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ACCOUNTING OF PRODUCTION COSTS AND HORTICULTURAL OUTPUT AND IMPROVEMENT OF ITS DOCUMENTARY SUPPORT

The article studies accounting of production costs and horticultural output. Needs and opportunities for the improvement of documentary support of accounting in the industry are considered. The basic document, the use of which will improve analytical and control functions of accounting and facilitate the reduction of labor intensive accounting work has been developed.

Keywords: accounting; production costs; horticulture.

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БУХГАЛТЕРСЬКИЙ ОБЛІК ВИТРАТ ВИРОБНИЦТВА І ВИХОДУ ПРОДУКЦІЇ САДІВНИЦТВА ТА УДОСКОНАЛЕННЯ ЙОГО ДОКУМЕНТАЛЬНОГО ЗАБЕЗПЕЧЕННЯ

У статті досліджено бухгалтерський облік витрат виробництва і виходу продукції садівництва. Розглянуто потреби та можливості удосконалення документального забезпечення обліку в галузі. Розроблено первинний документ, використання якого поліпшить контрольно-аналітичні функції обліку та сприятиме зниженню трудомісткості облікових робіт.

Ключові слова: облік; витрати виробництва; садівництво.

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БУХГАЛТЕРСКИЙ УЧЕТ ИЗДЕРЖЕК ПРОИЗВОДСТВА И ВЫХОДА ПРОДУКЦИИ САДОВОДСТВА И СОВЕРШЕНСТВОВАНИЕ ЕГО ДОКУМЕНТАЛЬНОГО ОБЕСПЕЧЕНИЯ

В статье исследован бухгалтерский учет издержек производства и себестоимости продукции садоводства. Рассмотрены потребности и возможности усовершенствования документального обеспечения учета в отрасли. Разработан первичный документ, использование которого улучшит контрольно-аналитические функции учета и будет способствовать снижению трудоемкости учетных работ.

Ключевые слова: учет; издержки производства; садоводство.

Problem statement. Accounting is the process of identifying, measuring, recording, replenishing, generalizing, storing and communicating of information on the activities of an enterprise to external and internal users for decision-making (Accounting and Financial Records in Ukraine). In the general course of enterprise management accounting fulfils informational, controlling, estimating and analytical functions. The informational function of accounting includes the formation of information files with the data on the financial state and activity of an enterprise; the controlling function is the necessity of using the methods of accounting to control savings and efficient use of resources, implementation of plan targets, keeping within current legislation and agreement and contract conditions.

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The evaluation function of business accounting is, first of all, the function of managerial accounting the purpose of which is evaluating and estimating resources, calculating production price, establishing the financial results of enterprise performance, its profitability. The analytical function of accounting is carrying out economic analysis within basic and integrated documents with the purpose of identifying drawbacks of accounting and analytical character and their elimination.

Fruit production has become an independent branch of agrarian production which necessitates the profound studying of the problems of cost accounting and organization of prime records of all economic operations. The organization of cost accounting in today's economic conditions is a complicated but extremely important task. The formation of production costs, calculation of cost price, production expenses reduction and therefore the increase of production efficiency depend on its solution. Organization of prime records which is supposed to ensure receiving timely, true and efficient control of the level of expenses is of great significance. In this connection the study of specific features of arranging accounting in fruit production and its improvement is especially topical.

Latest researches and publications analysis. The problems of theory, methodology and organization of prime records at farm enterprises are elucidated in the works by Ukrainian economists, namely, G.Y. Anishchenko (2012), T.A. Butynets (1999), D.M. Fesenko et al. (2006), A.A. Kostiakova (2007), N. Maliuha (2006), V.B. Mossakovskyi (2009), L. Suk (2007), V.M. Zhuk (2007). Foreign research explains the contents, essence and purpose of production costs, their share in the price of manufactured goods or their results for enterprise performance (A. Bhimani, C.T. Horngren, S.M. Datar and G. Foster, 2008; D.R. Hansen and M.M. Mowen, 2008).

Unresolved issues. In publications the issues of accounting of production costs and output in certain industries including fruit production have not been properly studied. For improvement of the evaluation and analytical function of accounting an indepth analysis of the production costs structure, the order of their inclusion (not inclusion) to prime cost of manufactured goods, improvement of basic and consolidated documents with the aim of formation of necessary accounting and analytical information which will meet the requirements of users at all levels, is needed.

The purpose of the article is to explore the state of organization of primary and consolidated accounting of production costs and horticultural output of farm enterprises, identification of drawbacks in accounting in a particular area, working out measures on how to optimize documentation and improve accounting.

