

## Practical Value of Accounting Information in Cost Accounting



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**ABSTRACT:** This article describes accounting information and its importance in enterprises in its clustered system. Currently, there is a need to control costs and revenues, to develop a single information space model for organizations and institutions. Management decisions made by managers in these organizations determine the future fate of the enterprise, which requires the proper organization of accounting.

**KEYWORDS:** Cluster system, accounting information, cost accounting, enterprises, costs, revenues, management decisions, managers, organizations, productive machinery, regional economies, economic mechanism, integration, cooperation, economic development.

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### INTRODUCTION

One of the most productive machinery for predisposing the development of regional economies in the country today is the transition to this cluster model. The cluster is an economic mechanism that is considered as an organizational and managerial form of integration and cooperation and a means of ensuring the competitiveness of regional economic development. The formation and establishment of effective interactions requires a deep understanding of the economic nature of the processes of clustering the country's economy.

The establishment of cluster organizations ensures a richer, more meaningful view of the growth of local industry and production in a given region than the traditional methods of using regional economic relations as a descriptive tool. The industrial cluster differs from the classical definition of industrial sectors in that it reflects the entire value chain of a broadly defined industry from suppliers to the final finished product, including support services and specialized infrastructure. Cluster networks are geographically integrated and interconnected by the flow of goods and services, which is stronger than the flow that connects them to the rest of the economy. The clusters also include high and cheap added jobs, and the region is also important in recruiting labor resources.

We know that the function of any organization is like a building built without columns without economic spheres. Indeed, the activities of enterprises can not be organized without accounting, tax accounting, marketing, organization of production and similar economic areas. Therefore, it is impossible to organize cluster enterprises without such accounting areas as accounting, management accounting. Therefore, we believe that the accounting of enterprises in each cluster network should be properly organized.

First of all, it is important to create an economic information system for effective management in the context of cluster formation. Today, there is a need to control costs and revenues, to develop a single information space model for organizations and institutions. Management decisions made by managers in these organizations determine the future fate of the enterprise, which requires the proper organization of accounting. At the same time, the instability of the overall economic situation, the increase in the number of risks and uncertainties in regional markets and economic conditions, also affect the complexity and multidimensional rationale of management decisions.

### LITERATURE REVIEW

The importance of information in the management process is determined by its increasing impact on the efficiency of all areas of activity of any business entity. According to D. Ovid, about 50 per cent of all required information was mainly accounted for by accounting data. According to the author, the share of demand for accounting information for management structures in organizations is not small [1.355-366].

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Currently, as a result of existing reforms in the country, the role and importance of the accounting system as an effective factor in meeting the information needs of cluster enterprises has significantly increased, and there is an objective need to develop information support for cluster management.

According to Article 5 of the Law of the Republic of Uzbekistan on Accounting, accounting information is based on primary accounting documents, in accounting registers, Processed information on the objects of accounting reflected in the financial statements, explanations and other documents related to the organization and maintenance of accounting is accounting information [2]. It is clear from the definition of legislation that the processed information about the objects of accounting is accounting information. Therefore, it is not possible to study any economic performance of enterprises without accounting information. This is because the law states that assets, liabilities, private capital, reserves, income, expenses, profits, losses and business transactions related to their movement are the objects of accounting. This means that the processed information about these objects is accounting information and such information is necessary in any accounting process.

The merging of several interconnected enterprises in clusters and their interconnection sets new requirements for the selection of the methodological basis for the organization and creation of information flows. The relevance of today's research work is demonstrated by the fact that clusters exist as a problem of accounting and analytical information space and require the search for solutions. This is because the basis for the proper organization of accounting is the need to improve the information space of organizations, taking into account the interaction of information, creating accurate, unbiased information.

Continuing our view, we will try to further substantiate the source of information, as in a modern market economy, a cluster management system requires the use of new approaches to formulate development strategies and make management decisions. The effectiveness of management depends on the important information that pertains to the accounting system. The globalization of economic processes and changes in the external environment predetermine the need to create strategically oriented accounting. It needs to create accounting data in cluster enterprises has also been highlighted by some economists.

