

University of Security Management in Košice

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**ACCOUNTING FOR THE ACTIVITY OF BUSINESS
STRUCTURES IN MODERN ECONOMIC
CONDITIONS AND EUROPEAN INTEGRATION
PROCESSES**

Collective monograph

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In this monograph, the authors summarized and supplemented the results of many scientific justifications and developments. Considerable attention is paid to the study of accounting and taxation issues in the context of modern trends in the development of society and the economy; application of new methods of information processing and analysis, its understanding and interpretation; possibilities of convergence of national accounting and control models in the conditions of globalization of economic processes and European integration.

The materials of the monograph reflect the results of research carried out as part of the research work “Modern trends, innovations and prospects for the development of accounting and taxation of enterprises, organizations, institutions” (state registration number: 0118U100367).

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PREFACE

The activity of various business entities has a number of features that affect their functioning as a whole, as well as individual elements of the management system. Conditionally, the factors influencing the activity of business entities can be divided into internal and external. Among external factors, natural and climatic conditions, state policy, activity of financial and credit institutions, industry structure of the region, etc. are important. Internal ones include those that characterize the enterprise's ability to independently influence its production efficiency and competitiveness, namely: organizational structure, field of activity, material and technical base, innovation processes, personnel potential, etc. At the same time, it is possible to evaluate the mentioned factors of influence, to forecast prospects and to determine the risks of activity only if there is adequate information support of the management system. Therefore, one of the management criteria of a modern enterprise is the maximum satisfaction of the management at various levels with useful information.

It is worth noting that the process of European integration in Ukraine is accompanied by a number of changes in various sectors and spheres of life. One of the vectors of European integration is cooperation aimed at improving the tax system and tax authorities of Ukraine. Ukraine's accession to the European Union implies the need to harmonize the accounting system and the formation of financial statements in accordance with the rules of International Accounting Standards.

Accounting, as a source of information, is aimed at performing many tasks in the enterprise management system, but the most important are:

1. In the operational and permanent collection and processing of information about production and economic, commercial, financial, investment and other types of activity;
2. In providing interested users with useful information about the financial status and results of the enterprise.

Thus, it can be argued that one of the most important management tasks in an enterprise, which has a significant impact on the quality of management decisions, is a properly organized record-keeping process and a balanced choice of its form.

The relevance of the study is due to the fact that there are a number of problems that do not allow the accounting system to fully use all the levers of influence on improving the financial and economic situation of business entities, organizations, institutions, which requires research into ways of its improvement, taking into account the specifics of industry activity and changes in taxation.

In this monograph, the authors summarized and supplemented the results of many scientific justifications and developments. Considerable attention is paid to the study of accounting and taxation issues in the context of modern trends in the development of society and the economy; application of new methods of information processing and analysis, its understanding and interpretation; possibilities of convergence of national accounting and control models in the conditions of globalization of economic processes and European integration.

The materials of the monograph reflect the results of research carried out as part of the research work “Modern trends, innovations and prospects for the development of accounting and taxation of enterprises, organizations, institutions” (state registration number: 0118U100367).

The scientific work is designed for use in educational and scientific-practical activities by students of higher education, graduate students; teachers of higher educational institutions, as well as accountants, economists, employees of economic entities, managers and representatives of management bodies.

SECTION 1 ¹
FINANCIAL ACCOUNTING IN THE MANAGEMENT
SYSTEM OF BUSINESS ENTITIES UNDER THE
CONDITIONS OF THE INTEGRATION OF UKRAINE INTO
THE EUROPEAN UNION

1.1. Basics of building the national accounting system of Ukraine in modern conditions

A prerequisite for effective management of economic entities of various organizational and legal forms is the management system obtaining objective, timely, sufficient information about all processes of enterprise activity. The basis of information support for the management of business entities is accounting information, in particular financial accounting. Financial accounting is an information system that is mandatory for business entities to form, providing information to both external and internal users in accordance with current legislation and accounting standards. The purpose of financial accounting and financial reporting is to provide users with complete, true and unbiased information about the financial status and results of the enterprise's activities for decision-making. The functioning of enterprises of the agrarian sector of the economy of Ukraine in the conditions of war is a guarantee of food supply for the armed forces of Ukraine and the civilian population, the creation of a reliable rear, a guarantee of the country's victory. Today, the agrarian sector of the economy not only forms the food security of the country and the world, economic security and the preservation of state sovereignty in general depend on its stable operation. Agriculture of Ukraine is one of the main budget-forming spheres of the economy. On the conviction of H.M. Kaletnik, the functioning of other branches of the national economy, the food security of the state, the financial provision of the country's needs, the formation of internal and external markets, and the improvement of the welfare of the country's population depend to a large extent on the successful solution of the problems of the economic and social development of the agro-industrial complex as a priority sector of the country's economy, and its sustainable development (Kaletnik, 2016).

¹ Ishchenko Ya. P.

A prerequisite for effective management of economic entities of various organizational and legal forms is the management system obtaining objective, timely, sufficient information about all processes of enterprise activity. Accounting information is the basis of information management of business entities. Today, the management of Ukrainian enterprises faces the difficult task of reorienting their business, on the one hand, in accordance with the needs of the state, the requirements of martial law and the conditions of integration of the domestic economy into the EU, and on the other hand, to ensure effective operations in today's difficult conditions. The effectiveness of management decisions largely depends on the quality of management information support, which is based on accounting information.

The problems of food, economic and energy security in Ukraine and the world through the prism of the aggravation of the political situation are currently relevant and are being studied by the scientific community, in particular in the works of H.M. Kaletnik, D.M. Tokarchuk (Kaletnik, Tokarchuk, 2021), I.V. Honcharuk (Honcharuk, 2020) and others. The state and development of state financial support of the agricultural sector of Ukraine in modern conditions are considered by N.I. Koval, O.D. Radchenko (Koval, Radchenko, 2021). The economic consequences of military aggression against Ukraine are currently the subject of research not only by Ukrainian, but also by many foreign scientists. Among them S.V. Ivanov (Ivanov, 2019), V.I. Kravchenko (Kravchenko, 2019), E.V. Stepaniuk (Stepaniuk, 2022), Yu. Horodnichenko and others. However, the problems of information provision of business management in the difficult conditions of martial law today remain outside the attention of scientists.

According to the State Statistics Service of Ukraine, the country's economy showed signs of stability as of the end of 2021. Starting from 2016, a stable recovery of GDP was observed to the growing level of 2011. Real GDP in 2021 compared to 2020 increased by 3.4%. The production of agriculture, forestry, fishery and processing industry in 2021 was almost 21% of the country's nominal GDP (Table 1.1).

According to the results of 2021, agriculture showed the highest increase in production. The real GDP in agriculture in 2021 compared to 2020 increased by 14.4%, in the processing industry – by 2.3%. As

a result, in 2021, agriculture, forestry and fisheries contributed the highest percentage to GDP among all sectors of the economy – 10.6% (based on the data of the State Statistics Service of Ukraine).

Table 1.1

Participation of the agricultural sector of the economy in the formation of the gross domestic product of Ukraine in 2021

Indicators	In actual prices (nominal GDP)		In constant 2016 prices, % to the previous year	
	million hryvnias	% to the total	volume change	deflator change
Gross Domestic Product	5459574	100,0	3,4	25,1
Gross added value:				
Agriculture, forestry and fisheries	580519	10,6	14,4	29,0
Processing industry	562471	10,3	2,3	28,9
The mining industry	364199	6,7	1,2	86,4
Real estate transactions	304060	5,6	6,0	6,6
Information and telecommunications	246021	4,5	6,5	10,3
Supply of electricity and gas	183176	3,4	0,6	48,2
Construction	151826	2,8	7,1	18,6

Source: created by the author based on the data of the State Statistics Service of Ukraine

According to the results of 2021, Ukraine ranked fifth in the world in wheat exports, fourth in corn exports, third in barley sales, and first in sunflower oil. Our state held a leading position in the world in the production of rapeseed, peas, millet, nuts, wheat flour, honey and other agricultural products. Agricultural sector products account for the largest share of Ukraine’s total exports (about 41%) (based on the data of the State Statistics Service of Ukraine).

Russia’s aggression fundamentally changed the economy of our country. Undoubtedly, the activities of agricultural enterprises in the conditions of war and martial law became much more difficult. A number of problems arose that economic entities did not face under normal operating conditions. Running an agricultural business in temporarily occupied territories is practically impossible, if the enterprise is located in a territory where there are no active hostilities, the main problems are the following:

- complicated material and technical support of the sowing campaign (fuel and lubricant materials, seed material, fertilizers, plant

protection products, etc.) and production activities in animal husbandry (forage, animal protection products);

- as a result of disrupted logistics, the sale of manufactured products (especially products with a short shelf life) is significantly complicated;

- the general mobilization leads to the outflow of personnel, and the equipment placed on the military register can be withdrawn for military needs;

- some production facilities and infrastructure as a result of military operations may be damaged, destroyed, or their intended use is impossible or impractical;

- state expenditures on military, humanitarian, social needs and liquidation of the consequences of aggression have increased significantly, which entails changes in the business taxation system.

According to the Law of Ukraine “On Accounting and Financial Reporting in Ukraine” dated 16.07.1999 No. 996-XIV, accounting in Ukraine is divided into accounting (financial) and intra-economic (management). Accounting (financial) accounting is defined as the process of identifying, measuring, registering, accumulating, summarizing, storing and transmitting information about the activities of enterprises to external and internal users for decision-making (Fig. 1.1).

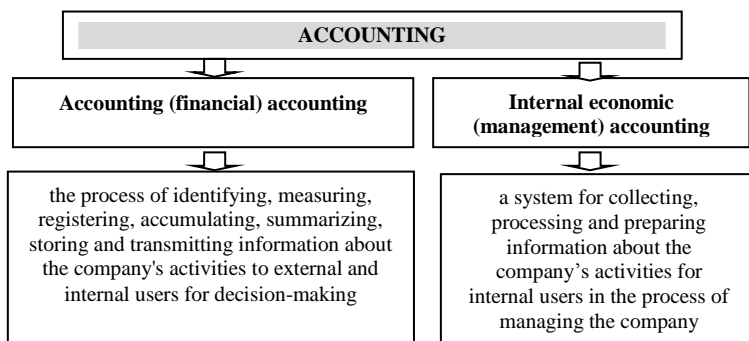


Fig. 1.1. Division of accounting in accordance with Law No. 996

Source: author's own development

Methodologically and organizationally, the accounting system of enterprises is divided into subsystems of financial accounting,

management accounting and tax accounting. These are three branches of a unified accounting system, each of which has its own purpose and plays its role in managing the enterprise and providing the necessary information to the relevant users (Fig. 1.2).

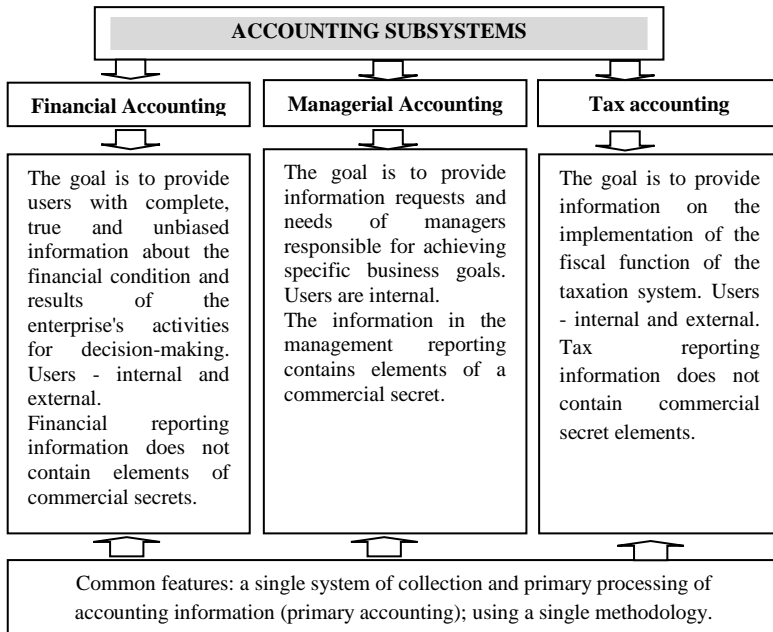


Fig. 1.2. Distinctive and common features of accounting subsystems

Source: author's own development

In Ukraine, financial accounting is mandatory for all enterprises and is strictly regulated by state regulations. Financial accounting information is used not only for internal management, but is also provided to external users. Internal users of account information:

- owners of the enterprise;
- managers of different levels and directions;
- employees of the enterprise.

External users of account information:

- actual and potential investors;
- banking and other credit institutions;
- suppliers and other creditors;

- customers, buyers, clients;
- government agencies;
- other users.

So, financial accounting is a set of rules and procedures that ensure the preparation and publication of information about the results of the enterprise's activities and its financial condition in accordance with regulatory legal acts and accounting standards. The purpose of financial accounting and financial reporting is to provide users with complete, true and unbiased information about the financial status and results of the enterprise's activities for decision-making. The result of the summarization of financial accounting information is the preparation of financial statements. Financial accounting data do not constitute a commercial secret.

The objects of financial accounting are:

- assets of the enterprise;
- equity;
- obligations;
- income, expenses, performance results.

Management accounting is a system of collecting and summarizing information that is used only by internal users. This is an internal accounting system of the enterprise, which is not mandatory for the organization.

