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INTERPRETATION OF INDIRECT COSTS AND THEIR IMPACT ON FINANCIAL RESULTS

Costs are an integral part of any business entity. They are indicative of the process of getting to the planned profit.

According to P (S) 16 in costs means the reduction in economic benefits as a result of disposals of assets or increasing obligations which lead to decrease in equity (excluding capital reduction by contributions from owners) [7].

Scientists analyzed the interpretation, we can conclude that indirect costs arising in the course of business and are an important element of the economic mechanism of agricultural enterprises.

For the period of assignment of indirect costs on the financial results of the indirect costs can be divided into product costs (production costs) and expenses of the period (recurrent costs). Indirect costs include product general manufacturing expenses, and the costs of the period – administrative costs and distribution costs [1, 112-113].

General manufacturing expenses are indirect costs, and therefore at the time of they cannot be attributed directly to a particular object accounting. General manufacturing expenses are mostly associated with the production of several products, so they should be taken into account when calculating the cost of each type of product.

In agriculture, distribution of general production expenses advisable to plant growing and animal breeding once a year, and auxiliary and industrial production – each location.

Under the state of emergency (S), administrative costs and sales expenses belong to the period just because they cannot participate in the calculation of the cost of production and as a result in the formation of production cost administrative costs and sales do not participate [4].

We have detected that one of the most important indicators of agricultural enterprises are indirect costs. However, common methods of distribution of these costs is not, and the use of different methods results in different levels of unit cost, and therefore incorrect use some methods can lead to wrong acceptance and false solutions.

In our opinion, indirect costs may be associated with production of goods (works, services) sales, other normal activities, and are recognized in the cost of production, and some of them be classified to the financial performance. If regard them only by reference to the cost of different types (full, productive), we can clearly say that the indirect costs are actually indirect (production cost are an indirect way) and conventionally indirect (related to the total cost by distribution). In such circumstances, we can see that the cost depends on for what purposes it is calculated – forming actual cost the product or its price.

Agricultural enterprises are widely applied various methods of allocation of indirect costs to determine the total cost per unit of production. When using different methods and production base of distribution of financial results are not changing, but the different types of products it can be is different and often very considerably, which is reflected in the change of product profitability.

At distribution and assigning indirect costs to financial results, we recommend to check:

Correct distribution of indirect costs to the enterprise;

Method of distribution of indirect expenses of the company;

Economic justification of the base distribution of indirect costs [3].

The main criterion for choice of method of distribution of indirect costs should be a strong link object accounting of the magnitude of costs. It is important to choose an adequate method for the specific conditions distribution costs and should make timely adjustments in the base distribution and accounting policy the company.

On the basis of the above can make such conclusions that the recent developments directed to increasing efficiency of the use indirect costs is primarily their distribution to certain bases of distribution. If faithfully selected method of allocating indirect costs, you can achieve high performance enterprise resource management, exception in this situation of financial instability and correct management com-

pany. Distribution of indirect costs is one of the most important processes in the company, that is directly influences the formation financial results, the correct distribution of – to overstating financial results, in accordance with incorrect – to decrease.

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