



## Review

# Improvement of Accounting for Period Expenses at Enterprises

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## Abstract:

The article examines the issues of accounting for period expenses at enterprises in the modern economy. A brief overview of the current state of accounting for the expenses of the period is given and its importance for the effective management of enterprises is analyzed. Practical recommendations for improving the accounting of period expenses with an emphasis on cost estimation, forecasting and analysis of cost efficiency, as well as the introduction of comparability of indicators for decision-making are presented.

**Keywords:** period cost accounting, modern economy, enterprise management, cost efficiency, forecasting, data analysis, comparability of indicators

## 1. Introduction

Today, in a rapidly changing economic environment, accounting for period expenses at enterprises plays a key role in ensuring transparency and efficiency of financial management. However, despite the importance of this aspect, the existing system of accounting for period expenses may have a number of shortcomings and limitations that may make it difficult to make informed management decisions and increase the competitiveness of the enterprise [1].

Currently, many enterprises face challenges, such as a complex cost structure, imperfect accounting and data analysis systems, as well as a lack of transparency in reporting [2]. These factors can lead to underestimation or overestimation of costs, distortion of financial performance, and ultimately poor strategic decision-making.

Improving the accounting of period expenses in enterprises is of critical importance in the modern economy for several reasons. First, it allows businesses to obtain accurate and timely information about ongoing costs, which is the basis for making informed decisions and planning further actions [3].

In addition, the modern economy is characterized by a high degree of competition and a rapid pace of change, which requires enterprises to respond quickly to market conditions. Period expense accounting, which is based on reliable data and analytics, allows enterprises to flexibly respond to changes in the external environment and effectively manage their resources.

Furthermore, improving the accounting of period expenses contributes to increased transparency and trust on the part of investors, partners and other stakeholders. This creates favorable conditions for attracting investments, developing business relations and strengthening the company's position in the market [4].

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In general, improving the accounting of period expenses is a necessary step to increase the competitiveness of enterprises and their successful development in the current conditions of economic uncertainty and dynamic changes [5].

## 2. Main Aspects of Period Expenditure Accounting

Period expenses are costs related to the current operating activities of the enterprise that are not included in the cost of production. They cover various aspects of business activities, such as selling expenses, administrative expenses, and other transaction costs.

In accounting, period expenses play an important role because they reflect the current operating costs of the enterprise, which cannot be directly attributed to the production process. They include advertising, transportation, administrative costs, travel, office maintenance, and other operating expenses necessary to ensure the normal operation of the enterprise [6].

Accurate reflection of the period's expenses in accounting not only ensures the transparency of financial data, but also allows the company's management to make informed management decisions based on the real financial situation. Special attention to the accounting and analysis of period expenses allows enterprises to optimize their operating costs, increase the efficiency of activities and improve financial results [7].

Thus, the understanding and correct accounting of period expenses in the financial statements are important aspects of the financial management of the enterprise, contributing to its stability, competitiveness and sustainable development in the modern economic environment [8].

## 3. Tasks and Principles of Accounting for Expenses of the Period

- 1) **Ensuring accurate and transparent accounting:** One of the main tasks of accounting for period expenses is to ensure the accuracy and reliability of the company's financial statements. This includes the timely and correct reflection of all operating costs associated with current operations [9].
- 2) **Succession system:** The purpose of period expense accounting is also to provide a succession system that allows you to link current operating costs to previous periods and subsequent accounting periods. This is important for analyzing cost dynamics and assessing management effectiveness [10].
- 3) **Valuation of expenses in monetary terms:** The principle of accounting for the expenses of a period is the estimation of all operating costs in a monetary amount calculated in accordance with accounting standards. This makes it possible to compare and analyze the costs of the enterprise in different periods of time and compare them with the financial performance of other companies [11].
- 4) **Accurate reflection of costs by responsibility centre:** The accounting of the expenses of the period should be organized in such a way that each operating cost can be accurately allocated to the appropriate responsibility center or expense item. This ensures transparency and accountability for the use of resources in the enterprise [12].
- 5) **Forecasting and analysis of cost effectiveness:** The purpose of period expense accounting is also to forecast and analyze the effectiveness of current operating costs. This allows the company to optimize its costs, identify potential areas for improvement, and make informed management decisions [13].
- 6) **Streamlining the provision of information:** The principle of accounting for the expenses of the period is to ensure the optimal provision of information on expenditures by elements and objects of expenditure. This includes simplifying the reporting form while retaining all the necessary information for management decision-making [13].
- 7) **Comparability of indicators:** The accounting of expenses for the period should be

organized in such a way that the expenditure figures are comparable to those of other enterprises or periods of time. This allows for a more objective analysis of financial results and comparison of the company's performance [14].

#### **4. Improving the Accounting of Period Expenditures: Practical Aspects**

An important aspect of improving the accounting of period expenses is the introduction of the principles of double-entry bookkeeping. This principle involves recording each transaction on two accounts at once: debit and credit. In the context of period expenditure accounting, this means the recording of expenditures incurred for each object of expenditure by debiting one account and the corresponding amount credited to another account. This allows for a more accurate and complete reflection of all operations and costs in the enterprise.