The issue of the organization of management accounting, the order of formation, volumes and analytical sections of its information, the forms and order of compilation and submission of management reporting belong to the competence of the owners and management of the enterprise and responds to their requests and information needs. This accounting system is almost not regulated by legislation, and its information contains elements of commercial secrecy.

Tax accounting is intended for making calculations with the budget for taxes. The goal of tax accounting is considered to be information support for the implementation of the fiscal function of the taxation system. The main tasks of tax accounting are the determination of the basis for tax assessment, control over the correctness of assessment, timeliness and completeness of tax payment by the subject of taxation and by the controlling authorities.

The specified accounting subsystems have the following common features:

– firstly, they are based on a single system of collection and primary processing of accounting information, this system is called primary accounting;

– secondly, the technique used by them is one and the same.

State regulation of accounting and financial reporting in Ukraine is carried out with the aim of creating uniform financial reporting rules, which are, as mentioned earlier, mandatory for all enterprises and guarantee and protect the interests of users. Regulation of accounting methodology and preparation of financial statements is carried out by the Ministry of Finance of Ukraine, which issues orders and approves national regulations and accounting standards.

Ministries and other central bodies of executive power, within their competence and in accordance with industry specifics, develop methodological recommendations for their application on the basis of national accounting provisions (standards). The Methodological Council for Accounting operates under the Ministry of Finance, the tasks of which are:

1) development and improvement of accounting provisions (standards);

2) improvement of the organization, forms and methods of accounting, methodological support of modern technologies for processing accounting information;

3) solving issues of training and professional development of accountants.

The structure of regulation of financial accounting in Ukraine is as follows:

– first level – general provisions of the Law of Ukraine “On Accounting and Financial Reporting in Ukraine”;

– second level – national regulations (standards) of accounting, Plan of accounts for accounting of assets, capital, liabilities and economic operations of enterprises and organizations, Instructions for applying the Plan of accounts for accounting of assets, capital, liabilities and economic operations of enterprises and organizations;

– the third level – normative legal acts (instructions, provisions, instructions) and methodological recommendations of the Ministry of Finance and other competent bodies, which are developed and approved on the basis of Accounting Regulations (standards) taking into account the peculiarities and needs of certain types of activities;

– the fourth level – internal accounting regulations of enterprises.

Law No. 996 defines the legal principles of regulation, organization, accounting and financial reporting in Ukraine and applies to all legal entities regardless of their organizational and legal form and form of ownership.

Law No. 996 defines the principles of accounting and financial reporting. In accordance with the Law of Ukraine No. 2164-VIII “On Amendments to the Law of Ukraine “On Accounting and Financial Reporting in Ukraine” (regarding the improvement of some provisions), the number of accounting principles was reduced from 10 to 7 and brought into line with the Conceptual basis of financial reporting. Therefore, accounting and financial reporting are based on the following principles:

1. Full disclosure – financial reporting must contain all information about the actual and potential consequences of business transactions and events that can affect decisions made on its basis;

2. Autonomy – each enterprise is considered as a legal entity separate from its owners, in connection with which the personal property and obligations of the owners should not be reflected in the financial statements of the enterprise;

3. Consistency – the constant (from year to year) application of the chosen accounting policy by the enterprise: a change in the accounting policy is possible only in cases provided for by national regulations (standards) of accounting, international financial reporting standards and national regulations (standards) of accounting in the public sector, and must be substantiated and disclosed in the financial statements;

4. Continuity – the assessment of the company’s assets and liabilities is carried out based on the assumption that its activities will continue;

5. Accrual – income and expenses are reflected in accounting and financial reporting at the time of their occurrence, regardless of the date of receipt or payment of funds;

6. Predominance of essence over form – transactions are accounted for in accordance with their content, and not only with regard to the legal form;

7. Single monetary unit – measurement and summarization of all economic transactions of the enterprise in its financial statements are carried out in a single monetary unit; other principles defined by

international standards, or national regulations (standards) of accounting, or national regulations (standards) of accounting in the public sector, depending on which of the above standards are applied by the enterprise (Ishchenko, Podolyanchuk, Koval, 2020).

National provisions (standards) of accounting – regulatory legal acts, which define the principles and methods of accounting and preparation of financial statements by enterprises (except for enterprises that, in accordance with the law, prepare financial statements according to international standards of financial reporting and national provisions (standards) of accounting in the public sector), developed on the basis of international standards of financial reporting and legislation of the European Union in the field of accounting and approved by the central executive body, which ensure the formation and implementation of state policy in the field of accounting.

Accounting standards can be conditionally divided into 2 groups:

1. Those that determine the purpose, composition and principles of preparation of financial statements (NP(S)BU 1 “General requirements for financial reporting”, NP(S)BU 2 “Consolidated financial statements”, NP(S)BU 6 “Correction of errors and changes in financial statements”, NP(S)BU 25 “Simplified financial reporting”, NP(S)BU 29 “Financial reporting by segments”);

2. Those regulating individual issues of the accounting process (NP(S)BU “Fixed assets”, NP(S)BU 8 “Intangible assets”, NP(S)BU 9 “Inventories”, NP(S)BU “Accounts receivable”, NP(S)BU 11 “Liabilities” and others).

The chart of accounts for the accounting of assets, capital, liabilities and economic operations of enterprises and organizations is a systematized list of accounting accounts for displaying economic operations and forming accounting information about the activities of enterprises.

The chart of accounts consists of 10 classes, each of which has a specific purpose for the formation of financial statements. It lists the codes (numbers) and names of synthetic accounts (accounts of the first order) and sub-accounts (accounts of the second order) in the decimal system. The first number of the code defines the class of accounts, the second – the number of the synthetic account, the third – the number of the sub-account. The accounting of primary accounting documents, the maintenance of accounting registers is carried out using at least the

class code and the code of the synthetic account.

The Instruction on the Application of the Plan of Accounts for Accounting of Assets, Capital, Liabilities and Business Operations of Enterprises and Organizations establishes the purpose and procedure for keeping accounting accounts for summarizing by the method of double recording information on the presence and movement of assets, capital, liabilities and the facts of financial and economic activities of enterprises. Off-balance sheet accounts are maintained using a simple system (without using the double entry method).

The third level of regulation of financial accounting should include all normative legal acts that regulate not only the issues of accounting, tax, statistical accounting, but also in general any aspects of the enterprise's activity. Since accounting is a system that reflects all economic operations and processes of an enterprise, any changes in the regulation of its activity cannot fail to affect its accounting reflection.

Along with state legal acts, regulation of accounting at the enterprise is carried out by local (internal) organizational and legal documents.

The main ones are:

- Order or regulation on accounting policy;
- Charter of the enterprise and other constituent documents;
- Staff list;
- Collective agreement;
- Job instructions;
- Provisions on remuneration;
- Procedure for calculating the cash register limit;
- The procedure for posting cash in the cash register and others.

The specified documents are developed by the owner or the body authorized by him, taking into accounts the requirements of the current legislation.

The active process of Ukraine's integration into the EU in all spheres of activity made it necessary to adapt the domestic accounting system to the requirements of international accounting and financial reporting standards. Ukraine's obtaining the status of a candidate for EU membership opens up wider opportunities for national enterprises to implement European integration processes. In order to ensure the maximum approximation of the regulation of the accounting system

of Ukraine to EU standards and rules, relevant legislative acts have recently been adopted. Thanks to their application, the national accounting system of Ukraine has come much closer to European standards, which has contributed to progress in the implementation of the Association Agreement between Ukraine and the EU. Thus, with the adoption of the Law “On Amendments to the Law of Ukraine “On Accounting and Financial Reporting in Ukraine” on the Improvement of Certain Provisions” dated October 5, 2017, the range of business entities that keep records and prepare financial statements according to international standards has expanded. All enterprises without exception can accept international standards as the conceptual basis of accounting. Application of international accounting and financial reporting standards is mandatory for large enterprises of Ukraine and enterprises of public interest.

International standards of accounting and financial reporting are a tool for harmonizing the formation of information flows, the main purpose of which is to ensure transparency and comprehensibility of information about the activities of business entities.

The use of international accounting and financial reporting standards ensures:

- risk reduction for creditors and investors;
- reduction of costs of each country for the development of its own standards;
- the deepening of international harmonization and unification of accounting and, as a result, an unambiguous understanding of financial reporting and the growth of trust in its indicators throughout the world.

As a result, the business entity receives not only the necessary information for making management decisions, but also ensures the comparability of reporting with other entities, regardless of which country they are a resident of and in which territory they conduct economic activity. The formation of accounting information according to the rules of international standards makes it possible to attract foreign investments and loans, and also ensures trust on the part of potential partners.

1.2. Accounting of specific economic transactions caused by military actions on the territory of Ukraine

In this study, we will focus on the accounting display of unprecedented operations of agricultural enterprises, which are taking place today as a result of Russia's military aggression.

Let's start with a documentary display of operations. Primary observation is the only basis for the formation of information used for the purpose of management at different levels. Documentation of business operations must be continuous and continuous. That is, in today's complex operating conditions, it is important to maintain complete documentation of all economic transactions without exception for information support of management decision-making.

The Ministry of Agrarian Policy and Food of Ukraine provided an explanation regarding the possible forms of primary documents, where, in particular, it is noted that, taking into account the state of war in Ukraine, in the absence of the technical possibility of printing the document, the business entity can send electronic settlement documents to the address provided by the consumer subscriber number or email address. In addition, the business entity can reproduce a QR code on the display of the software recorder of settlement operations, which enables the consumer to read it and identify it with the settlement document by the structure of the data contained in it. Taking into account the complexity of time, it is possible to provide consumers with settlement documents in other forms. At the same time, these documents must contain all mandatory details (Website of the Ministry of Agrarian Policy and Food of Ukraine. Clarification of possible forms of settlement documents, 2022).

Mandatory details of primary documents are the name of the enterprise or institution on whose behalf the document is drawn up, the name of the document (form), the date of drawing up, the content and scope of the business transaction, the unit of measurement of the business transaction (in natural and/or value terms), positions and surnames persons responsible for the implementation of an economic transaction and the correctness of its registration, personal signature or other data that make it possible to identify the person who participated in the implementation of an economic transaction.

Therefore, in the special conditions of conducting economic activity, to ensure the integrity of documentation and the formation of optimal information flows, business entities can form primary documents both in paper and electronic form, while using both standard and arbitrary forms. Arbitrary forms of primary documents

must contain mandatory details specified by the Regulation on Documentary Support of Accounting Records dated 05/24/1995 No. 88 (Regulations on documentary support of records in accounting, 1995).

In regions of active hostilities, maintaining personnel documentation is problematic, if not impossible at all. This is caused by the loss of documents, or the loss of access to them, the lack of information about the whereabouts of employees, the lack of clear instructions on personnel administration in such conditions.

The decree of the President of Ukraine dated February 24, 2022 No. 69/2022 announced a general mobilization in connection with the military aggression of the Russian Federation against Ukraine. In accordance with Article 119 of the Labor Code of Ukraine (hereinafter referred to as the Labor Code), during the performance of state or public duties, if under the current legislation of Ukraine these duties can be performed during working hours, employees are guaranteed the preservation of their place of work (position) and average earnings. Employees called up for military service are not subject to dismissal on the basis of paragraph 3 of the first part of Article 36 of the Labor Code, but are only released from the performance of duties provided for in the employment contract drawn up by the relevant order (order) of the employer (Code of Labor Laws of Ukraine, 1971).

The basis for maintaining the place of work, position and average earnings of an employee of an enterprise, including an agricultural one (regardless of the organizational and legal status of the business entity and its form of ownership), is the very fact of the employee's acceptance into military service. Taking into account the specifics of service in the territorial defense, which may involve not permanent, but periodic involvement of the employee in the performance of his duties, according to the clarification of the Ministry of Economy of Ukraine, the employer does not necessarily need to issue an order on the release of the employee from the performance of work under labor contract. In each specific case, one should proceed from the level of the employee's involvement in territorial defense, the amount of working time the employee spends on this activity, and the efficiency and ability to perform his duties under the employment contract. At the same time, while the employees are performing territorial defense duties during working hours, they are guaranteed to keep their place of work (position) and average salary. Documents that confirm participation in territorial defense are the contract of a volunteer of territorial defense (Ministry of Economy of Ukraine: Information on the sphere of labor relations in martial law, 2022).

Peculiarities of labor organization and labor relations between employers and employees in wartime conditions are regulated by the Law of Ukraine “On the Organization of Labor Relations in Wartime Conditions” dated March 15, 2022, No. 2136-IX (Law of Ukraine On the organization of labor relations in martial of Ukraine, 2022). In accordance with the provisions of this law, in order to promptly attract new employees to work, as well as to eliminate personnel shortages and labor shortages, including due to the actual absence of employees who have evacuated to another area, are on vacation, idle, have temporarily lost their ability to work, or whose location is temporarily unknown, employers may enter into fixed-term employment contracts with new employees during the period of martial law or for the period of replacement of a temporarily absent employee.

In the first days of the war, most agricultural producers supplied food and fuel from their own stocks, provided equipment for the needs of the Armed Forces, territorial defense, and the civilian population free of charge. To ensure the viability of a business, it must function on the principles of a market economy. However, charitable assistance continues to be provided by agricultural business structures today. On the other hand, the agricultural enterprises themselves need help in the material and technical provision of their activities and, above all, in the provision of the sowing campaign.

In peacetime, operations to provide and receive charitable assistance were extremely rare. However, today they are the norm rather than the exception for agricultural enterprises. How, taking into account changes in the legislation, taxation and accounting of charitable assistance is carried out today, we will consider further.