The methodological basis for the research of production costs accounting and agricultural output is the current regulatory and legal framework, as well as the research results by Ukrainian and foreign scholars in this field. In the process of the research a systematic approach with the application of abstract logical and monographic methods of economic research was used.

Key research findings. Fruit production has specific features which should be taken into account in organizing accounting in this area. This industry has a seasonal character of production, considerable gap between the periods of carrying out technological operations of tending perennial plantations and yield harvesting. Production process in fruit production includes complexes of agricultural operations which cover different types of work and are carried out in different seasons of a year.

Besides, fruit production is the only branch of crop production where produce is received due to long-term biological assets. These peculiarities have a direct impact on the organization of accounting of horticultural produce output.

The basis for analytical accounting of any production is the object of cost accounting. At specialized enterprises fruit production is a leading economic activity and therefore the objects of cost accounting are differentiated into particular varieties and species. At non-specialized enterprises expenses on tending orchards and yield harvesting are registered on the one analytical account "Fruit production".

During a year production costs are grouped according to the accounting objects by items. It is reasonable to say that according to RAS 16 "Expenses" the list and composition of items of calculation of production cost price of products (work, services) must be set directly by the enterprise with the necessary level of specification (RAS 16 "Expenses").

Based on organizational technological peculiarities of fruit production and taking into account the active practice and experience of horticultural farms an improved list of expenses in fruit production include: expenses on remuneration of labor; benefit-related deductions; fertilizers; weed and pest control means; operations and services; fuel and oil; orchard and small berry plantations depreciation; other direct expenses; expenses for assets maintenance; general production expenses.

At the end of a year information on actual quantity of the received products and actual amount of expenses on their production is formed according to each object of cost accounting which makes it possible to calculate the actual production prime cost of its every kind according to partial expenses, according to RAS 16 "Expenses" it is determined only in the part of direct (variable) and variable and constant applied overheads. Prime cost by partial costs show other than in full prime cost accounting, lower price margin, which allows finding the most favorable combinations of price and output to conduct efficient pricing policy with the aim of achieving privileged position at a market.

Overall and continuous monitoring of production costs and output is ensured with the help of primary accounting. Introduction of basic documents is one of the most important spheres of accounting organization as no economic operation can be shown in accounting without its proper basic documents. According to Article 9 of the Law of Ukraine "Accounting and Financial Records in Ukraine" basic documents which record the fact of conducting economic operations are the grounds for their accounting (Accounting and Financial Records in Ukraine). As D.M. Fesenko et al. (2006) underlines, operation documentation is the main element of accounting method and its foundation. The authenticity of accounting indices depends on timeliness and quality of writing basic documents.

As A.A. Kostiakova (2007) states, for ensuring the precise control of production costs it is necessary to introduce such list of expenses that would correspond to the principles of management and fully conform with the character of crop production branch of a particular subject of business activity. It is also important to specify the elements of expenses by to the peculiarities of agricultural production: labor remuneration, seeds, fuel and electric power; other materials, other expenses. Specification of expenses elements will ensure target writing-off expenses for certain accounting objects with the aim of trustworthy formation of prime cost of the produced goods.

For recording the hours worked, produced goods and gross payroll in fruit production different accounting documents are used.

Labor and work performance account list is the basic document for recording the carried out horse-driven and manual work. This form has two variants: group and individual (Form # 66, 66-a). Form # 66 is used for recording work performance by a group of workers, and # 66-a is used for recording work performance by an individual worker. A foreman writes down daily the crop name and type of work, the employees' names and their identification numbers into a work performance sheet according to which farm labor inputs are recorded.

The performance and tractor-drivers' wage paid records are carried out in the tractor-driver's performance sheet (Form # 67). The account sheet is issued individually for each farm machinery worker and their assistants. The type and amount of performed work, wage paid, the amount of fuel used are marked in the form per each worked day. The records in the tally sheet are made during 10–15 days or the period of performing certain work. Special attention is paid to the control of records accuracy of the amount of work performed, which is the basis for paying wages. If there are some errors in the quality of work performed the agronomist makes remarks in the tally sheet. The sheet signed by the agronomist and tractor driver is sent to the accounting department where it is checked, approved, after which it becomes the basis for accounting records.

The cost of commercial vehicle services is included into horticultural expenses on the basis of overhead waybills of commercial vehicle (Form # 1), which, as a rule, are issued to drivers for one day by a dispatcher of an automobile park and registered in the waybill book.