The application of the principle of double-entry bookkeeping in the accounting of period expenses allows the company to detail and systematize its expenses, which ensures the transparency and reliability of financial reporting. In addition, this approach allows you to better control and analyze costs, identify potential areas for cost reduction, and make informed decisions to optimize business processes.

The introduction of double-entry bookkeeping requires not only technical changes in the accounting system, but also staff training and the development of appropriate procedures and instructions. However, the results of such efforts can significantly improve the efficiency and transparency of period expense accounting in the enterprise, which contributes to the improvement of managerial competence and informed strategic decision-making [15].

Continuing the discussion on improving the accounting of period expenses in enterprises, attention should be paid to the importance of ensuring continuity and a system for forecasting the effectiveness of expenditures. Continuity in accounting ensures the continuity and consistency of financial data, which is a key aspect for accurate analysis and decision-making. This is achieved through a strict accounting system, where every transaction and expenditure of the period is clearly reflected in the financial statements and related documents.

The cost efficiency forecasting system allows the company to analyze current expenses and predict their impact on financial results in the future. This makes it possible to respond to changes in the economic environment, adjust budget plans and optimize costs in accordance with the set goals and strategies for the development of the enterprise [16].

In order to increase the efficiency of period expense accounting, it is also important to optimize the accounting form in order to simplify document flow and data analysis. This can be achieved through the automation of accounting processes, the use of specialized software, and the standardization of reporting formats.

Standardization of reporting formats makes it easier to compare data between different periods and enterprises, which simplifies analysis and decision-making. Automation of accounting processes reduces the time spent on accounting and reduces the likelihood of errors, which improves the quality and reliability of financial statements [17,18].

Thus, the optimization of the form of accounting and the introduction of a cost efficiency forecasting system allows enterprises to manage their finances more effectively and achieve strategic goals.

#### **5. Practical Recommendations for Improving the Accounting of Period Expenditures**

One of the key best practices for improving period expense accounting is to estimate costs regardless of how they are spent. This means that all costs related to the period must be correctly estimated and recorded in accounting, regardless of how they were used [19].

To ensure an accurate estimate of the costs of the period, it is necessary to carefully monitor and classify all costs associated with the current activities of the enterprise. This includes selling expenses, administrative expenses, advertising expenses, travel expenses, staff salaries, and other operating expenses.

To achieve this goal, enterprises should develop a clear cost accounting system that will allow all expenses of the period to be correctly and timely reflected in the financial statements. It is also important to ensure transparency and reliability of data so that management decisions are based on accurate financial information [20].

Correct estimation of the costs of the period, regardless of their spending, will allow enterprises to manage their resources more efficiently, identify potential opportunities for reducing costs and improving the efficiency of activities. This approach also contributes to a more accurate analysis of financial results and making informed management decisions based on the real financial situation of the enterprise.

Another important practical recommendation is to apply an analytical approach to forecasting and analysing the effectiveness of period expenditures. This approach allows businesses to dig deeper into their costs, identify trends, and identify factors that affect cost effectiveness [21].

In order to be successful in the analytical approach, it is necessary to collect and analyze period expenditure data on a regular basis. This includes accounting for and classifying costs, as well as identifying their relationship to the main business processes and goals of the enterprise.

Forecasting the efficiency of expenditures allows enterprises to plan their financial resources and optimize budget expenditures. Cost efficiency analysis allows you to identify opportunities to reduce costs, optimize processes and improve operational efficiency [22].

Another important aspect of improving the accounting of period expenditures is the introduction of comparability of indicators for analysis and decision-making. This means that the cost data must be presented in a form that allows it to be compared with data from previous periods, as well as with data from other businesses in the industry [23].

To ensure the comparability of indicators, it is necessary to develop uniform accounting and reporting standards that will be applied by all enterprises in the industry. This will allow you to compare the financial results of different enterprises and identify best practices and trends in the industry.

The introduction of comparability of indicators also contributes to making informed management decisions based on objective data on costs and their effectiveness. This allows businesses to identify their competitive advantages and optimize their operations in accordance with market requirements and customer needs.

## 6. Conclusion

In conclusion, it is necessary to summarize the main points of the article and emphasize their importance for improving the accounting of period expenses at enterprises.

This article provides a brief overview of the current state of accounting for period expenses at enterprises, as well as substantiates the need to improve this accounting in the modern economy. It was noted that modern market requirements and the competitive environment require a more flexible and analytical approach to cost accounting and analysis.

Practical recommendations for improving the accounting of period expenses include estimating costs regardless of their spending, an analytical approach to forecasting and analyzing the effectiveness of expenditures, as well as the introduction of comparability of indicators for analysis and decision-making.

These recommendations allow enterprises to more accurately assess their expenses,

plan their financial resources and make informed management decisions based on objective data. As a result, businesses can improve their competitiveness, optimize their operations and achieve more sustainable financial results.

In general, improving the accounting of period expenses in enterprises plays a key role in improving their efficiency, adapting to changing market conditions and ensuring sustainable growth in the modern economic environment.

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