In accordance with Clause 33 of Subsection 4 of Chapter XX of the Tax Code of Ukraine (hereinafter referred to as the Tax Code of Ukraine), the financial result before taxation is temporarily not adjusted for the amounts of funds or the cost of special personal protective equipment (helmets, body armor manufactured in accordance with military standards), technical means of surveillance, medicines and medical products, personal hygiene products, food products, items of physical support, as well as other goods, works performed, services provided according to the list determined by the Cabinet of Ministers of Ukraine, which are voluntarily listed (transferred) to the Armed Forces of Ukraine, the National Guard of Ukraine, The Security Service of Ukraine, the Foreign Intelligence Service of Ukraine, the State Border Service of Ukraine, the Ministry of Internal Affairs of Ukraine, the Department of State Security of Ukraine, the State Service of Special Communications and

Information Protection of Ukraine, other military formations formed in accordance with the Laws of Ukraine, their joint to military units, units, institutions or organizations maintained at the expense of the state budget (Tax Code of Ukraine, 2010).

Thus, companies that are income tax payers can attribute the full value of charitable aid (cash and goods) that was transferred to the needs of the state's defense to activity costs that reduce the taxable financial result.

In accordance with the requirements of the Tax Code of Ukraine, the provision of charitable assistance in the form of goods (including products of fixed assets) or services is a transaction for the supply of goods/services, i.e., an object of VAT taxation (Tax Code of Ukraine, 2010). However, in accordance with the Decree of the Cabinet of Ministers of Ukraine dated 05.03.2022 No. 202, it is established that the requirements established by the law regarding the receipt, use, accounting and reporting of charitable assistance from legal and natural persons – residents and non-residents do not apply in the conditions of martial law (Some issues of receipt, use, accounting and reporting of charitable assistance: Resolution of the Cabinet of Ministers of Ukraine, 2022). This means that not only financial, but also commodity charitable aid in the conditions of martial law is not subject to VAT taxation.

When providing charitable aid, it should be issued with an invoice and reflected in the accounting as other operating expenses, writing off the transferred material values at the accounting value. In the system of accounts, the specified operations should be reflected by the debit of account 949 "Other operating expenses" and the credit of accounts 20 "Manufacturing stocks", 26 "Finished products", 27 "Products of agricultural production", 28 "Goods", etc. (depending on the type of tangible assets, which were transferred as charitable aid).

When obtaining seeds, planting material, fertilizers, means of protection of plants or animals, fuel, fixed assets on a free basis, they should be sold, appraising them according to the methodology provided for by the relevant accounting standards (depending on the type of material values received) (Table 1.2).

The accounting reflection of the received and rendered charitable assistance in the system of accounting accounts is presented in Table 1.3.

Table 1.2

The procedure for assessing the received charitable assistance

Type of material assets received as charitable assistance	Regulatory act according to which the assessment is carried out	Evaluation procedure
<p>Production stocks (fuel, lubricants, seeds, planting material, feed, plant and animal protection products, mineral fertilizers, etc.)</p>	<p>National accounting regulation (standard) No. 9 “Stocks”</p>	<p>By the initial cost of stocks received by the enterprise free of charge is recognized their fair value considering the costs provided for in paragraph 9 of this National Regulation (standard). Such expenses include transportation and procurement expenses (expenses for the procurement of stocks, payment of tariffs (freight) for loading and unloading operations and transportation of stocks by all modes of transport to the place of their use, including expenses for insurance of stock transportation risks); other costs directly related to the acquisition of stocks and bringing them to a state in which they are suitable for use for the intended purposes.</p>
<p>Fixed assets (agricultural machinery, road transport, etc.)</p>	<p>National accounting regulation (standard) No. 7 “Fixed assets”</p>	<p>The initial cost of fixed assets received free of charge is equal to their fair value as of the date of receipt, considering the costs provided for in paragraph 8 of the National Regulation (standard) No. 7. Such expenses include registration meeting; expenses for insurance of risks of delivery of fixed assets; expenses for transportation, installation, installation, adjustment of fixed assets; other costs directly related to bringing fixed assets to a state in which they are suitable for use for the planned purposes.</p>

Source: created by the author based National Regulation (Standard) of Accounting No. 9 “Inventories” (1999), National Regulation (Standard) of Accounting No. 7 “Fixed Assets” (2000)

Table 1.3

Correspondence of accounts for accounting for charitable assistance

No.	Content of a business transaction	Account correspondence	
		Debit	Credit
1	Transfer of financial and material resources as charitable assistance	949	301, 311, 10, 20, 27
2	Attribution of expenses associated with the transfer of charitable assistance to financial results	791	949
3	Charitable assistance received (seeds, planting material, fertilizers, plant or animal protection products, fuel, fixed assets)	15, 20	483
4	After the use of production stocks received as charitable assistance for its intended purpose, its value is written off to income	483	718
5	Allocation of income related to receiving charitable assistance to financial results	718	791

Source: author's own development

Due to the insufficiency of their own resources for the sowing campaign in 2022, agricultural producers faced the issue of attracting credit resources. According to the estimates of the Ministry of Agrarian Policy and Food of Ukraine, the total need for funds for such work is about UAH 100 billion. The Government adopted a resolution “On Amendments to Certain Acts of the Cabinet of Ministers of Ukraine on Providing Credit Support to Agricultural Producers” (On Amendments to Certain Acts of the Cabinet of Ministers of Ukraine Concerning the Provision of Credit Support to Agricultural Producers, 2022). According to the said Decree, small and medium-sized agricultural producers whose income for the past year does not exceed 20 million euros and have less than 10,000 hectares of agricultural land in use eligible for a short-term loan in the amount of up to UAH 50 million on preferential terms. For such loans, the state provides full compensation of the interest rate for the period of martial law or until the expiration of the loan period.

Reimbursement by the state of credit interest when banks provide loans to agricultural producers is considered targeted financing in accounting. When reflecting these transactions in the accounting system of agricultural enterprises, we propose to open a sub-account

485 “Budget reimbursement of interest on a loan” as part of a synthetic account 48 “Target financing and targeted revenues”. Correspondence of accounts for the reflection of concessional lending to agricultural enterprises under martial law is shown in Table 1.4.

Table 1.4

Correspondence of accounts for accounting for interest compensation for the loan

No.	Content of a business transaction	Account correspondence	
		Debit	Credit
1	A short-term loan was credited to the current account of the enterprise under the program of credit support for agricultural producers	311	601
2	Interest charged on loans	951	684
3	For the amount of reimbursement of bank interest	684	485
4	Displaying the use of earmarked funding amounts	485	718
5	Attribution of income related to the reimbursement of interest for the use of a loan to financial results	718	791
6	Attribution of expenses associated with the accrual of bank interest to financial results	791	951

Source: author’s own development (National Regulation (Standard) of Accounting No. 28 “Decrease in usefulness of assets”, 2004)

Another specific object of accounting was the property of enterprises, which, due to its territorial location in the zone of active hostilities, in the zone of temporary occupation or other negative factors of the influence of the war and related circumstances (market, economic, legal, etc.), lost its usefulness. However, such assets may be destroyed, partially destroyed, or remain intact. Due to the impossibility of their further use or the use of such property for other purposes, business entities incur losses.

Loss from asset impairment is the amount by which the book (residual) value of an asset exceeds the amount of its expected recovery. Signs of decreasing the usefulness of assets in accordance with paragraph 6. National accounting regulations (standard) No. 28 are as follows (Fig. 1.3).

It is precisely the events that are a consequence of Russian aggression that often lead to a decrease in the utility of enterprise assets due to their physical damage, negative changes in the market, economic, and legal environment in which the business operates, or the use of the asset for its intended purpose.

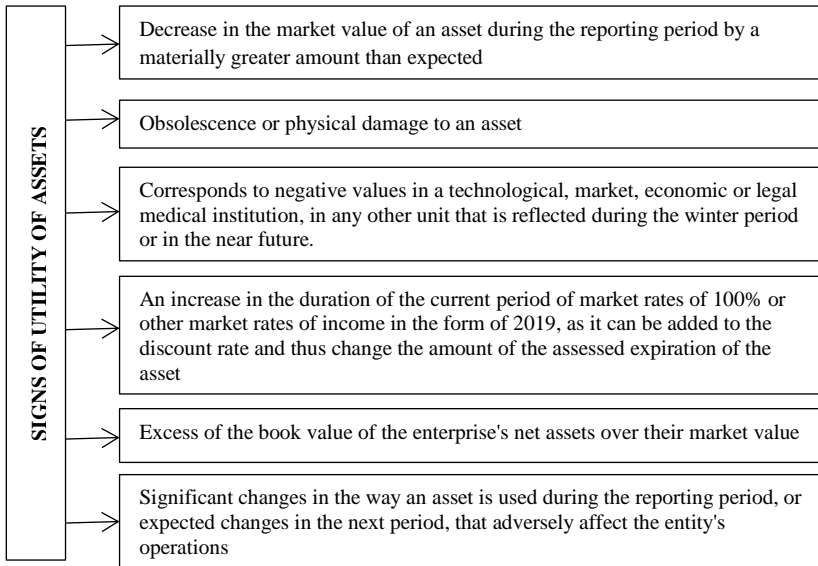


Fig. 1.3. Signs of diminishing utility of non-current assets

Source: formed by the authors based on National Regulation (Standard) of Accounting No.28 "Decrease in usefulness of assets" (2022)

When establishing the fact of reducing the usefulness of an asset based on the given signs, the enterprise must determine the amount of its expected compensation. The methodology for calculating the amount of losses from depreciation of assets and the amount of expected recovery of an asset is given in NP(S)BU No. 28. However, a certain procedure for assessing losses from depreciation of assets, in our opinion, cannot be used in the event of destruction (complete or partial) and as a result of other negative factors of war influence. Such an assessment methodology should be determined by the state centrally, taking into account current losses and losses from lost profits in the future.

The initial stage of the accounting display of transactions to reduce the utility of assets is their documentation. Standard forms of such documents are not provided. Business entities should create them on their own, taking into account the requirements of the Regulation on documentary support of records in accounting on the presence of mandatory details in this document.

Primary documents are the basis for the reflection of transactions to reduce the utility of assets in the accounts. Such losses are reflected in “Other expenses” on account 97 using sub-account 972 “Losses from impairment of assets”. At the same time, the depreciation (amortization) of fixed assets or other non-current assets on the credit of account 13 “Depreciation (amortization) of non-current assets” is increased by the amount of the transaction.

After recognition of losses from impairment of the asset, the new carrying amount of the item of property, plant and equipment is reflected in accounting and financial reporting. At the same time, based on the circumstances, it is necessary to review the life of such facilities and, accordingly, the procedure for calculating depreciation on them.

NP(S)BU 28 determines that after the completion of the influence of negative factors and positive changes in the market, economic, legal environment, an enterprise must restore the value of property in accounting and reporting and reflect income from the restoration of their usefulness of assets. Signs of restoration of usefulness of property are presented in Fig. 1.4.

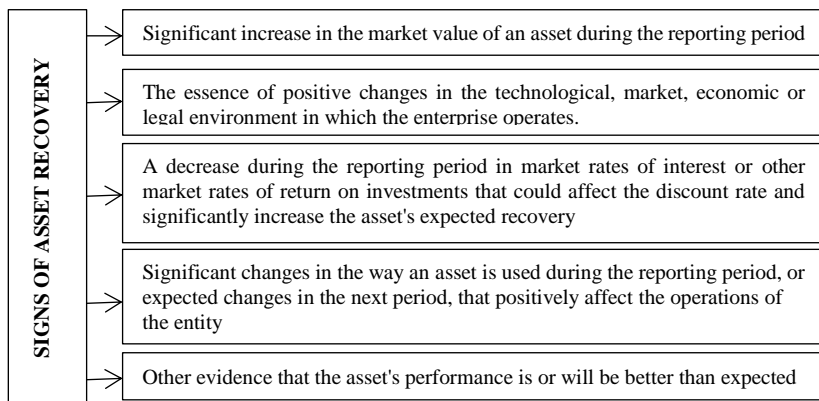


Fig. 1.4. Signs of restoring the usefulness of non-current assets
 Source: formed by the authors based on National Regulation (Standard) of Accounting No.28 «Decrease in usefulness of assets» (2022)

Benefits from restoring the usefulness of an asset on the principle of matching income and expenses should be recognized as income from other activities. Assets are recorded in the accounting and

financial statements at a revalued cost. Depreciation on property, after the recovery of usefulness, should be charged on the recovered cost based on the useful life, revised after the revaluation.

The benefits received from the restoration of the usefulness of assets in accounting are reflected in the debit of sub-account 13 “Depreciation (amortization) of non-current assets” and the credit of sub-account 742 “Income from the restoration of the usefulness of assets”.

The fighting on a large territory of our state and the temporary occupation of the country’s regions have necessitated business support in relatively safe areas. The use of tax levers of influence on the economy of the state, the strengthening of the regulatory function of taxes in the conditions of the military aggression of the Russian Federation became the reason for fundamental changes in the taxation system of Ukraine.

Since February 24, 2022, a number of legislative acts have been adopted that determine the tax policy of the state under martial law. The most significant changes to the Tax Code were introduced by the Law of Ukraine “On Amendments to the Tax Code of Ukraine and other legislative acts of Ukraine on the operation of norms for the period of martial law” dated March 15, 2022 No. 2120-IX (Law of Ukraine On Amendments to the Tax Code of Ukraine and Other Legislative Acts of Ukraine Concerning the Effect of Norms for the Period of Martial Law, 2022). In particular, they are amending the simplified taxation system. So, from April 1, 2022, individual entrepreneurs – single tax payers of the first and second groups, have the right not to pay a single tax.

