Next Scientists
Journal of Management and Economics

TYPE Original Research
PAGE NO. 18-21
DOI 10.55640/jme-05-02-05

The Economic Essence of The Company's Income and Expenses

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OPEN ACCESS

SUBMITED 24 December 2024
ACCEPTED 26 January 2025
PUBLISHED 28 February 2025
VOLUME Vol.05 Issue02 2025

Abstract: The article examines the theoretical aspects of the analysis of income and expenses of an enterprise, the economic essence of income and expenses of an enterprise, methods and problems of income and expense analysis, their composition, structure and dynamics, and highlights some of the influences of factors. Economically justified ways of increasing incomes and reducing expenses are proposed, the theoretical aspects of the economic categories "income" and "expenses" are investigated.

Keywords: Enterprise income, enterprise expenses, profit, vector, hyperbole.

Introduction: Regardless of the business profile of an enterprise, its income and expenses are always generated in the course of its activities. It is these aspects of activity that are most important for all stakeholders – the owners of the enterprise, employees, and the state, since their successful formation and proper planning allow all participants in production activities to ultimately, achieve your financial goals – first of all, to increase their well-being and quality of life, and to make a profit. In the absence of government plans "imposed from above", the implementation of which was the main goal of enterprises operating in a centrally planned economy, the main guideline for business entities in a modern market economy is the planning by enterprises themselves of their income and expenses and control over them, which is achieved through analysis and accounting. Proper accounting and analysis of income and expenses is important to reflect the activities of construction companies. The income and expenses of an enterprise affect the financial result of an enterprise in construction enterprises, while the goal of any enterprise is to make a profit.

Despite the diverse consideration of the actual problems of accounting for income and expenses of construction enterprises, the issues of its improvement are beyond doubt, however, there are differences in the methodological and methodological approaches of researchers to their definition: the concept of "income" with the concept of "revenue", and the concept of "costs" with the concept

of "expences". [1] Income is defined as revenue, which includes the following components (Figure 1).

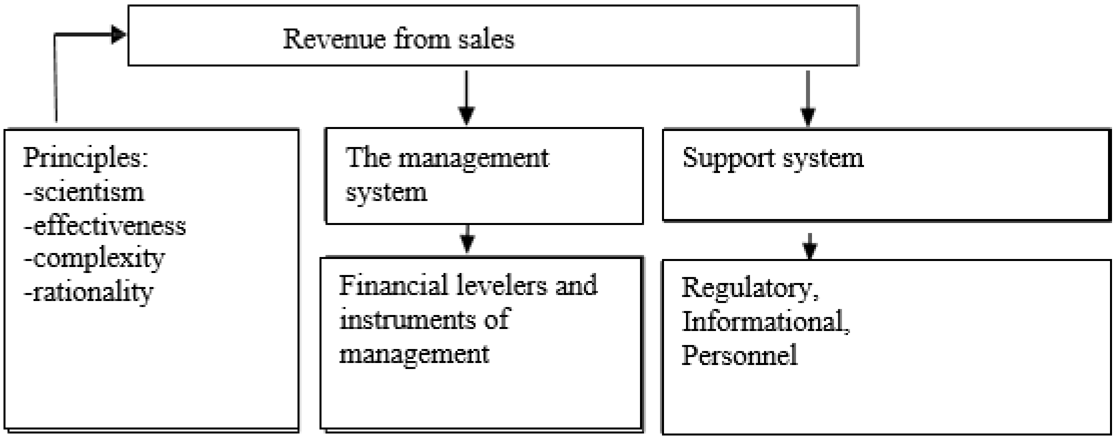

Figure 1. Revenue structure of the company

Costs are everything that a manufacturer purchases to use in order to achieve the desired result. In general, profit is defined as the difference between total revenue and total costs:

$TR - TC = \pi,$ (1.1)

TR— total revenue (income),

TC— total cost, π — profit.

External costs include payments to external suppliers. By subtracting external costs from the total revenue (income), they receive accounting profit.[2] Accounting profit does not take into account internal (or hidden) costs.

The internal costs are:

1) the cost of resources owned by the entrepreneur himself

2) normal profit, which is accounted for by such an important resource as entrepreneurial ability.

By subtracting internal costs from accounting profits, they make an economic profit.[3] Thus, unlike accounting profit, which takes into account only external costs, economic profit is determined by subtracting both external and internal costs (including normal profit) from revenue. The external and internal costs add up to economic or alternative costs. This means that when determining the amount of real profit, one should proceed from the price of a resource that its owner would receive if it were used in the best possible way.[4]

Economic costs make it possible to understand the difference between the approaches of an accountant and an economist to assessing the company's activities. The accountant is primarily interested in the results of the company's activities for a certain (accounting) period. He analyzes the past and the existing experience in the company's activities. An economist, on the contrary, is interested in the company's business prospects and its future. That is why he keeps a close eye on the price of the best alternative to using the resources he has at his disposal.[5] For a detailed analysis of economic activity, the concept of total, average and marginal income (revenue) is introduced. Total income is the amount of income earned by a company from the sale of a certain amount of goods:

$TR = P \times Q,$ (1.2)

P — price,

Q– quantity of goods.

