

BILL OF MATERIALS IN THE FINANCIAL ACCOUNTING

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Abstract

Business entities necessitate the availability of materials (such as seeds, fertilizers, fuel, spare parts, etc.) to conduct their production operations. Unlike fixed assets, materials are integral to the production process and contribute their worth to the value of the final product.

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Facilitation in organizing material accounting in enterprises to categorize them according to their respective characteristics. In particular, they are classified according to the economic nature of their use as follows:

Raw materials are labor materials that make up the material base of the product;

materials - tools used to affect raw materials and give the product a certain consumer characteristic (gasket, leather, metal, etc.);

fuel - coal, gasoline, diesel fuel, gas, peat and others;

spare parts - details, aggregates and parts of machine mechanisms used in the repair of machines and equipment, replacement of broken parts.

When determining the actual cost of materials, the following methods of their assessment are used:

1. **AVECO** method - in which the value of each unit is determined from the average measured value of similar units at the beginning of the period from the value of similar units purchased and produced during the period.
2. Under the **FIFO** method, production is valued at the first purchased batch of materials, then the second batch is valued at cost.
3. In the **LIFO** method, the production of materials is evaluated first at the cost of the last batch, and then at the cost of the previous batch.

AVECO and FIFO methods are mainly used in our republic. FIFO has some advantages over LIFO method. In addition to these, there are methods of estimating the planned and actual cost of materials in farms, as well as fixed cost estimates.

Synthetic and analytical calculation of materials. The following accounts are used to keep records of materials in farms:

1010 - raw materials and materials (raw materials and basic materials that are the basis of product preparation).

1020 - purchased semi-finished products and components (finished components, construction details and constructions, devices and accessories).

1030 - fuel (oil, gasoline, coal, firewood).

1040 – spare parts (for replacement and repair of worn-out parts of cars, equipment, transport and other means).

1050 - construction materials (wooden material purchased from abroad, produced in-house, brick, core construction, details for construction and assembly work).

1060 - containers and container materials (except household inventory for all containers, boxes and other necessary details and materials for making containers).

1070 - materials given to another party for processing.

1080 - inventory and household equipment

1090 - other materials (production costs not included in the above accounts, material values obtained from liquidation of fixed assets, seeds and planting material in agricultural enterprises, mineral fertilizers, toxic drugs).

In the accounts related to the accounting of materials (1010-1090), their analytical accounting is organized according to the places of storage of materials, the person responsible for the material, and some of their types (type, variety, size, etc.). For example, analytical accounts for 1040 - spare parts account are opened separately by type or group of spare parts - battery, tire, etc., storage location, responsible persons. In general, the above accounts related to the material account are active accounts, and their balance and income are shown on the debit side, and the output is shown on the credit side. The basics of connecting accounts on these accounts are as follows (Table 1).

Table 1

№	Content of transactions	Linking of accounts	
		DT	KT
1	Materials were received by money transfer from organizations supplying goods	1010	6010
2	When receiving materials from invalid products	1090	2610
3	When usable materials are received from the liquidation of fixed assets	1090	9210
4	When a lawsuit is initiated against the suppliers of goods for the materials received in the warehouse	4860	1010 1090
5	When materials are spent on the main and auxiliary production	2010 2310	1010 1090

Conclusions: Analytical calculation of materials also depends on the forms and methods of its organization. If the account book of products and materials is used for their analytical calculation, due to its multi-graph, the account of materials can be organized by quantity-sum or quantity the cards for the analytical calculation of the material and the balance method of their calculation are organized in the balance records. Through analytical accounting, each type of material will have information on the responsible persons and their existence and movement on the farm.

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