in the Main book. Reports on the charges of productions and reports on gains and losses regularly added guidance as dependence of information "charges -volume-income".

A margin (gross-income) is a difference between a profit from realization of products and variable charges.

From him, general indirect costs are defrayed (in that number commercial and administrative). A margin represents payment of segment (to the product, to subsection and others like that) in defraying indirect costs and forming of income.

Essence of the system of complete division of charges between wares (absorption costing) consists in that all charges of productions are included in an unit cost. At the use of direct-cost not all charges join in an unit of current period cost, they as charges of this period are copied off due to the got income during that period, in which were borne.

The system of direct-cost allows to carry out more operative control after indirect costs, than it is possible at the system of complete division of charges, as in the process of control after the prime price of products standard charges or flexible budgets are used.

At application of standard-cost in the system of direct-cost standards are set on indirect costs, and in basis of control of flexible budget a division is fixed expense permanent and variables.

The system of direct-cost has a row of advantages before the system of complete division of charges:

- given about a prime price, volume, incomes, necessary for aims planning of income, it is always possible to get from the regular accounting;
- an income for certain period does not change under act of indirect overhead costs at the change of tailings of supplies;
- reports on the charges of production and profits, made by system of direct-cost, in a greater measure answer interests of guidance;
- influence of indirect costs is underlined on an income, as a lump sum of these charges for this period is represented in a report on profits;
- the indexes of margin allow operatively to estimate wares, coming from base criteria – territory which they occupy, categories of customers and others like that;
- direct-cost unites such effective controls, as standard-cost and flexible budgets;
- the system estimates supplies in accordance with current outlays, necessary for making of products.

However, the system of direct-cost has and failings are certain:

- in the selection of indirect costs;
- for the necessities of the corporate strategic planning and other necessities of management it is necessary parallel to distribute indirect overhead costs out of system;
- in transition from the system of complete division of charges to the system of direct-cost there are serious problems in determination of sum of tax;
- similar difficulties arise up and in the questions of estimation of supplies at drafting of reports for the holders of stocks.

Lecture 5: System of standard-cost

Standard-cost - it the estimated expenses are preliminary certain or foreseen on the production of one good or a few wares of one kind during a certain current and previous period, with which compare an actual cost.

In basis – clear introduction of norms of charges of materials, energy, working hours, labour, pay-envelope and other charges, related to making of any products or ready-to-cook foods.

Advantage of the system of standard-cost before other methods of account of charges on a production consists in the following:

1. On the basis of the set standards it is possible preliminary to define the sum of the expected charges on a production and realization of wares, to calculate the prime price of unit of good for determination of prices and also report about profits. At this system guidance of firms is provided information about the size of deviations from norms and about reasons of their origin, which is used for operative acceptance of managementdecisions;

2. Less difficult technique of registering and calculation of unit cost charges of productions;

3. The system of standard-cost can be used for the estimation of implementation. set order.

4. At the correct raising of the system of standard-cost the less book-keeping state is needed. Than at the account of past charges, because within the limits of this system registered on principle of exception, that deviations are taken into account only from standards.

The system of standard-cost can influence on the increase of profitableness of enterprise after the followings three directions:

- exposure of spending (unfavorable rejections) to excess, which reduce the income of enterprise;

- grant the managers of exact information about prime price productions on the basis of which a sales department can plan the volumes of sale and set optimum prices;

- minimization of registration is work which is related to the calculation. System of standard-cost the masses and failings: it is heavy to make standards pursuant to the technological card of production, not on all charges of productions it is possible to set standards.

Deviation from the norms of charges of raw material and basic materials analysed after reasons of origin: changes of prices; disparity of quality of the actually used materials to the set norms; changes of the standard a coefficient mixing two or a few types of raw material and materials (in productions, where initial raw material consists of two or a few types of raw material and materials).

Deviation from the norms of charges of materials due to prices is been difference between an actual and standard price, increased on the actual amount of the materials expended in a production. A standard can on materials on middle, current or expected prices.

Lecture 6: A calculation on the basis of activity

A calculation on the basis of activity is a method of calculation which foresees at first grouping of overhead costs after the basic types of activity, and then division of them between the types of products, coming from that, what types of activity are needed for making of this products.

Unlike the traditional system of calculation, built on principle, that for the production of goods resources are used, a calculation provides for on the basis of activity, that products are made during the processes (operations) of productions, and processes consume certain resources.

Such approach is conditioned that technological time makes, more frequent in all, not more than 15 % to the process of production, and other are made by operations (transporting, saving, control and others like that), which loosen the holds, but does not multiply the cost of good.