A large number of geometric and physical quantities are fully determined if their numerical characteristics are specified. These values will be the length of the line, body volume (mathematical quantities), weight, work, temperature (physical quantities), cost of goods or services, staff salaries, credits, income (economic quantities), etc. In mathematics, such quantities are called scalar quantities or simply scalars.

On the other hand, it is not uncommon to find a value that is a little more complex in its form, which often cannot be fully characterized by its own numerical value. Such measurement quantities include such quantities as: vector (in mathematics), velocity, acceleration, force (in physics) and others. In order to show the full characteristics of the listed quantities, you need to specify their numerical characteristics and direction. [6] These quantities are called vector quantities or simply vectors. Vectors are one of the simplest, most understandable, and most convenient ways to describe processes, including those related to economics.

In accounting, the concept of "income" and "expenses" is most fully disclosed in the Accounting Regulations "Income of the organization" and the Accounting Regulations "Expenses of the organization". Depending on the nature, conditions of receipt and areas of activity of the organization, all the income of the organization is divided into income from ordinary activities and other income. Income that is not related to income from ordinary activities is other income. Organizations have the right to independently classify certain types of income as income from ordinary activities or other income, depending on the nature of the organization's activities, the type of income and the conditions for their receipt In the organization's accounting statements, in particular in the income statement, the income of the organization received during the reporting period should be reflected with the revenue division and other income. The concept "sales revenue" corresponds to the concept of "income from ordinary activities". In practice, the specialists of the Ministry of Economics and Finance of the Republic of Uzbekistan do not use this concept for accounting purposes, it is used only by independent consultants. Income from ordinary activities is revenue from the sale of products and goods, income related to the performance of work, provision of services (hereinafter referred to as revenue). Depending on the type of activity an organization's revenue is considered to be: - the amount of rent received if the object of the organization's activity is to provide for a fee for temporary use (temporary possession and use) of its assets under a lease agreement; - the amount of royalties received (including royalties) for the use of intellectual property objects if the object of the organization's activity is to grant for a fee rights arising from patents for inventions, industrial designs and other types of intellectual property; - the amounts of income related to participation in the authorized capitals of other organizations, if the subject of the organization's activity is participation in the authorized capitals of other organizations. The conditions under which revenue is recognized in the organization's accounting records. Let's list these conditions:

1) the organization has the right to receive this revenue, arising from a specific contract or otherwise confirmed accordingly;

2) the amount of revenue can be determined;

3) there is confidence that a particular operation will result in an increase in the economic benefits of the organization. There is confidence that a particular transaction will result in an increase in the economic benefits of the organization when the organization has received an asset as payment or there is no uncertainty about receiving the asset.;

4) the right of ownership (possession, use and disposal) of the products (goods) has passed from the organization to the buyer or the work has been accepted by the customer (the service has been rendered);

5) the expenses that are incurred or will be incurred in connection with this operation can be determined.

For revenue to be recognized in accounting, all five conditions must be met simultaneously. In accordance with National Accounting Standard No. 2 "Income from core activities" (Registered by the Ministry of Justice of the Republic of Uzbekistan on August 26, 1998, Registration No.483), income from other legal entities and individuals is not recognized as income of an organization:

- amounts of value added tax (hereinafter referred to as VAT), excise taxes, export duties and other similar mandatory payments;

- under commission agreements, agency and other similar agreements in favor of the committee, principal and the like;

- in the order of advance payment for products, goods, works, services, as well as the amount of advance payments for products, goods, works, services;

- as collateral, if the contract provides for the transfer of the pledged property to the mortgagee;

- in repayment of a loan, a loan provided to the borrower. [7]

Expenses of an enterprise are recognized as a decrease in economic benefits as a result of the disposal of assets and (or) the occurrence of liabilities, leading to a decrease in the capital of the enterprise.

Depending on the nature, conditions of implementation and the direction of the organization's activities, all expenses are divided into expenses for ordinary activities and other expenses.

Thus, expenses other than expenses related to ordinary activities represent other expenses of the organization.

So, when studying the activity of an enterprise, second-order curves can be used as a mathematical model of this enterprise. This allows entrepreneurs to switch to the production of new types of goods at no special cost.

Economically justified ways of increasing incomes and reducing expenses are proposed, the theoretical aspects of the economic categories "income" and "expenses" are investigated.

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