At the same time, the declaration of the single tax payer of an individual entrepreneur is not filled in by such tax payers for the period in which the single tax is not paid. The greatest innovations relate to the taxation of single tax payers of the 3rd group, we will consider it in Table 1.5.

Agricultural enterprises – single taxpayers of the 4th group, as well as other economic entities, can re-register for the use of the special regime as tax payers of the 3rd group.

Table 1.5

Changes in the taxation of single tax payers of the 3rd group

Characteristics	According to the Code (until 04/01/2022)	In accordance with the Law of Ukraine No. 2120-IX (after 04/01/2022-0)
1	2	3
Taxpayers	Payers of the single tax of the third group may be individuals - entrepreneurs and legal entities - business entities of any organizational and legal form, whose income during the calendar year does not exceed 1167 minimum wages established by law as of January 1 of the tax (reporting)) of the year (for 2022, this amount was UAH 7,585,500). There are no restrictions on the number of employees.	Single taxpayers of the third group can be individuals - entrepreneurs and legal entities - business entities of any organizational and legal form, whose income during the calendar year does not exceed UAH 10 billion. There are no restrictions on the number of employees.
Single taxpayers of the third group cannot be	Business entities (legal entities and individuals - entrepreneurs) that carry out: 1) organizing and conducting gambling, lotteries (except for the distribution of lotteries), bets (bookmaker bets, totalizator bets); 2) foreign currency exchange; 3) production, export, import, sale of excisable goods (except for the retail sale of fuels and lubricants in containers up to 20 liters and the activities of individuals related to the retail sale of beer, cider, peri (without the addition of alcohol) and table wines); 4) extraction, production, sale of precious metals and precious stones, including organogenic formation (except for the production, supply, sale (sale) of jewelry and household products from precious metals, precious stones, precious stones of organogenic formation and semiprecious stones);	1) business entities that carry out: - activities related to the organization, conduct of gambling, lotteries (except for the distribution of lotteries), papi (bookmaker's bet, papi of a totalizator); - foreign currency exchange; - production, export, import, sale of excisable goods; - extraction, sale of minerals; 2) insurance (reinsurance) brokers, banks, credit unions, pawnshops, leasing companies, trust companies, insurance companies, funded pension institutions, investment funds and other financial institutions specified by law; securities registrars;

Continuation of table 1.5

1	2	3
	5) extraction, sale of minerals, except for the sale of minerals of local importance; 6) activities in the field of financial intermediation, except for activities in the field of insurance carried out by insurance agents; 7) enterprise management activities; 8) activity in the sale of objects of art and antiques, activities in the organization of trades (auctions) in works of art, collectibles or antiques; 9) activities for organizing, conducting tour events.	3) representative offices, branches, departments and other separate subdivisions of a legal entity that is not a single tax payer; 4) individuals and legal entities - non-residents.
Tax rates	3% and 5% income	2% of income
Single taxpayers are exempt from	Corporate income tax	Value Added Tax, Corporate Income Tax
Tax (reporting) period	Quarter	Calendar Month

Source: formed by the author based on Source: Tax Code of Ukraine (2010), Law of Ukraine On Amendments to the Tax Code of Ukraine and Other Legislative Acts of Ukraine Concerning the Effect of Norms for the Period of Martial Law (2022)

When calculating the single tax of the 4th group, business entities attributed its amount to general production expenses, and after distribution, they included it in the cost of production. However, the unified tax of group 3 according to domestic accounting practice is reflected in administrative expenses. At the same time, obligations to the budget for taxes are recognized and correspondence of accounts is compiled for the debit of account 92 “Administrative expenses” and the credit of sub-account 641 “Tax settlements”. Since the tax base for a single tax of the 3rd group is income, it is logical, when accounting for its accrual, not to increase the amount of expenses, but to reduce the amount of income of the corresponding type of activity (main, other operating, financial, investment) (Table 1.6).

Taxpayers have the right to apply for a simplified tax system at any time during martial law. If an enterprise submits an application after

04/01/2022, then it becomes a single taxpayer of group 3 from the next business day after the application is submitted (Law of Ukraine On Amendments to the Tax Code of Ukraine and Other Legislative Acts of Ukraine Concerning the Effect of Norms for the Period of Martial Law, 2022).

Table 1.6

Proposed correspondence of accounts for accounting for single taxpayers of the 3rd group

No.	Content of a business transaction	Content of a business transaction	
		Debit	Credit
1	Reflected income from the sale of products, goods, works (services)	36	70
2	A single tax is charged on the income of the main activity	70	641
3	Reflected income from other operating activities	31, 37, 36, 48, 63 et al.	71
4	Accrued single tax on income from other operating activities	71	641
5	Reflected income from financial transactions	14, 373	72, 73
6	A single tax is charged on income from financial transactions	72, 73	641
7	Reflected income from investment and other activities	10, 13, 20, 36, 37, 42, 63 et al.	74
8	A single tax has been charged on income from investment and other activities	74	641

Source: created by the author

However, as practice shows, domestic enterprises are in no hurry to use the right to switch to a simplified taxation system. After all, the taxation of income causes the payment of tax even by enterprises in which the activity is unprofitable. The economic situation in the country causes a significant increase in the amount of expenses of economic activity and an increase in the risks of reducing its efficiency. Businesses suffer losses, and in fact, paying a tax of 2% of income is a significant tax burden.

Electricity is another strategic branch of the Ukrainian economy. Currently, military operations are being conducted on the territory of Ukraine, energy facilities are seized by the army of the aggressor country, and the infrastructure of power grids is being destroyed and destroyed. Today, it is difficult to determine the amount of networks

and equipment that needs to be restored, and it is impossible to accurately estimate the extent of the destruction. After all, part of this infrastructure is located in the temporarily occupied territory, and the property located in the territory under the control of Ukraine is constantly damaged as a result of rocket attacks. Today's conditions require the work of power engineers to restore power grids in extremely difficult conditions, often under shelling and bombing. In the territories liberated from occupation, the energy workers work together with the teams of the Ministry of Emergency Situations and sappers. Their main tasks are the restoration of highway networks in the liberated territories and in other regions of Ukraine; repair and restoration work on power lines (removal of broken wires, replacement of supports and insulation, installation of new equipment at substations, reconstruction of walls and roofs). It is clear that in order to restore and repair networks under conditions of limited funding, a significant increase in the cost of resources and the lack of complete information about the volume and cost of damaged infrastructure, it is necessary to implement a set of measures, including the organization of proper information at all levels of management of these processes.

The electrical networks of Ukraine were mostly built during the USSR and are a classic example of the use of "manual control". All networks are controlled by dispatchers, and almost all switching is done manually by operational personnel. This negatively affects the SAIDI indicator (duration of interruptions in electricity supply), which in general in Ukraine in 2020 increased from 682 minutes to 816 minutes, compared to 2019. For comparison, the SAIDI indicator in 2019 was 193 minutes in Croatia, 179 minutes in Romania, and 12 minutes in Germany (Post-war plans: how the power grids are going to be restored, 2022).

Taking into account the technical shortcomings of the energy infrastructure, not only its repair and restoration, but also modernization is foreseen. That is, speaking in accounting terms, repair works and works related to the improvement of facilities are expected.

Organizational and legal aspects of the repair, restoration and modernization of energy infrastructure in the conditions of martial law are not left out of the attention of domestic scientists and practitioners.

The mentioned problems were considered in the works of A. Zorkin (Zorkin, 2022). A team of scientists from the Vinnytsia National Agrarian University made a significant contribution to the development of issues of the use of renewable energy sources. The works of H.M. Kaletnik, L.M. Tokarchuk (Kaletnik, Tokarchuk, 2021), I.V. Honcharuk (Honcharuk, 2020), N.G. Zdyrko (Zdyrko, 2018).

However, in relation to the scientific and applied problems of accounting for the work and restoration of the domestic energy system in the conditions of martial law and its joining to the EU energy system, there are practically no developments.

Capital assets play a special role in Ukraine's electric power industry. In the total value of assets of energy companies, fixed assets have a dominant share. In some enterprises of the electric power industry of Ukraine, they make up 92.8% (Tseben, 2009).

The totality of power plants, electric networks, and other objects of the electric power industry, which are united by a common mode of production, transmission and distribution of electric energy under centralized management of this mode, form the unified energy system of Ukraine (hereinafter – UES of Ukraine). Electric power enterprises are the components of UES of Ukraine. Electric power companies are business entities that perform one of the following functions: production, transmission, and distribution, supply of electric energy to the consumer or trading activity.

Electric energy producer – a business entity that produces electric energy.

The operator of the transmission system is a legal entity responsible for the operation, dispatching, maintenance, development of the transmission system and interstate power lines, as well as for ensuring the long-term capacity of the transmission system to meet reasonable demand for the transmission of electric energy.

The operator of the distribution system is a legal entity responsible for the safe, reliable and efficient operation, maintenance and development of the distribution system and ensuring the long-term capacity of the distribution system to meet reasonable demand for the distribution of electrical energy, taking into account the requirements for environmental protection and ensuring energy efficiency (Law of Ukraine On Electricity Market, 2017).

Considerable damage to the Ukrainian energy system was caused by the occupiers, who are deliberately destroying it through rocket and cannon fire. A significant number of settlements remain without power. During the shelling of the Zaporizhzhia Nuclear Power Plant (ZAEF), Russian terrorists damaged many objects on its territory.

Despite this, the energy system of Ukraine has been working stably as part of the European ENTSO-E network for more than half a year. All types of power plants continue to operate according to schedule. On June 30, Ukraine started exporting electricity to Romania, which is the beginning of the commercial exchange of electricity between Ukraine and the EU. The initial export volume is 100 MW. The export potential of Ukrainian electricity to Europe is up to 2.5 GW. Under such a scenario, the state will be able to receive more than UAH 70 billion per year. The proceeds of NEC "Ukrenergo" from the sale of the interstate crossing for the export of electricity to Romania and Slovakia from June 30 to August 21, 2022 amount to about UAH 1.92 billion (Energy news. Business censor, 2022).

Electricity has the prospect of becoming one of the drivers of the recovery of the Ukrainian economy, as it has already become a driver of integration into the EU.

After the initial stage, the trade capacity is planned to be gradually increased based on considerations of stability and security of the energy system.

NP(S)BU 7 "Fixed assets" typifies the classification of fixed assets that cannot satisfy the information requirements of the management of electric power enterprises of Ukraine. Due to the technological specificity of such business entities, the objects belonging to the fixed assets of the group "Buildings, structures and transmission devices" in the structure of this type of assets have the largest specific weight. For example, let's present the structure of fixed assets of JSC "Vinnytsiaoblenergo" (Table 1.7).

This group of this enterprise for the analyzed period is in the range from 48% to 52%. At the same time, the basis of the "Buildings, constructions and transmission devices" group consists of power lines, that is, transmission devices. We consider it expedient for the needs of providing information requests of information users of electric power enterprises to allocate a separate group "Transmitting devices", which will allow obtaining more detailed information about the objects that

form the basis of the means of activity of such entities.

Table 1.7

The structure of fixed assets of JSC “Vinnytsiaoblenergo”

Group of fixed assets	2018		2019		2020		Deviation, +/- 2020 to 2018	
	thousand hryvnias	%	thousand hryvnias	%	thousand hryvnias	%	thousand hryvnias	%
Ground section	-	-	2483	0,1	2483	0,1	+2483	+0,1
Buildings, structures and transmission devices	950817	52,1	1023632	49,6	1067559	48,3	+116742	-3,8
Machinery and equipment	619513	33,9	749907	36,4	874507	38,5	+254994	+4,6
Vehicles	66675	3,7	70270	3,4	75945	3,3	+9270	-0,4
Tools, appliances, inventory (furniture)	88395	4,8	97242	4,7	103593	4,6	+15198	-0,2
Other fixed assets	99439	5,5	118684	5,8	118684	5,2	+19245	-0,3
In total	1824839	100	2062218	100	2269442	100	289807	-

Source: created by the author based on information from the financial statements of JSC “Vinnytsiaoblenergo”

As part of the elements of the accounting policy of electric power enterprises, we propose to allocate a separate section to determine the classification of fixed asset objects. Accordingly, in the Working plan of accounts of such enterprises, it is necessary to provide for the corresponding accounts of the third and fourth order for analytical accounting of operations with the specified objects. In particular, we suggest introducing a separate subaccount 102 “Transmitting devices”. Due to the specifics of the activity of electric power enterprises, such standard sub-accounts for synthetic account 10 “Fixed assets” as “Capital costs for land improvement”, “Animals”, “Perennial plantations”, due to the insignificant specific weight of such objects, or their complete absence, are expedient to be accounted for as part of subaccount 109 “Other fixed assets”.

Today, the electric power industry of Ukraine requires significant costs for the repair and restoration of fixed assets. Unfortunately, in the conditions of military operations and the negative consequences in the economy caused by the war, electric power companies practically

abandoned the system of scheduled and preventive repairs, which negatively affected the maintenance and use of fixed assets.

The organization of accounting for repairs and improvements of fixed assets requires not so much the separation of the classification features of the fixed assets themselves, but the division of costs incurred during the period of their operation.

During the operation of fixed assets, they require certain costs for maintaining their functional properties (technical characteristics) and improving them. In accounting, such expenses are divided into two groups:

- expenses incurred to maintain the facility in a usable condition and the possibility of obtaining a predetermined amount of future economic benefits from its use;
- expenses aimed at improving the technical and economic characteristics of the object.