For realization of calculation at first all operations are divided into four groups:

- operations are at the level of one good;
- operations are at the level of party of wares;
- operations are at the level of certain type of products;
- operations are at the level of enterprise.

Lecture 7. Concept of profit and financial results

Methodological principles of forming in the record-keeping of information about profits from ordinary activity of enterprise and its opening a 15 "Profit" determines position (standard) of record-keeping in the financial reporting.

Under *profits* understand multiplying economic values as a receipt of assets or diminishing of obligations which result in growth of property asset (except for growth of capital due to payments of proprietors).

In the record-keeping of confession of profit the extra charge and accordances of profits and charges related to principles.

Principle of extra charge consists in that the results of economic operations are acknowledged, when they take (instead of then, when facilities of monies turn out or paid) place, and represented in a record-keeping and financial reporting of those periods which they belong to.

Principle of extra charge is used simultaneously with *principle of accordance*, after which charges are acknowledged on the basis of direct connection between them and by the got profits.

Not only the receipt of asset or diminishing of obligation but also financial investigation of these events, which an own capital increase comes forward in quality, must take place for confession of profit (except for payments of participants).

Not acknowledged profits:

- sum of the tax value-added, excises, other taxes and obligatory payments which are subject enumeration in a budget and social funds;
- sum of receipts by agreement of commission, to the agent and by other similar agreement in behalf of committee, principal and others like that;
- sum of previous payment of products (commodities, works, services);

- a sum of advance is on account of payment of products (commodities, works, services);

sum of advance in security or in redemption of loan, if it is foreseen the proper agreement and others like that.

The profits of enterprise are classified on different signs.

With the purpose of confession of profit and determination of his sum distinguish a profit from:

- realization of commodities, products, other assets, purchased with the purpose of resale (except for investments in securities);

- providing services;

- use of assets of enterprise by other physical and artificial persons, the result of which is drawing interests, dividends, royalties.

Depending on the type of activity distinguish profits:

- from ordinary activity;

- from extraordinary activity.

In addition profits can arise up as a result operating-room, financial and investment activity.

Depending on a place the origins of profit distinguish the profits of centers of investments, centers of profits, centers of income and total revenue of enterprise.

A profit is estimated on the fair value of indemnification which was got or subject a receipt. Consequently, the real profit is a net profit (help) from realization of products (commodities, works, services) (PI), which settles accounts. by deduction from a profit (helps) from realization of products (commodities, works, services) (I) of the tax value-added (VAT), excise duties (Az), other collections or taxes from a turn (OCT) and other deductions from a profit (OD), that $PI = I - VAT - Az - OCT - OD$

If profit from an operation it is impossible for certain to estimate and there is not a confidence in a compensation incurred charges, a profit is not acknowledged, and charges are acknowledged as charges of current period.

The concept of financial results is interpreted in S(S)A 3 „ Report about financial results”.

In a record-keeping a net income (loss) is formed gradually during a financially-economic year from all types of ordinary and extraordinary activity and includes:

- a net profit (help) is from realization of products (commodities, works, services);

- gross revenue (loss);

- a financial result is from operating activity;

- an income (loss) is from ordinary activity to taxation;

- an income (loss) is from ordinary activity;

- an income (loss) is from extraordinary activity.

A reflection of profits and financial results is in an account

For accounting of incomes and financial results appointed accounts of class 7 „Äîðîäè but results of activity”. On them information is summarized about profits from an operating-room, investment and financial activity of enterprise, and also profits from extraordinary events.

Comparison of debiting and credit turns is on an account 79 „Óíàíñîâ³ results” are for current period represented by an eventual result – net income (loss).

At drafting of reports of quarterlies tailings are compared on a debit and credit of account 79, and if a credit turn on an account 79 will be more debiting turn of the same account, an enterprise to the amount of differences has the retained earnings of current year which is represented in the line of a 350 passive voice of balance "Sheet" (form 1).

If debit balance on an account 79 more credit balance on an account 79, that an enterprise carried out more charges, than little income, the sum of loss of current year is represented on the line of a 350 passive enterprises” (form 1), however written down a sum is in handles, that means the action of deduction at that is sad of result of balance.

Lecture 8. Influence of the system of calculation is on forming of financial results

Following the norms of standard a 15 "Profit", an enterprise can register profits, charges and financial results of activity after the own developed chart, related to the model of account of charges, which was chosen by an enterprise.

At the calculation of complete prime price all charges of productions after minus of value of the uncompleted production and supplies of the prepared products (that prime price of realization) are copied off on the account of financial results, forming gross revenue. The charges of activity also belong on diminishing of profits of current period.