In the study conducted by Osmonova, accounting and analytical support for agricultural cluster management is the collection, processing, processing of financial and non-financial information on the status of managed objects and the external environment formed in the accounting-analytical system of the agricultural cluster, is the result of the process of analysis and conduct, as well as a set of economic analysis methods and techniques used by accounting and managers to form data used in decision making, planning, monitoring the development of units entrusted to them, measuring and evaluating the results obtained [3.55].

According to Lane and Durden, "The accounting system is an important resource for an organization because it works to provide management practice with the information it needs to make decisions. It also plays an important role in ensuring an integrated view of the organization in coordinating its capabilities and resources and their areas of work in order to optimize the use of these resources in the use of data and information. The decision to set prices for an organization directly affects its revenue. Prices and volumes are two components of the income equation and emphasize that the choice of focus on one has a direct effect on the other[4]. Skinner, on the other hand, points out that if the price is set too high, the customer may turn away, but the high price may also be related to the customer's desire [5.201-217].

If an enterprise can achieve an effective price for its product, they will maximize their profits. According to economic theory, the effective price depends on the market forces of demand, competition and costs [6.20-21].

The Langfield-Smith et al cost accounting system is designed to inform managers for planning and management decisions [7]. The traditional design of cost accounting systems has been studied to distinguish between fixed and variable costs [8.6].

Pricing decisions are made within the firm's overall marketing plan. They reflect not only the policies and practices that management has decided to implement in order to attract customers, but also the organizational structure of the firm in which they are produced [9.235-245].

According to Alakhdal and Alsamkhi, "the cost system is the main source of information for a company's management, on the basis of which many decisions determine strategically, especially pricing. Therefore, the lack of accuracy of the data means that the decision is unreliable and the decision-making process is a continuous process that is specific to the company until it is formed. The production process is the main activity of industrial companies, cost systems play an important role in ensuring the quality of management data, which is reliable in making appropriate decisions and covering the target period, so the research will shed light on this topic, improve this role, contributing to the cost system, and even the information produced by this system, is the basis for decision-making and the negotiating price between availability" [10.70-78].

Topor et al: "Understood how information from management accounting affects the development of new decisions and the foundation, and therefore a better understanding of the relationship between management accounting and information and emphasize the effectiveness of the information provided by the management account in decision-making and serve to quickly manage the production process" [11.315].

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Hoque observed that cost data is important for management. This was important in setting prices, but the study later ignored its importance in other types of product-related decisions [12.133-159].

Al-Basteki and Ramadan have identified cost accounting systems programs in Bahrain's industrial companies. The study was conducted on samples of 43 industrial companies, and according to the survey, the data used in cost control is used in 56% of the accounting system, 58% in decision-making on companies and prices, and 11.6% in the use of reserves. It is also useful in determining the cost of the product, controlling costs, setting product prices and budgeting [13.11].

A.A. Pelepenko emphasizes that the hypothesis of expediency of expanding the accounting process should be subject to the condition of adding prospects to the financial statements and maximizing the competitive potential of cluster development. Continuing his thoughts, he suggests managing the cluster development based on the principle of reflection, as the interaction of cluster members can be defined as "information management", emphasizes that when one member of the cluster transfers the basis for decision-making to another, that is, such a basis must be determined by the change based on the accounting data [14.48-51].

Based on the above, we can see that the task of cluster enterprises is to form the information support of the accounting system. Accounting data is important as part of information support, so through such data we are able to plan and forecast the financial condition of individual members and the entire structure. It should be noted that the accounting system of a separate cluster member is an integrator of information flow and a key component of the accounting system.

For the complete formation of accounting, it is important to form and define an organized set of elements that form an interconnected system that forms its conceptual basis and the mechanism of implementation of the practice aimed at achieving the goals of subject-object relations. In particular, there are opinions of economists on modern cluster enterprises, which are presented below in a series of contents.