The first include expenses for maintenance of fixed assets and their repairs (current, capital).

The second group includes expenses, the implementation of which leads to increase in future economic benefits originally expected from the use of the object (modernization, modification, completion, retrofitting, reconstruction, etc.).

That is, the main criterion when assigning costs to one or another group is the future economic benefits from the use of the object. If, after incurred expenses, it is expected to receive a predetermined amount of future economic benefits, this means that the enterprise has performed repair work. If, as a result, the future economic benefits compared to the originally expected ones, increase, this is an improvement.

According to international accounting standards, the procedure for displaying costs for repair and improvement of fixed assets and disclosing information about them in financial statements is determined by IAS 16 “Fixed Assets”. According to paragraph 24 of IAS 16 “Fixed Assets”, subsequent expenses related to an object of fixed assets that have already been recognized should be added to the book value of this asset when it is probable that future economic benefits that exceed the initial the estimated level of productivity of the existing asset will be provided to the enterprise. All other subsequent expenses should be recognized as expenses of the period in which they were incurred.

According to the specified classification of costs, the method of their accounting differs. Repair costs (current, capital) should be included in the current costs of the enterprise, depending on the functional purpose of the object. Expenditures for improvements to fixed assets are capitalized and increase the original cost of the objects.

According to the “Methodical recommendations on the accounting of fixed assets”, the decision on the nature and characteristics of the repair works carried out by the enterprise is made by the head of the enterprise independently, taking into account the results of the analysis of the existing situation and the materiality of such costs. Regarding the definition of the categories “current repair” and “capital repair”, it should be noted that there are no clear definitions in the current legal acts. Definitions of the terms “maintenance” and “overhaul” for certain accounting objects are given in the normative legal acts that regulate certain fields of activity (Table 1.8).

Table 1.8

**Interpretation of the terms “maintenance” and “overhaul”
according to regulatory and legal acts**

Type of repair	Definition
Rules for the maintenance of residential buildings and outbuildings	
Current	A complex of repair and construction works, which involves systematic and timely maintenance of operational qualities and prevention of premature wear of structures and engineering equipment
Capital	A complex of repair and construction works related to the restoration or improvement of the operational indicators of the building, with the replacement or restoration of load-bearing or enclosing structures, engineering equipment and fire protection equipment without changing the construction dimensions of the object and its technical and economic indicators
Provisions on maintenance and repair of road vehicles of motor transport	
Current	Repairs that are performed to ensure or restore the functionality of the product and consist in the replacement and (or) restoration of individual parts (can be performed upon request or based on the results of diagnostics by aggregate, impersonal and other methods)
Capital	Repairs that are performed to restore the serviceability and full or near full recovery of the product resource with the replacement or restoration of any parts, including basic

Source: Rules for maintaining residential buildings and outbuildings (2005), Regulations on maintenance and repair of road vehicles of road transport (1998)

The interpretation of current and capital repairs is also given in the Methodological recommendations on the formation of the cost of production (works, services) in industry, approved by the order of the Ministry of Industrial Policy of Ukraine dated July 9, 2007 No. 373 (Methodological recommendations on the formation of the cost of products (works, services) in industry, approved by the order of the Ministry of Industrial Policy of Ukraine, 2007). They define that ongoing repair is performed to ensure or restore the operational qualities of the equipment and consists in the performance of minor repairs and partial replacement of individual parts of production and lifting and transport equipment, workshop transport and tools, devices and devices from the composition of the main production facilities.

According to the Rules for the organization of maintenance and repair of equipment, buildings and structures of power plants and networks. The system of technical maintenance and repair of electrical networks involves the performance of a complex of works, which are carried out with a certain periodicity and sequence, aimed at ensuring the good condition of electrical equipment, its reliable and economical operation with optimal labor and material costs. The complex of works mainly includes:

1. Clearly organized maintenance of electrical equipment;
2. Establishing the optimal periodicity of major repairs of electrical equipment;
3. Introduction of progressive forms of organization and management of electrical equipment repair;
4. Introduction of specialization of repair works;
5. Quality control of work during the repair process;
6. Timely supply of repair works with materials, spare parts and equipment;
7. Analysis of parameters of the technical condition of the equipment before and after repair.

Maintenance of electrical networks is a service method in which all necessary works of a set of works are performed, aimed at maintaining efficiency and preventing premature activation of elements of the object of electrical networks, which is achieved by inspections, performing preventive checks and measurements and certain types of work with the replacement of malfunctioning parts and elements of electrical networks, elimination of damage.

Overhaul of electrical networks is a repair method in which a set of measures is simultaneously carried out aimed at maintaining or restoring their initial operational characteristics, which is achieved by repairing malfunctioning parts and elements or replacing them with more reliable and economical ones, which, in turn, will significantly improve operational characteristics objects.

Provision of technical maintenance and repair, maintenance of electrical networks in a working condition is entrusted to operators of the distribution system (hereinafter – Oblenergo), PJSC “National Energy Company “Ukrenergo” and its separate units – electric power systems.

Maintenance and overhaul of 220-800 kV overhead lines, 220-800 kV electric substations are mainly performed by separate units, separate divisions of the electric power system of PJSC “National Energy Company “Ukrenergo”. Contracting organizations are engaged to perform large volumes of capital repairs and reconstruction works related to the mass replacement of the main elements of overhead power lines, transformer substations, cable power lines, or emergency restoration works.

Overhaul according to the Regulation on maintenance and repair of road vehicles of road transport is treated separately for production transport equipment and equipment. Overhaul of production and lifting and transport equipment, workshop transport means repair carried out to restore serviceability and complete or near complete restoration of the object’s resource and consists in performing works related to the replacement or restoration of its most important responsible parts or basic structures. For equipment, a major repair is considered a repair in which the unit is completely disassembled, replacement or restoration of worn parts and components, repair of basic other parts and components, assembly, adjustment and testing of the unit. The specified methodical recommendations are used for planning, keeping records and calculating the production cost of products (works, services) at enterprises that produce industrial products and refer to fixed assets involved in the production process (Rules for organizing maintenance and repair of equipment, buildings and structures of power plants and networks, 2003).

The periodicity and duration of repair and maintenance of electrical network objects is established by regulatory and technical

documentation, depending on the technical condition of the object, local operating conditions. During the repair and maintenance of electrical network facilities, it is necessary to comply with the requirements of regulatory, technological and design documents:

1. Overhead power lines with a voltage of 35 kV and above – Operating instructions, technological maps;
2. Maps of labor organization;
3. Schemes.

The management of Oblenergo is responsible for the organization of maintenance and repair of electrical networks with a voltage of 0.4-150 kV. Responsibility for the organization of maintenance and repair of electrical networks with a voltage of 220-800 kV is carried out by separate units of NEC “Ukrenergo”.

Plans for material and technical supply must correspond to plans and schedules for the repair and maintenance of electrical network facilities.

Repair and reconstruction works on electrical network facilities located on agricultural land should be carried out in agreement with the land user.

Maintenance work and elimination of accidents, or elimination of an emergency situation at the facility, which threatens people’s lives, is allowed to be carried out at any time, without agreement with the land user. After the completion of the works, the executor is obliged to restore the land to its previous state. The owner of the object compensates the land user for the damages caused during these works (Rules for organizing maintenance and repair of equipment, buildings and structures of power plants and networks, 2003).

Regardless of the type of repair (current, capital), the costs of its implementation should be included in the current costs of the enterprise (production, administrative, sales costs, etc.). According to the current method, the costs of improving facilities are preliminarily reflected in capital investments, and after the completion of the work, they are included in the original cost of fixed assets. The accounting display of costs for repair and improvement of fixed assets is presented in Table 1.9.

The conducted research shows that among the elements of the accounting policy of most operators of the electricity distribution system, there are no norms regulating the accounting of costs for repair, restoration and improvement of fixed assets. This reduces the effectiveness of managing such operations due to the formation of

information that does not take into account the specifics of the industry and today's operating conditions of power grids.

Table 1.9

Correspondence of invoices for the accounting of costs for repair and improvement of fixed assets (according to the current methodology)

No.	Content of a business transaction	Content of a business transaction	
		Debit	Credit
1.	The costs of repair (current, capital) of fixed assets are shown:	23	66,
	- production facilities		65,
	- objects of general production purpose	91	205,
	- objects of administrative purpose	92	207,
	- sales facilities	93	209,
	- objects of social purpose	949	131,
2.	Expenses for the improvement of fixed assets are shown	151, 152	63
3.	The cost of improvements is attributed to the original cost of the fixed asset object	10	151, 152

Source: generated by the author

We suggest that in the working plan of accounts to distinguish information by types of repairs, to determine the total amount of repair costs (calculation of the cost of repair works), separate sub-accounts to account 23 "Production": 233 "Current repair of fixed assets"; 234 "Overhaul of fixed assets". The debit of these sub-accounts should reflect all costs related to the corresponding types of repairs of fixed assets. On credit, after signing the acts on the completion of repair work, debiting the costs to the debit of the relevant accounts depending on the functional purpose of the objects being repaired.

As research has shown, despite the difficult conditions of the industry's operation, it is necessary to plan expenses for repairs, especially capital repairs of electric power enterprises. If these subjects are located territorially in the zone of active hostilities, of course, planning is unlikely to be discussed. If it is a relatively calm region, such as the Vinnytsia region, the company can plan an annual budget for repair costs and form monthly budgets. This will make it possible to provide repair work with material resources in a timely manner and evenly distribute costs by period.

To ensure prompt elimination of emergency situations in electrical networks, it is necessary to create an emergency stock of electrical equipment, materials and products. The volume of the emergency

stock and the conditions for its storage and replenishment are determined on the basis of the Norms of the emergency stock of equipment and materials for trunk and interstate electrical networks (Order of the Ministry of Fuel and Energy of Ukraine, 2007), the Norms of the emergency stock of electrical equipment, building structures and materials for electrical networks with a voltage of 0.38-150 kV (Order of the Ministry of Fuel and Energy of Ukraine, 1998). The cost of repairs and maintenance at electrical facilities is determined by estimates compiled on the basis of regulatory documents “Time standards for repair and maintenance of electrical networks” (Order of the Ministry of Fuel and Energy of Ukraine, 2010). However, the specified normative documents do not take into account, firstly, the extreme conditions of the operation of the electric power industry during full-scale military operations; secondly, the conditions of integration of the Ukrainian electricity industry in the EU.

Ukraine’s energy system is the sixth largest in Europe, behind France, Germany, Italy, Spain and Great Britain. Synchronization of the UES of Ukraine with ENTSO-E requires the synchronization of information flows for the management of the energy system of Ukraine within the framework of the unified energy system of Europe. This requires the application of international standards for accounting and financial reporting.

International standards of accounting and financial reporting are a tool for harmonizing the formation of information flows, the main purpose of which is to ensure transparency and comprehensibility of information about the activities of business entities.

The use of international accounting and financial reporting standards ensures:

- risk reduction for creditors and investors;
- reduction of costs of each country for the development of its own standards;
- the deepening of international harmonization and unification of accounting and, as a result, an unambiguous understanding of financial reporting and the growth of trust in its indicators throughout the world.

As a result, the business entity receives not only the necessary information for making management decisions, but also ensures the

comparability of reporting with other entities, regardless of which country they are a resident of and in which territory they conduct economic activity. The formation of accounting information according to the rules of international standards makes it possible to attract foreign investments and loans, and also ensures trust on the part of potential partners.

The introduction of modern information and technical technologies will allow balancing the energy system in real space, automating the accounting and financial calculations of market entities, accounting for electricity, controlling payments, and ensuring the proper quality of UES dispatching.

Taking into account the significant amount of costs for the capital repair of facilities, the long-term nature of the work and the negative consequences of the war (unplanned costs for repair and restoration due to damage to electrical infrastructure facilities), we consider it necessary to create a reserve for capital repair and restoration of fixed assets. Since the costs of major repairs under P(S)BU 7 “Fixed assets” are attributed to the expenses of the period, the formation of reserves for repairs is also logically attributed to these costs. The size of the reserve should be differentiated according to the degree of risk, depending on the location of the enterprise. At the same time, the formation and use of the reserve for the capital repair and restoration of fixed assets should be recorded in separate analytical accounts to subaccount 474 “Provision of other costs and payments”, in particular 4741 “Provision of costs for capital repair of fixed assets”, 4742 “Provision of costs for the restoration of damaged and destroyed objects”.

The proposed method of accounting for repair costs is shown in (Table 1.10).

The domestic electricity industry in the conditions of martial law and joining the EU energy system needs significant investments. Objects operated today by electric power companies are often physically and morally worn out. When restoring destroyed objects, significant investments will be required for their modernization and large-scale reconstruction. Ukraine has the potential and can develop and improve both traditional and renewable electricity. Thus, the European Commission published a study of the needs for the development of the energy system and renewable electricity in Central

and South-Eastern Europe. The commission concluded that Ukraine has an extremely high potential of renewable electricity sources thanks to the total potential of solar generation of 416 GW and the technical potential of onshore wind generation of 134 GW. The solar potential is three times the current installed European capacity, and the wind potential is about 60% of the current installed capacity across the EU. The export of renewable electricity was recognized as an extremely important element of Ukraine's post-war recovery (Ukraine is a paradise for RES. Economic truth, 2022).