At the calculation of variable charges to the prime price of realization direct maintenances of productions belong only. Part of indirect summary-productional costs in this case is not distributed, but joins in the charges of current period and belongs on diminishing of profits of current period. As a result of comparing of variable production cost to the profit from realization of products get a margin.

In default of the uncompleted production and tailings of the prepared products on beginning and end of year the choice of that or other system of calculation does not influence on a financial result.

A net income is calculated at any method of calculation can be identical on condition of equality of sum of the made and realized products, at an unchanging price and prime price of unit of products, and also at equality of cost of supplies of commodities on beginning and end of year.

Application of methods of complete division of charges and method of direct-cost gives different results only in that case, when the volume of the realized products anymore or more little of volume of made.

However at the calculation of charges by system of direct-cost difference, conditioned absence of balance between a production and realization, not determined. At this system pay attention to the volume of the realized products. Really the sum of income depends on the volume of realization, and realization - from the volume of commodity products. Unlike the system of complete division of charges on good at the system the direct-cost particle of indirect costs of tailings of material assets on the end of year does not join in a cost of goods sold next year. All sum of indirect costs is

annually copied off as charges of period. The system of direct-cost comes into notice of the interested persons to the change of margin.

In a report on financial results, made after the method of direct-cost, the change of sum of income foresee as a result of varying of variable charges, costs of realization and changes, related to the structure of the let out products. In a report on financial results, made after the method of complete division of charges on wares, the sums of indirect and variable costs are not represented separately. For determination of their influence on an income guidance of firm must parallel do other calculation.

In the conditions of sharp competitive activity the leader of firm gets a greater effect at the decision of economic questions, using the system of direct-cost.

Lecture 9. Results of activity of centers of responsibility

Differences in character of responsibility of managers allow to select four types of centers of responsibility: centers of charges, centers of profits, centers of income and centers of investments.

A center of charges is subsection on an enterprise, the leader of which is responsible only for charges. A production workshop which does not produce eventual products and ready-to-cook foods can exemplify, social services and others like that.

A center of investments is subsection, the leader of which is responsible for charges and results of investment process, efficiency of the use of capital investments. Task of such center – to provide maximal profitability of the inlaid capital, his fast recouplement, multiplying the joint-stock cost of enterprise. Manage expenses by an operating budget, accountings about his implementation, to information about motion of streams of monies.

The centers of profits include subsections of marketing-sale activity, the leaders of which are responsible only for a help from realization of products, services and charges, related to their realization. They get information about most cost-effective in a production or purchases of commodities, and the results of activity estimate, mainly, on a volume and structure sale in a natural and value term after the size of charges of appeal.

Centers of income are subsections, the leaders of which are accountable not only for charges but also for the financial results of the activity. These can be separate enterprises in composition a large association, branches, associated companies, missions of trades, shops, and others like that. Their leaders must possibility control all of the tools of activity, which the size of income depends from.

Indirect charges can be distributed between places and centers of expenses on the basis of quantitative and costs bases. An managementaccount distinguishes the considerably anymore amount of indexes, proportionally to which distribute indirect expenses: quantity of personnel, volume of output of products, amount of realizable agreements, actual time of work of equipment, area or volume of apartments and others like that.

The special problem is presented by deduction and writing of prime price meeting services and products of places and centers of expenses. They are estimated or all before by the set (planned or normative) prime price, or one of the most mass

services (water-supply) estimate at sticky prices (planned prime price, to the state tariff), and other - on an actual cost. The most exact results of division services provide the decision of the system of linear equalizations of expenses of every inside factory subsection.

From the point of view a control after a size and economy of expenses of places and centers in the middle of enterprise distinguish the method of budgeting of charges and method of comparison of expenses and productivity. In first case for every place of charges or center of responsibility budget expenses and for his implementation is controlled information of account of their actual size. Rejections between an estimate and actual size characterize the changes of level of charges of the proper place and center as compared to norms which an estimate calculation was conducted on the basis of.

At the use of method comparison of expenses and productivity (production of goods, ready-to-cook foods, works, services volumes) in the cut of every subsection of enterprise find out rejections which are caused the change of size of the productivity or degrees of load of capacities of productions and level of charges of place or center. The method of calculation and analysis of rejections depends on the variant of normative account of actual costs of, which is used, that from that he is conducted to the complete or brief prime price.

The first method befits for places centers of expenses which do not have an expressly certain measuring device of volume of activity (departments of production, publicity activity, social services).

The second method is used, mainly, in subsections of productions, activity of which can be measured in natural or conditional units.

The general result of production-economic activity is calculated from data of financial account by organizations on the whole.