According to D.A. Gretseshen, "The main purpose of accounting in the management of cluster enterprises is to demonstrate consistency and systematically generate data of strategic importance. However, in a modern accounting system, there are goals in the cluster that cannot be fully met by traditional tools that require them to be changed. The paradigmatic development of accounting shows that this system is facing changing goals in every historical period. Focusing on the features of the modern paradigm of accounting development, we can conclude that in addition to changing the objectives, a complete reorientation of accounting will be carried out and new goals emerge conditionally not only by targeting a new user, but also by changing motivations and requests accordingly" [15.280-286].

O.S. Visokhan described the features and peculiarities of the accounting cluster and presented the following points:

"Enterprises should provide useful information to cluster participants on how to reduce unit costs and increase demand through joint activities;

increase innovation activity through the emergence of redundant innovations; increase the efficiency of financial and material resources; activation of investment processes;

raising social standards for employees, etc. [16. 15-21]".

## ANALYSIS AND RESULTS

It should be noted that in this part of our study, we analyzed the views of economists on the purpose of the organization of accounting in cluster enterprises, as well as in what order it is formed. The formation of accounting objectives should take into account the very complexity of the system of cluster enterprises, so it should create data based on various user queries. That is, it is based on the level of activity of the organizational structure and the achievement of the strategic goal of each participant in the structure.

It is important to show that the purpose of accounting in cluster enterprises is not only to record economic facts in order to provide information to interested users (internal and external users), but also to increase the competitiveness of economic development of the region and the country as a whole.

Addressing these accounting objectives ensures that cluster enterprises achieve the goal of generating complete, reliable, and up-to-date data for the accounting system and plays an important role in the harmonious development of the cluster. This expands the objectives of the accounting system. Since accounting is an important source of information in the development of cluster enterprises and the proper organization of work, it must perform a number of functions arising from management functions: planning, forecasting, analysis, management, communication and coordination. The main function of accounting in the management of cluster enterprises is explained by the provision of information on long-term management decisions.

An important feature of strategic accounting management in cluster enterprises is that the object of management is the joint activity of independent interacting business entities, each of which performs its functions in an integrated structure.

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Therefore, the accounting in the cluster should help to coordinate the relationship between the participants and become the basis of information for the development of tactics and strategies for the development of the alliance. The tactical level of cluster management is a set of management structures of individual participants, each of which independently chooses decisions and methods of their implementation from alternative options.

Each economic entity creates specific methodological tools that provide an assessment of the effectiveness of management decisions, monitoring their implementation. An important role of management tools is that it determines the form and mechanism of operation of the accounting system in practice, as well as the nature of the interaction of its various levels.

As a basis for the formation of the accounting system, it should inform interested users about the general approaches to the organization and maintenance of accounting in the cluster.

Accounting in strategic cluster management can be defined as an organizational and information system to support management decisions that are the focus of strategic clusters. Because strategic concepts focus not only on retrospective but also forward-looking assessments, accounting data becomes larger in size and substance. This leads to the emergence of methods and processes that are not used in traditional accounting, but remain necessary at the strategic management level.

The peculiarity of accounting is that there is a regular supply of information in the process of strategic decision-making. In particular, accounting is a system of collecting and grouping the necessary (relevant) data, accounting information has a financial and non-financial nature, and its evaluation and measurement can be done differently.

## CONCLUSION

In conclusion, the correct organization of accounting in cluster enterprises will provide information on the basis of accurate data on the activities of enterprises of the system in the future and will serve as a basis for its development.

In cost accounting in a cluster system, accounting information should serve the following purposes:

- become a source of information for developing cluster development paths and strategies, facilitating coordination between system enterprises;
- facilitate the provision of information to the objects of accounting of cluster enterprises;
- enable the identification and assessment of inventories that have a significant impact on the development of the economy, as well as cost reduction factors by reducing costs;
- the cluster should serve to form sources of information for planning, analysis, forecasting and control of financial and economic activities of enterprises.

In our view, there are important tools in accounting and analytical support for the management process at all levels, such as balanced scores and a budget system that allow all levels of management to address the most accounting objectives, give a systematic description of the cluster. Combining these tools into a single information model to support decision-making and the implementation of management decisions will increase the ability of their interactions to achieve computational goals.

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