Table 1.10

The proposed correspondence of the accounting of costs for the repair of fixed assets

No.	Content of a business transaction	Content of a business transaction	
		Debit	Credit
1.	A reserve of costs for capital repairs and restoration of fixed assets has been created	23, 91 92 93	4741 4742
2.	Costs for repair work are shown: - current repair - overhaul	233 234	13, 20, 23, 63, 65, 66, 685
3.	After signing the acts on the completion of repair works, the costs of current repairs are debited to the costs of activities in accordance with the functional purpose of the objects being repaired: - production facilities - administrative objects - sales facilities	23, 91 92 93	233
4.	Capital repair costs were written off at the expense of the created reserve	4741 4742	234

Source: generated by the author

Planning and management of such complex processes requires proper information support. In P(S)BU 7 “Fixed assets”, capital investments in non-current tangible assets are defined as costs for construction, reconstruction, modernization (other improvements that increase the original (revalued) value), manufacturing, acquisition of objects of tangible non-current assets (including non-current tangible assets intended to replace existing ones and equipment for installation) carried out by the enterprise.

The procedure for displaying in the system of accounting accounts such type of capital investments as costs for reconstruction,

modernization and other improvements that increase the original (revalued) value of fixed assets by Instruction No. 291 “On the Application of the Plan of Accounts for Accounting of Assets, Capital, Liabilities and economic operations of enterprises and organizations” is not regulated to date. In order to rationally organize the synthetic and analytical accounting of the mentioned costs, it is advisable to open sub-account 156 “Costs for the improvement of fixed assets” in account 15 “Capital investments”. Analytical accounting on the specified sub-account should be kept according to the types of improvements.

This separation of costs for improvements and other types of capital investments in accounting will make it possible to obtain separate information about the costs of completion, reconstruction, modernization, restoration of objects, which will be used by the company’s management for planning and managing these processes.

1.3. Organic production in Ukraine as a key factor of food and environmental security in Europe: informational aspect

Organic agriculture can be a pathway to addressing not only hunger and malnutrition but also other challenges including poverty, water use, climate change, and unsustainable production and consumption. (Why Organic? 2022). More than 800 million people go hungry and about 2 billion are malnourished. About 30 percent of the global adult population is overweight or obese, and around 30 percent of food produced worldwide is lost or wasted.

Nature is declining globally at rates unprecedented in human history. Up to 1 million species are threatened with extinction, many within decades.

Land degradation has reduced the productivity of 23% of the global land surface; up to US\$577 billion in annual global crops are at risk from pollinator loss.

According to an FAO report on the state of biodiversity, of the thousands of plant species cultivated for food, fewer than 200 contribute substantially to global food output and only nine accounts for 66% of total crop production.

Unsustainable Agriculture is Part of the Problem. Unsustainable agriculture is the largest driver of biodiversity loss; it is contributing to global warming, contaminating soil, threatening rural livelihoods as

well as food & nutrition security. The recent Intergovernmental Panel on Climate Change (IPCC) report showed that our food systems are estimated to cause up to 29% of global anthropogenic greenhouse gas emissions. Chemical fertilizers used to grow food are responsible for the majority of nitrous oxide released into the atmosphere as a result of human activity.

There are estimates that agriculture is directly responsible for 80% of deforestation worldwide. We need systemic change.

The negative impacts of input-intensive or industrial agriculture on the environment and health, its inefficacy to provide a decent income for farmers, its high reliance on fossil fuels and high vulnerability to climate change all show the need for change.

Many of our policies only exacerbate the issues. According to a recent analysis, only 1% of the \$700bn a year given to farmers is used to benefit the environment.

It should be evident to us all that nourishing the world sustainably require that we protect the ecological resources essential for producing food now and in the future. Organic Agriculture Offers a Solution.

The good news is that agriculture can also bring us solutions. About 30% of global crop production and global food supply is provided by small land holdings, less than 2 hectares, using around 25% of agricultural land, and in a way that usually maintains rich agrobiodiversity.

Done right, agriculture based on the Principles of Organic Agriculture can be a transition pathway to the solutions needed for sustainable food systems and climate resilience.

Organic agriculture is an accessible, affordable and empowering system for most smallholders given that it's largely based on the use of local biodiversity and resources and incurs little external costs – particularly important for cash poor subsistence farmers.

Farming for the Future. The major problems of our time – energy, the environment, climate change, food security, financial security – cannot be understood in isolation. We need to create policies for food and agriculture taking all common concerns of humankind into consideration.

Such policies and policy tools conducive to sustainable farming are crucial for supporting organic farmers, who are contributing to the common good and producing good food for all. (Why Organic? 2022).

According to the International Federation of the Organic Agricultural Movement (IFOAM), organic agriculture is a holistic production system that preserves soils, ecosystems, food and nutrition. Such a system is designed to create conditions that support environmentally, socially and economically feasible agricultural production (International Federation of Organic Agriculture Movement. 2021).

According to IFOAM, Europe has the largest share of countries where organic farming is cultivated (Table 1.11). Ukraine is also among them.

Table 1.11

Number and share of countries (by regions) that conducted organic production, 2019

Region	Number of countries with organic farming	Number of countries in the region	Share of countries producing organic products,%
Africa	47	61	77
Asia	42	51	82
Europe	48	51	94
Latin America and the Caribbean	33	48	69
North America	3	4	75
Oceania	14	24	54
World	187	239	78

Source: The World of Organic Agriculture Statistics and Emerging Trends, 2020.

According to the results of 2020, the domestic organic market of Ukraine reached the mark of 25.1 million US dollars. We are talking only about organic food products of our own production, without taking into account imported products. Dairy products have been confidently holding the first place in terms of consumption for more than a year. It makes up almost 65% of the total consumption of organic products.

The greatest demand for milk and butter. The second place in terms of consumption (18%) is occupied by cereals and grain products, flour and seeds. The greatest demand in this category is for flakes and cereals.

In 2020, the consumption of organic eggs and oil products increased significantly. Instead, the consumption of vegetables and fruits, canned foods and ice cream decreased.

The leaders in terms of growth were spices and eggs: their consumption increased by 6.5 times and almost 3.5 times, respectively.

Despite the slight growth of the market, the level of consumption of organic products per capita in Ukraine remains the lowest in Europe. For products of own production, this indicator is about 50 euro cents. The average consumption of organic products per capita in the EU reaches 84 euros per year. Of course, there are countries where they consume not much more than Ukrainians: Slovakia – 1 euro, Romania and Portugal – 2 euros, Hungary – 3 euros per capita per year (Domestic organic market of Ukraine, 2021).

Most of the organic products produced in Ukraine are imported to European countries. The top 10 importers of Ukrainian organic products in the EU are presented in the Table 1.12.

Table 1.12

Top 10 importing countries of Ukrainian organic products in the EU, 2020

No.	Country	Volume, tone	Cost, million dollars USA
1	2	3	4
1	Netherlands	97400	29,5
2	Germany	41800	27,0
3	Lithuania	21500	5,8
4	Austria	18600	15,8
5	Poland	15300	19,6
6	Italy	6500	4,0
7	Romania	4800	3,0
8	Spain	3500	1,7
9	Czech Republic	2800	3,0
10	Belgium	2600	1,3
	In total	217000	116,7

Source: Import of Ukrainian organic products to the EU (2021)

Organic production as a holistic production system that contributes to environmental and food security, reducing anthropogenic pressure on nature, rational use of natural resources, environmental protection, creating sustainable systems of agricultural production and food processing. This, in turn, minimizes society's costs associated with food production and consumption and increases producer costs.

Thus, the main task of accounting in organic production is the formation of an accounting system that would provide information requests to stakeholders about the costs of organic food producers. After all, at the micro level, in terms of organic production, environmental and economic accounting is an information system that allows you to monitor compliance with domestic and international legislation for this type of activity, and, in the following stages, to form consistent and comparable statistics to take into account relationships between the environment and the economy. Today in Ukraine there is a lack of information to meet the needs and requests of stakeholders about the state of development of organic production, the cost of production of organic products, its cost, and so on. For effective management of such production at both micro and macro levels, it is essential to provide reliable and complete coverage in management, financial and statistical reporting of information on the costs of production of organic products.

Ukrainian legislation in the field of organic production is currently being formed. The basic normative act that determines the legal, economic and social bases of organic agricultural production in Ukraine is the Law of Ukraine “On production and circulation of organic agricultural products and raw materials” from 03.09.2013, No. 425-VII.

This Law defines the legal and economic basis for the production and circulation of organic agricultural products and raw materials and aims to ensure the proper functioning of the market of organic products and raw materials, as well as to ensure consumer confidence in products and raw materials labelled as organic.

The law treats the production of organic products (raw materials) as production activities of individuals or legal entities (including cultivation and processing), where such production excludes the use of chemical fertilizers, pesticides, genetically modified organisms (GMOs), preservatives, etc., and all stages of production (cultivation, processing) apply the methods, principles and rules defined by law to obtain natural (environmentally friendly) products, as well as conservation and restoration of natural resources.

The main requirements for organic production are determined by the Law of Ukraine “On Basic Principles and Requirements for Organic Production, Circulation and Labelling of Organic Products”

dated July 10, 2018 No. 2496-VIII. This normative act defines organic production as a certified activity related to the production of agricultural products, including all stages of the technological process, namely primary production (including harvesting), preparation, processing, mixing and related procedures, filling, packaging, processing, recovery and other changes in the state of production), which is carried out in compliance with the requirements of legislation in the field of organic production, circulation and labelling of organic products.

The terms “organic crop production”, “organic animal husbandry”, “organic aquaculture” are defined separately in this Law (Table 1.13).

Table 1.13

The main categories of organic agricultural production in accordance with the Law of Ukraine “On basic principles and requirements for organic production, circulation and labelling of organic products”

Terms	Definition of the term
Organic production	certified activities related to the production of agricultural products, including all stages of the technological process, namely primary production (including harvesting), preparation, processing, mixing and related procedures, filling, packaging, processing, recovery and others changes in the state of production), which is carried out in compliance with the requirements of the legislation in the field of organic production, circulation and labelling of organic products.
Organic crop production	organic production related to the cultivation of cultivated plants, as well as the procurement of flora in compliance with the requirements of legislation in the field of organic production, circulation and labelling of organic products.
Organic animal husbandry	organic production related to the keeping, breeding (production) of farm animals (including poultry and insects) and products for the production of products of animal origin.
Organic aquaculture	organic production related to artificial breeding, maintenance and cultivation of aquaculture facilities in accordance with the requirements of the legislation in the field of organic production, circulation and labelling of organic products.

Source: created by the author based on Law of Ukraine “On basic principles and requirements for organic production, circulation and labelling of organic products”

The general requirements for organic production determine the need to separate in time or space the production and storage of organic

products, including accounting for such products, from the production and storage of inorganic products and products of the transition period. That is, at the legislative level, operators of organic production are required to organize separate accounting of costs of production of organic, inorganic products and products of the transition period, which must be taken into account when building a system of cost accounting facilities.

The organization of accounting for production costs is a complex process that includes determining the list of items of production costs and their composition; cost accounting objects and calculation objects; structure of sub-accounts and analytical accounts of direct and indirect production costs; the order of reflection of expenses on accounts and ways of inclusion of expenses in the prime cost of each object of calculation; choice of methods of evaluation and accounting of finished products (main, related, secondary), accounting for future expenses; development of methods and techniques for accounting for production costs and forms of internal reporting on costs and output. In addition, in terms of organic production, accounting should be organized by its branches, which include:

- organic crop production (including seed production and nursery);
- organic livestock (including poultry, beekeeping);
- organic mushroom growing (including growing organic yeast);
- organic aquaculture;
- production of organic seaweed;
- production of organic food products (including organic winemaking);
- production of organic feed;
- harvesting of organic objects of flora.

The objects of cost accounting in agricultural production are traditionally crops (groups of crops), species and groups of animals. However, due to the specifics of technological processes of operators of organic production, the construction of a system of cost accounting facilities for such entities will be somewhat more difficult (Fig. 1.5).

In the process of organic production it is allowed to use only legally defined substances (ingredients, components) and in the maximum allowable quantities. The use of agrochemicals, pesticides, antibiotics

for preventive purposes, hormonal drugs, animal growth stimulants, etc. is prohibited.

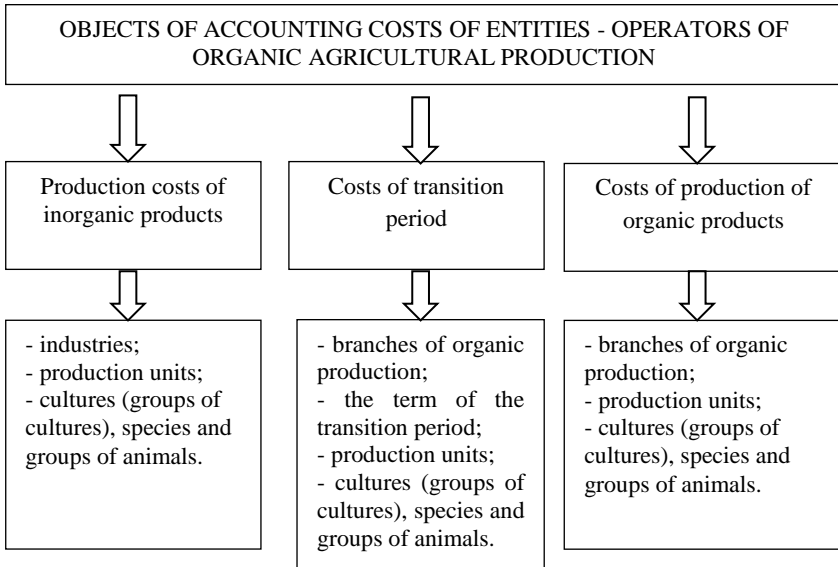


Fig. 1.5. System of objects of accounting of expenses of organic production

Source: created by the authors

These requirements and prohibitions necessitate the creation of specialized forms of primary accounting for the costs of seeds, planting material, plant and animal protection products, fertilizers to ensure effective control over the production process of organic products. It should take into account the organizational and technological features and specifics of control during the transition period, in terms of “pure” organic production and in terms of parallel production of organic and inorganic products.