For recording the transportation work performed by tractors, tractor's waybills are used (Form # 68). In this document tractor driver's tasks are written down and on the reverse side information on their fulfillment is given. At enterprises waybills can be issued for several days during which the tractor carries out a certain kind of work.

The data of basic documents of work performance and its payment records are transferred to the Register of costs and horticultural produce output where they are referred to expenses for orchard tending.

Fertilizers and means of plant protection are written off basing on the Act on application of mineral, organic fertilizers, pesticides and herbicides (Form # 118). This document is made up by agronomists after accomplishing work. The act, approved by chief agronomist, together with the attached other documents (resource limit cards, inside economic invoices, basing on which materials are received from warehouses and delivered to the orchard) are sent to the accounting department for writing off. It should be noted that Methodological Recommendations on the application of specialized forms of basic documents on production stocks accounting at farm enterprises approved by the order of Ministry of Agrarian Policy of Ukraine of December 21st 2007, # 929 recommend to use the Act on application of mineral, organic and bacterial fertilizers and chemical crop protection products (Form # 3).

Fixed assets, used in the production, gradually wear down and therefore their depreciation is written down in the Records of accrual of depreciation deductions.

The cost of low value and quick wearing goods is included in the production costs basing on the Act on writing off the production and other tools, low value and

Year		Month	Date	Enterprise	ACT # 12 for grading horticultural produce		Operation	Farm accounting form # 82	
2013		12	25	LLC «Yatran»	Code of synthetic and analytical accounting		Weight, kg	Addressse	Sender
					debit	credit		Price, UAH/kg	Amount, UAH
Supplied for grading apples							850		
Received:									
<i>Available apples</i>					271	271	780	7.50	5850.00
<i>Partially damaged</i>					271	271	60	7.50	450.00
<i>Rotten fruits</i>					271	271	10	7.50	75.00
<i>Partially entered in the books damaged fruits</i>					273	271	60	4.50	270.00
Appendix : <u> 1 </u> receipt and <u> 2 </u> expenditure documents									
Signatures: _____									
(position) (surname, name, patronimic) _____									
(position) (surname, name, patronimic) _____									
Head of the board: <i>signature</i> _____									
Members of the board: <i>signatures</i> _____									
Materially responsible person: <i>signature</i> _____									

Figure 1. Front side of the Act for grading horticultural produce, authors'

quick wearing goods (Form # 126). This act is made up by members of the commission who examine the items which should be written off and fix their inability for renewal (further use) and identify the possibilities of their use or selling the materials which remain after writing off these goods. At present a new specialized form of the Act on writing off production and other tools has been introduced (Form # 5).

One of the most important objects of primary accounting in fruit production is timely and detailed records of fruit and berry yield.

The basic document in horticultural produce records is the Journal of the received agricultural production (Form # 81). The foreman weighs and writes down the commodities from the workers who harvest the yield into the Journal where at the end of the day the total amount of harvested horticultural produce is calculated. The journal is signed by the persons who harvested the yield and then by the foreman.

As the production arrives from workers the warehouse man weighs the harvested commodities and writes down each weighing into the Journal showing the date, the commodity name, the names of people who delivered the produce and also the employees' identification number. At the end of the working day all journals are signed by the head of the department. If it is impossible to weigh the harvested products immediately, to determine its weight the previously weighed tare (containers or boxes for fruits) is used.

The researches show that standard basic documents are not provided for documenting some horticultural operations in fruit production. Particularly, documenting of fruit grading in the process of storage is carried out on the free format forms requiring considerable labor inputs of people responsible for fulfilling this operation. Due to the fact that because of specific character of the object of accounting it is impossible to adapt standard forms of basic documents for registration of fruit grading, the necessity for working out a special basic document appears. Taking this fact into account, for recording horticultural produce grading, for example apples, which takes place in winter, it is reasonable to apply the developed by the authors Act of grading horticultural produce, the form of which is shown in Figure 1.

This document will include the data on the quantity of fruits sent for grading and output according to varieties and necessary indices for writing off the commodities which completely deteriorated during their storing and have to be written off. The document has separate columns for all operations for indicating correspondence of accounts.

On the back side of the Act it is reasonable to place the data for writing off completely deteriorated produce. On the basis of the data in the Act of grading horticultural produce the rotten fruits will be written off.

Conclusions. It is reasonable to apply the worked out Act for grading horticultural production which will improve analytical and control functions of accounting, facilitate the reduction of labor intensive accounting operations as compared to writing the free format documents, allow rational arrangement of documentation of business operations at agricultural enterprises specialized in horticulture.

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