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

The article researches accounting of production costs and horticultural produce output. The needs and opportunities of the improvement of documentary support of accounting in the industry are considered. The basic document, the use of which will improve controlling-analytical functions of accounting and facilitate the reduction of labor intensive accounting work, was worked out.

Key words: Accounting, production costs, horticultural produce output, basic documents.

Fig.1. Lit. 17.

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

В 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, вихід продукції, садівництво, первинні документи.

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

В статье исследованы 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, выход продукции, садоводство, первичные документы.

The problem statement. Accounting is the process of identifying, measuring, recording, replenishing, generalizing, storing and communicating the information about 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

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and analytical functions. The informational function of accounting includes the formation of information files comprising the data about the financial state and activity of an enterprise; the controlling function is the necessity of using the methods of accounting to control the saving and efficient use of resources, implementation of plan targets, keeping within current legislation and agreement and contract conditions.

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 aimed at carrying out an economic analysis on the basis of basic and combined documents with the purpose of identifying the drawbacks of accounting-analytical character and their eliminating.

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 modern economic conditions is rather a complicated but extremely important task. The formation of production costs, calculation of cost price, reduction of production expenses and therefore the increase of production efficiency depends on its solution. The 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.

The analysis of the latest researches and publications. The problems of theory, methodology and organization of prime records at farm enterprises are elucidated in the works by Ukrainian scholars-economists namely, G.Yu.Anishchenko (2012) T.A.S.Butynets (1999), V.M.Zhuk (2007), A.A.Kostiakova (2007), N.Maliuha (2006), V.B.Mossakovskiy (2009), L.Suk (2007), D.M.Fesenko (2006). Foreign research works explain the content,

essence and purpose of production costs, their share in the price of the manufactured goods or their charging off the results of the enterprise performance A. Bhimani, C.T. Horngren, S.M. Datar, G. Foster (2008), D.R. Hansen, M.M. Mowen (2008), (SFAC).

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

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

The methodological basis of the research of accounting of production costs and agricultural output is the current regulatory and legal framework, research works by Ukrainian and foreign scholars, devoted to this theme. In the process of the research a systematic approach with the application of abstract-logical and monographic methods of economic research was used.

Main research results. Fruit production has specific features which should be taken into account in organizing accounting in the given area. This industry has 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 the 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 of 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 there according to particular varieties and species. At non-specialized enterprises expenses on tending the orchards and yield harvesting are registered on 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").

Basing 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: expenses for 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 was suggested.

At the end of the year the information about actual quantity of the received products and actual amount of expenses for their production is formed according to each object of cost accounting which makes it possible calculate the actual production prime cost of its every kind according to partial expenses as 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 to find the most favorable combinations of price and output, conduct efficient pricing policy with the aim of achieving privileged position on the market.

Overall and continuous monitoring of production costs and output is ensured

with the help of primary accounting. The introduction of basic documents is one of the most important spheres of organization of accounting as no economic operation can be shown in accounting without its proper basic documents. According to article 9 of the Law of Ukraine on “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 (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 according to the peculiarities of agricultural production: remuneration of labor, seeds, fuel and electric power; other materials, other expenses. Specification of elements of expenses 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.

The labor and work performance account list is the basic document for recording carrying out horse-driven and manual work. This form has two variants: group and individual (f. № 66, 66-a). Form № 66 is used for recording work performance by a group of workers, and form № 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 (f. № 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. A special attention is paid to the control of accuracy of records of the amount of work performed, which is the basis for paying the 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 records in accounting.

The cost of commercial vehicle services is included into horticultural expenses on the basis of overhead waybills of commercial vehicle (f. № 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 transportation work performed by tractors, the tractor's waybills are used (f. № 68). In this document the tractor driver's tasks are written down and on the reverse side the information about their fulfillment is given. At enterprises the waybills can be issued for several days during which the tractor carries out this or that 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 (f. № 118). This document is made up by the agronomists after accomplishing the work. The act, approved by the chief agronomist, together with the attached other documents (resource limit cards, inside economic invoices, basing on which the 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 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 (f. № 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 quick wearing goods (f. № 126). This act is made up by members of the commission who examine the things 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 the writing off the goods. At present a new specialized form of the Act on writing off the production and other tools has been introduced (f. № 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 produce (f. № 81). The foreman weighs and writes down the commodities from 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 the foreman.

As the produce arrives from workers the warehouse man weighs the harvested commodities and writes down each weighing into the Journal showing the date, the commodity name, 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 organization department. If it is impossible to weigh the harvested produce 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 their storage is carried out on the free format forms which requires 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 the 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 on fig. 1.

This document will include the data about the quantity of fruits sent for grading and output according to the 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

Farm accounting form № 82								
Year	Month	Date	Enterprise	ACT № 12 for grading horticultural produce		Operation	Addressee	Sender
2013	12	25	LLC «Yatran»					
				Code of synthetic and analytical accounting		Weight, kg	Pricea, hrn./ kg	Amount, hrn.
				debit	credit			
<u>Supplied for grading</u> <i>apples</i>						850		
<u>Received :</u> <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 : __1__ receipt and __2__ 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,
made by the author*

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 of 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 produce which will improve controlling-analytical 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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