During the transition period and in the conditions of parallel production of organic and inorganic products, enterprises need to organize separate storage of stocks for each of the types of production. Incoming accompanying documents should be marked, for example, “organic composition” and “inorganic composition”.

In the case of parallel production, the operator is obliged to provide

the certification body with documentary evidence of compliance with the provisions of Article 26 of Law No. 2496-VIII and ensure:

- taking appropriate measures for the permanent separation of organic and inorganic products, the separation of organic and inorganic animals;
- separation of manure and feed;
- proper cleaning of production equipment for technological operations with organic products;
- submission to the certification body of information on the quantity of produced organic products and products of the transition period, inorganic products;
- submission to the certification body of information on harvesting not later than two working days before the beginning of harvesting;
- submission to the certification body of information on any movement or sale of animals, livestock products;
- submission of information to the certification body on the harvest, livestock and livestock products and measures taken to separate organic and inorganic products.

To provide documentary evidence of these measures to the standard and specialized agricultural forms of primary documents, it is necessary to enter additional details. It is advisable to form additional forms of documents that are necessary to confirm compliance with the law, but are not in the list of already developed forms.

Legislative restrictions on organic production stipulate a particularly detailed organization of accounting for the costs of seeds, planting material, plant and animal protection products, fertilizers to ensure effective control over the production process. This can be achieved by grouping and accounting for costs by costing items.

Accordingly, enterprises-operators of organic production should form an expanded nomenclature of cost items related to the use of these tangible assets (Table 1.14).

The proposed system of itemized accounting will make it possible to differentiate the costs allowed by law to be carried out in organic agricultural production and the costs of which there are certain restrictions. This, in turn, will improve the information support of the control function of organic production management and provide an opportunity to reasonably calculate the cost of production.

Table 1.14

Comparison of the nomenclature of items of accounting for the costs of traditional and organic agricultural production

Cost accounting items	
1	2
Traditional production (approximate list according to Methodical recommendations No. 132 from 18.05.2001.)	Organic production (suggested by the author)
Salary expenses	Salary expenses
Seeds and planting material	Seeds and planting material: - purchased organic; - grown in the transition period; - grown in organic production;
	- others
Fuel and lubricants	Fuel and lubricants
Fertilizers	Fertilizers: - fertilizers, ameliorants, microbiological, plant or animal origin; - other substances used to increase soil fertility and yield of biodegradable crops; - fertilizers and substances for soil improvement that can be used in the process of organic production in the maximum allowable quantities; - others.
Plant and animal protection products	Plant and animal protection products: - organic plant and animal protection products; - inorganic plant and animal protection products, growth regulators are included in the List of substances (ingredients, components) that can be used in the process of organic production; - others.
Feed	Feed: - made from organic feed materials using mainly biological, mechanical and physical production methods; - the content in the feed of not more than one ingredient of agricultural origin produced during the transition period; - purchased (meeting the requirements of organic production); - others.

Continuation of table 1.14

1	2
Raw materials	Raw materials: - raw materials and materials that can be used in the process of organic production; - raw materials and materials that can be used in the process of organic production in the maximum allowable quantities; - others .
Works and services	Works and services
Repair costs of non-current assets	Repair costs of non-current assets
Other expenses for the maintenance of fixed assets	Other expenses for the maintenance of fixed assets
Other expenses	Other expenses
Non-productive costs (accounting)	Non-productive costs (accounting)
Total production expenditures	Total production expenditures

Source: formed by the author

CONCLUSIONS TO CHAPTER 1

Taking into account the radical changes in the economic, market, and legal environment of the functioning of business structures caused by the military aggression of the Russian Federation, the peculiarities of information support for the needs of management in the conditions of martial law are summarized.

Today's peculiarities of the organization of business processes determine the need to adapt their documentation to ensure continuous accounting and the formation of optimal information flows. The expediency of liberalizing the requirements for primary accounting for the period of the legal regime of martial law is substantiated.

The main changes in the organization of labor relations and the accounting of payments to employees have been identified. The procedure for taxation was considered and the method of accounting for charitable aid, the method of accounting for state aid to agricultural producers by compensation of interest for attracting credit resources was proposed.

Enterprise property that has lost its usefulness due to its territorial location in the zone of active hostilities, in the zone of temporary occupation, or due to other negative factors of the influence of war, is singled out as a specific object of accounting. The procedure for

accounting for the loss of usefulness of such property is proposed.

Changes in tax legislation and the taxation system are aimed at strengthening the regulatory function of taxes aimed at stimulating the economy of Ukraine and supporting business. Methodical methods of displaying in the accounting of payments for the single tax of payers of the 3rd group are proposed.

On the basis of a theoretical study of the peculiarities of the organization of repair works and works related to the improvement of fixed assets of electric power enterprises in the conditions of war and integration into the EU electric power system, taking into account the specifics of the structure of fixed assets in the electric power industry, it is proposed to highlight the needs of information requests of information users a separate group "Transmitting devices". This will make it possible to obtain more detailed information about the objects that form the basis of the means of activity of such entities.

The generalization of studies of the theoretical and organizational and methodological principles of accounting for the costs of repair, restoration and improvement of fixed assets allowed developing and proposing methodical techniques for the accounting display of such costs.

The expediency of forming a reserve for capital repair and restoration of the main assets of the electric power industry is substantiated. We believe that the size of such a reserve should be differentiated depending on the degree of risk and the location of the enterprise.

The procedure for displaying in the system of accounting accounts such capital investments as costs for reconstruction, modernization and other improvements that increase the original (revalued) value of fixed assets is proposed.

In the absence of normative regulation of accounting in Ukraine in terms of organic production, the formation of internal regulatory accounting regulations is a necessary condition for effective management of such production. The application of the proposed system of cost accounting facilities in the accounting practice of organic producers, taking into account the specifics of technological processes of organic production operators, will allow organizing separate accounting of costs for organic production, inorganic products and transition products.

The introduction of the developed nomenclature of cost accounting items will make it possible to differentiate in accounting the costs allowed by law in terms of organic production from the costs of which there are certain restrictions. This will improve the information support of product quality control and will allow to adapt the accounting support of cost management of organic products to the requirements of the formation of integrated information of environmental and economic accounting.

We believe that promising areas of further research on this issue is the development of methods for cost accounting and costing of organic agricultural products; methods of accounting and distribution of indirect production costs; reflection of relevant information in financial, management and statistical reporting. Given the strategic prospects for the development of organic agricultural production in Ukraine, as part of the concept of sustainable development, it is necessary to develop a unified system of informatization of society to assess the state of organic production, form a strategy for its development and ensure effective management of these processes.

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SECTION 2 ²

THEORETICAL AND PRACTICAL ASPECTS OF ACCOUNTING AND TAXATION OF FARMS: IN TODAY'S CONDITIONS

2.1. Features of creation, functioning and state of activity of farms of Ukraine

The agricultural sector of Ukraine plays an important role in ensuring the well-being of almost 13 million Ukrainians who live in the countryside. It is also a major supplier of food products to both domestic and foreign markets. Before Russia's full-scale invasion of Ukraine in February 2022, the share of agriculture in the country's GDP was 11%; almost 20% of workers were involved in this sector, and its contribution to export revenues was almost 40% – because in the world, Ukraine ranks fifth among the largest exporters of wheat, fourth – o corn, and third – among the largest exporters of rapeseed. In addition, a powerful and stable agrarian sector of Ukraine is the extremely industrial factor of providing of food safety in the whole world (USAID, 2022).

As a result of increased sensitivity to the influence of various negative factors, it needs state support, which is a means of regulating the development of the agrarian industry and financing certain areas of activity, infrastructure, forms of management and is manifested, first of all, in financial support. (Koval, Radchenko, Ishchenko, 2021).

The development of the agricultural sector led to the emergence of various organizational and legal forms of entrepreneurship in agriculture – starting from individual entrepreneurs and ending with farms, private enterprises, societies, associations, etc. However, the key, established forms are farming and society. Farming is considered one of the most common forms of entrepreneurial activity in the agricultural sector. The main advantage of farms is the ability to effectively combine the entrepreneurial initiative of the peasants, their economic opportunities with the interests of the state, the social sphere and the lifestyle of the peasants (Podolianchuk, Koval, Gudzenko, 2019).

It has been proven that in practice, farms in the conditions of

² Koval N.I.

European integration have acquired a qualitatively new meaning and are the basis for the development of rural areas and the growth of the welfare of the rural population. Their specific weight in the structure of economic entities of the agro-industrial complex is 67% (Ministry of Agrarian Policy and Food of Ukraine, 2022).

The main problems of the functioning of farm enterprises in the conditions of European integration are: the imperfection of the mechanism of long-term lending and taxation of farms; insufficient size of land allotments for effective management, lack of land management projects regarding the ecological and economic justification of crop rotation and land management; a large number of documents required to receive state assistance

Scientific studies on the main aspects of the creation, operation, financing, accounting, taxation of farms are studied by many scientists, in particular: H. Kaletnik (2020), V. Zbarskyi, M. Kropyvko, M. Demyanenko (2017), Yu. Lupenko (2017), P. Sabluk (2017), V. Mesel-Veselyak (2012), B. Paskhaver, V. Mazur (2017), N. Gudzenko (2019), N. Pravdyuk (2019), O. Podolianchuk (2019), N. Koval (2021), T. Mulyk (2019), O. Samborskau, N. Pryshlyak (2018), etc.

H. Kaletnik, strategic and institutional principles of efficiency of the use of potential agrarian are reasonable to the sector of economy, in that an important role is played by a small enterprise (Kaletnik, 2020). O. Skoruk and I. Zubar consider that by the “key trend of decision of problems of development agrarian to the sector of economy of Ukraine and rural territories inplane steady development can become development of small forms of manage and their co-operation” (Skoruk, Zubar, 2018).

O. Samborska, N. Pryshlyak point out that “the main factors restraining the development of farms are the imperfection of the regulatory and legal framework; insufficient support from state and regional organizations; weak development of sales infrastructure, processing and storage of finished products; insufficient number of cooperatives” (Samborska, Pryshlyak, 2018).

L. Pronko notes that “the main tools for activating and supporting the development of small businesses in rural areas are the development and implementation by the state of new strategic plans and development programs regarding the provision of soft loans, financing

of advisory services, implementation of investment projects, development of regional leasing, rural areas and protection environment” (Pronko, 2018).

N. Koval, O. Radchenko, Y. Ishchenko note that “regarding the mechanism of state financial support, a scientific paradigm was formed, which to one degree or another outlined the crediting of agricultural sector expenses; subsidies for the purchase of resources and technical re-equipment; price regulation of the agricultural market; support of certain forms of business” (Koval, Radchenko, Ishchenko, 2021).

According to Art. 1 of the Law of Ukraine dated 19.06.2003 No. 973 “On Farming” farm enterprise (hereinafter – FE) is a form of entrepreneurial activity of citizens who have expressed a desire to produce marketable agricultural products, to carry out their processing and sale for the purpose of obtaining profit on land plots provided to them into ownership and/or use, including lease, for farm enterprise, commercial agricultural production, personal family farm enterprise, in accordance with the law. A farm enterprise can be created by one citizen of Ukraine or several citizens of Ukraine who are relatives or family members, in accordance with the law (Podolianchuk, Koval, Gudzenko, 2019).

Commodity peasant farming is a form of organization of agricultural production, which is carried out by the labor of family members on the basis of their private property, according to the Law “On Personal Peasant Economy” dated 15.05.2003 No. 742-IV (Law “On Personal Peasant Economy” 2003).

At the same time, farm enterprises are the most well-established and researched form of small business, occupying almost 83% as of 2021 in the total number of enterprises engaged in agricultural activities, Table 2.1.

As for personal farm enterprises, their number as of January 1, 2022 was 48,868 units, while in 2019 there were 46,794 units. According to the research conducted, the total number of organizational and legal forms of management in agriculture as of January 1, 2022 was 996,597 units, while in 2019 it was 949,846 units.

Which is 104.92 percent higher than the value of 2019.

Farm enterprises in the general structure of all organizational and legal forms of management in agriculture in January 2022 is 4.90%.

This indicator is 0.02% lower than in 2019.

Table 2.1

**Organizational and legal forms of management in agriculture
for 2019-2022, units**

The name of the organizational and legal form of business according to the COLFM	2019	2020	2021	2022 on January 1	Deviation	
					+/-	%
Limited liability company	670975	704389	740452	743682	72707	110,83
Private enterprises	200283	200127	200044	199963	-320	99,84
Cooperatives	1008	1283	1003	1001	-7	99,30
<i>Farms</i>	<i>46794</i>	<i>47735</i>	<i>48765</i>	<i>48868</i>	<i>2074</i>	<i>104,43</i>
<i>(in a general structure),%</i>	<i>4,92</i>	<i>4,81</i>	<i>4,77</i>	<i>4,90</i>	<i>-0,02</i>	<i>x</i>
State enterprises	3754	11570	3681	3664	-90	97,60
Altogether	949846	992371	1022216	996597	46751	104,92

Source: compiled according to the data of the State Statistics Service

A farm enterprise can be created by one citizen of Ukraine or several citizens of Ukraine who are relatives or family members, in accordance with the law.

