

MANAGEMENT ACCOUNTING AND COST ANALYSIS

Modern management accounting of production costs is organized by their economic elements, and accounting and costing of individual types of products, works and services is carried out by expenditure items.

The economic element is a homogeneous type of cost that cannot be decomposed into any component parts. According to the economic elements creates an estimate of the cost. Among them, there are five main elements: material costs, labor costs, social contributions, depreciation of fixed assets, and other costs [1, p. 15].

To control the composition of costs at the place where they are made, it is necessary to know not only how much is spent in the production process, but also for what purposes they are made, that is, to take into account the costs in accordance with the directions of the technological process. This accounting allows you to analyze the cost of its component parts and types of products, to set the volume of expenditures of individual structural divisions. The solution to these problems is through the use of classification of costs for items costing. The list of calculation items, their composition and methods of distribution by product type are determined in accordance with industry guidelines, based on the specifics of the technology and organization of production by the enterprise itself. Expenses also differ by type of activity [2, p. 10].

Cost analysis is the analysis of factors that affect the totality of products and services provided by companies, purchasing methods, resource use, sales and marketing efforts, and the provision of products and services. The information obtained from this analysis helps owners and managers determine what actions need to be taken to reduce costs and generate additional revenue. Companies looking to expand their business lines, strengthen their financial performance, or enter new markets often find these types of analyses very useful.

Companies have losses in many ways. Expenses arise from the production of goods, the acquisition of inventory, the conduct of business, or the acquisition of assets. These losses include fixed and variable costs related to production, depreciation and investment, as well as General and administrative expenses. They also include alternative costs, deflated costs, and marginal costs. Cost analysis identifies and explores the sources and components of these costs.

Cost analysis has several different names, including cost allocation, cost-benefit analysis, cost-effectiveness analysis, and the like. Let's determine what the cost analysis shows us.

First of all, cost analysis helps a company determine the expected costs and benefits of a particular asset, new product, or action plan before it makes the necessary investment. In-depth analysis can reveal hidden costs inherent in the

company's normal way of doing business, as well as unexpected expenses for certain actions. Identifying and eliminating the following expenses may help the company to improve its profitability and long term viability. Cost analysis also helps companies change their procedures for providing services and products to more cost-effective and efficient ones.

Of course, companies receive income from the sale of their products and services. To generate additional revenue, companies can raise prices for existing products and services, offer additional services at an additional price, or introduce new products or services at higher prices. Companies can also generate revenue by increasing the number of products sold. Firms achieve this by lowering prices or increasing their marketing efforts to stimulate demand.

Therefore, cost analysis is closely related to revenue analysis. Revenue analysis helps companies determine how to significantly increase their revenue. Combined with cost analysis, this helps companies do this while keeping costs to a minimum. Revenue analysis helps companies evaluate which course of action leads to the greatest increase in revenue with the least effort. For example, a company determines that it needs a series of press releases, a lot of website views, and well-placed ads in order to dramatically increase sales of a particular product, but it also determines that adding a low-cost add-on to a more expensive service will have the same effect.

This is where it is necessary to focus on such a concept as the break-even point.

The break-even point for a product or service occurs when the revenue generated by the product is equal to the costs incurred in the production, sale, and delivery of the product.

Break-even analysis combines cost and revenue analysis to help companies determine whether a new product or service makes financial sense. While companies can focus solely on cost analysis in order to reduce costs, most companies use revenue analysis in combination with cost analysis to select the revenue option that produces the most profit.

Thus, it can be concluded that a clear establishment of cost accounting at the places where they occur will allow for analytical work and control functions for their feasibility, size, structure, and specific weight in order to manage them. And cost analysis, including determining the break-even point, will help you make effective management decisions.

References

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2. Illiashenko K. V. (2016) Metodolohiia obliku dokhodiv i vytrat informatsiinoi diialnosti. Problemy i perspektyvy rozvytku pidpriemnytstva: Zbirnyk naukovykh prats Kharkivskoho natsionalnoho avtomobilno-dorozhnoho universytetu. Vol. 1. No 4(15), pp. 9-13.