Every able-bodied citizen of Ukraine who has reached the age of 18 and expressed a desire to create a farm enterprise has the right to create a farm.

The head of a family farm enterprise can only be a member of the relevant family.

Members of the farm enterprise can be: spouses, their parents, children who have reached the age of 14, other family members, relatives who have joined together to run a farm, recognize and comply with the provisions of the founding document of the farm enterprise.

Persons who work in it under a labor contract (contract) cannot be members of a farm enterprise (Podolianchuk, Koval, Gudzenko, 2019).

The legislation provides for two forms of adoption of family farm enterprise:

- 1) legal entity (Parts 4, 5 of Article 1 of the Law);

2) without acquiring the status of peasant farms as a legal entity (at the same time, the head of peasant farms is registered as an individual entrepreneur (Article 8-1 of the Law) (Law of Ukraine on Farming, 2003).

A farm enterprise registered as a legal entity has the status of a family farm enterprise, provided that its business activities use the labor of members of such a farm, who are exclusively members of one family in accordance with Article 3 of the Family Code of Ukraine (Family Code of Ukraine, 2002).

A farm without the status of a legal entity is organized on the basis of the activities of an individual entrepreneur and has the status of a family farm enterprise, subject to the use of the labor of members of this economy, who are the individual entrepreneur and members of his family in accordance with Article 3 of the Family Code of Ukraine. Features of creation and family farming without acquiring the status of a legal entity, regulated by the provisions of the article of the Law of Ukraine “On Farming” dated 06.19.2003, No. 973-IU (Law of Ukraine On Farming, 2003).

A family farm enterprise without status of legal entity gets organized by a physical person independently or jointly with her family members on the basis of agreement (declarations) on creation of family farm enterprise (the typical form of an agreement), that consists in a writing form and subject to the notarial certification at the place of location of property and a lot lands of farm enterprise.

The terms of the agreement on the creation of a family FE are determined, Fig. 2.1:

- ✓ name, website (address) of the farm, purpose and types of its activities;
- ✓ the procedure for decision-making and coordination of joint activities of members of the farm enterprise;
- ✓ legal regime of common property of farm members;
- ✓ the procedure for covering costs and distributing the results (profit or loss) of the farm’s activities among its members;
- ✓ the procedure for entering and exiting the farm enterprise;
- ✓ labor relations of farm members, other provisions that do not correspond to current legislation;
- ✓ surname, first name and patronymic of household members, degree of their relationship, passport data and registration numbers of

tax payers' registration cards (for individuals who, due to their religious beliefs, refuse to accept the registration number of the tax payer's registration card and have officially notified). the relevant control body about it and have a mark in the passport, the registration numbers of the taxpayers' registration cards are not indicated);

✓ other provisions that do not contradict the current legislation (Law of Ukraine On Farming, 2003).

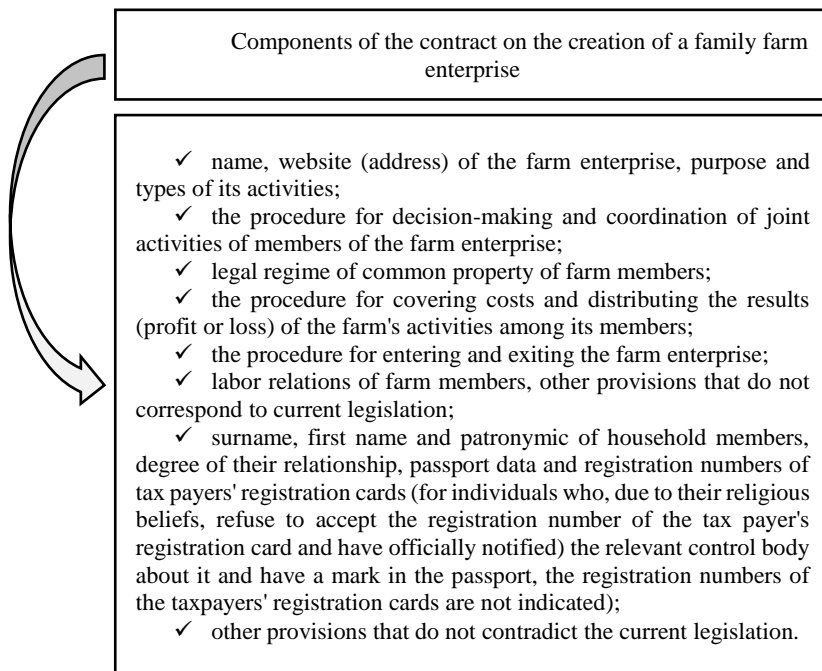


Fig. 2.1. Terms of the contract on the creation of a family farm enterprise

Source: (Law of Ukraine on Farming, 2003)

The head of a family farm enterprise without the status of a legal entity is a family member, defined by the contract (declaration) on the creation of a family farm enterprise, who is registered as an individual entrepreneur, and who subsequently acts on behalf of the farm enterprise.

After concluding (drawing up) a contract (declaration) on the

creation of a family farm enterprise, the head of a family farm is obliged to register as an individual entrepreneur or to register changes to the information about an individual entrepreneur in accordance with the procedure established by law.

In the case of single-person management of such a farm, a natural person independently prepares a written statement on the creation of a family FE, which does not require notarization.

The standard form of the contract (action) on the creation of a family farm enterprise was approved by the order of the Ministry of Agrarian Policy No. 177 of 04/05/2019, registered in the Ministry of Justice of Ukraine on 04/25/2019 under No. 438/33409 (Podolianchuk, Koval, Gudzenko, 2019).

It is necessary to contact the state registrar and submit the following package of documents:

- ✓ in the case of an application by a natural person – an entrepreneur in person, the applicant presents a document certifying his identity in accordance with the law;

- ✓ in case of submission of documents by an authorized person, a copy of the original (notarized copy) of a document confirming his authority, in particular a power of attorney, is submitted (unless the information about the authority of this representative is contained in the Unified State Register), as well as a document is presented that in accordance with the law certifies the identity of the representative;

- ✓ statement about state registration of physical person by a businessman that signs a declarant. In case of idea of statement about state registration by postal mail authenticity of signature of declarant must be notarial certified;

- ✓ application for choosing a simplified taxation system by an individual and/or registration application for voluntary registration as a value added tax payer, but only at the request of the applicant;

- ✓ notarized written consent of parents (adoptive parents) or guardian or guardianship body;

- ✓ for a physical person who has reached the age of sixteen and has a desire to engage in entrepreneurial activity, but does not have full civil legal capacity; – declaration or agreement on the creation of family FE (USAID, 2022).

The state promotes the creation and development of family farms enterprise. Also, the current legislation provides for the following

advantages for citizens who have family FE: entrepreneurial status for family FE; the possibility of legal sale of products; benefits from the payment of a single social contribution to mandatory state social insurance; the right to a pension (Public Space, 2021).

Family farm enterprises have the right to receive state support from the state budget in accordance with approved programs. Forms of such support for newly created family FE are:

- ✓ provision of interest-free loans through the Ukrainian State Farm Support Fund in the amount of up to UAH 500,000 on a competitive basis and on a revolving basis for use for established/declared purposes for a period of up to 5 years with the fulfillment of the obligation to return (deposit, surety);

- ✓ family farm enterprises, which are registered as payers of the single tax of the fourth group in accordance with Chapter 1 of Chapter XIV of the Tax Code of Ukraine, are provided with additional financial support through the mechanism of additional payment for the benefit of insured persons – members/head of the family farm enterprise of the single contribution to the mandatory state social insurance in the amount from 0.9 to 0.1 of the minimum insurance contribution in the first ten years of the existence of family FE with a gradual annual decrease in the amount of the supplement (Law of Ukraine On State Support of Agriculture of Ukraine, 2004);

- ✓ a special budget subsidy for the maintenance of productive dairy cows, which is paid to a farm enterprise that owns five or more cows, identified and registered in accordance with the law;

- ✓ budget subsidy per unit of cultivated land (hectare), provided to newly established farms in the manner and amount established by the Cabinet of Ministers of Ukraine (Public space, 2021).

The farm enterprise as a legal entity operates on the basis of the charter, which specifies the name of the farm enterprise, its place of residence, address, object and purpose, the procedure for the formation of property (composite capital), management bodies, the procedure for their decision-making, the procedure for entering and exiting the farm him and other provisions that do not correspond to the legislation of Ukraine.

For the state registration of the farm enterprise as a legal entity, its head provides the executive bodies of village, settlement and city councils, the state administration, including through administrative

service centers; the following documents to the notary:

- ✓ application for state registration of the creation of a legal entity (form)
- ✓ protocol of the general meeting of the founders of the farm enterprise (original or notarized copy);
- ✓ charter;
- ✓ a document on the payment of the administrative fee;
- ✓ a notarized copy of the issued document certifying the person who is the ultimate beneficial owner of the legal entity, – for a non-resident natural person and, if such a document is without the use of the Unified State Demographic Register, – for a resident natural person (Economic Administration, 2021).

Family farm enterprises which are registered in the prescribed manner submit an application for the application of a simplified taxation system (hereinafter – the Application) and the single tax rate established for the fourth group, before the end of the month in which the state registration took place or applied to another taxation system.

The State Fiscal Service, which is the payer of other taxes and fees, can make a decision to switch to a forgiven taxation system by submitting an Application to the control body, which is carried out no later than 15 calendar days before the beginning of the next calendar quarter.

A FLP, in respect of which the Unified State Register of Legal Entities, Individual Entrepreneurs and Public Organizations contains information on the establishment of family FE by him, which have been received from the State Registrar to the STS, has the right to transfer or transfer to the fourth group of single tax payers for conditions for compliance with Article 291 of the Tax Code of Ukraine:

- ✓ carry out exclusively cultivation, fattening of agricultural products, harvesting, catching, processing of such self-grown or fattened products and their sale;
- ✓ conduct business activities (except for supplies) at the place of tax address;
- ✓ do not use the labor of hired persons;
- ✓ members of the farm of such an individual are only members of his family in the definition of the second part of Article 3 of the Family Code of Ukraine;

✓ the area of agricultural land and/or water fund land owned and/or used by members of the farm is not less than two hectares, but not more than 20 hectares (Tax Code of Ukraine, 2010).

Without land, any farming enterprises cannot operate. Land for farming must be properly designed to avoid raiding and other illegal actions.

A citizen's exercise of the right to create a FE is directly related to the transfer of a plot of land to such an individual for farming.

Farm lands include:

- ✓ land plots that are owned by the FE as a LE;
- ✓ land plots owned by citizens - members of the FE;
- ✓ land plots that are used by the farm on the basis of lease, emphytheusis.

✓ Given the list of land plots that may be owned by the FE, the following plots may be included in the composition of farm lands (Law of Ukraine on Farming Part 1 Article 12, 2003):

- ✓ for farming;
- ✓ commercial agricultural production;
- ✓ personal peasant economy;
- ✓ land shares (shares).

Citizens who have established a farm have the right to set up a permanent residence in that part of the land plot provided for farming, from which convenient access to all production facilities of the farm is provided. If the permanent place of residence of the members of the farm is outside the settlements, then they have the right to create a separate farm estate, which is provided with a postal address (Land Code of Ukraine, 2001; Law on State Registration of Real Property Rights and Their Encumbrances, 2004).

After receiving a state deed on ownership of a land plot or concluding a land plot lease agreement and its state registration, a farm has the right to engage in economic activity (Podolianchuk, Koval, Gudzenko, 2019).

For the effective organization of economic activity, the founders (owners) of the FE must pay special attention to the components of the formation of property relations in the farm.

The property of the FE belongs to him by right of ownership. The property rights included in the accumulated capital of the farm are transferred to it for the term specified in the Charter.

Speaking about the property of the FE, it is impossible not to touch on the issue of creation of authorized capital.

Law No. 973 does not use the term “authorized capital” of a farm. At the same time, in Art. 19 of the specified Law uses the term “composite capital”. This term is used as a synonym for the concept of “farm property” (Law of Ukraine on Farming, 2003).

From the definitions of the concept of “authorized capital” contained in the current legislation of Ukraine (Laws of Ukraine “On Agricultural Cooperation” of 21.07.2020 No. 819-IX and “On Banks and Banking Activity” of 07.12.2000 No. 2121-III, in the laws approved by the Ukoopspil 28.07.2006 Methodical recommendations on the analysis and assessment of the financial condition of enterprises), it is understood that the authorized capital of the business entity consists of the contributions of its founders (participants), and the amount of the authorized capital is equal to the sum of the value of such contributions (Law of Ukraine on Agricultural Cooperation, 2020; The Law of Ukraine On Banks and Banking Activity, 2000; Methodical Recommendations for the Analysis and Assessment of the Financial Condition of Enterprises, 2006).

From the literal interpretation of Art. 19 of Law No. 973, it follows that the sources of formation of the combined capital of the FE are more diverse: in addition to the property (property rights) transferred by the members of the FE, the accumulated capital also includes products produced by the farm itself as a result of economic activity, received income of the FE, as well as other property acquired by the FE on grounds not prohibited by law (Ukrainian Law on Farming, 2003).

And although the word “composed” in Art. Art. 113, 115, 116 of the CCU is used in parentheses next to the word “statutory”, the accumulated capital of the farm itself is not the same as its statutory capital - the first concept is broader (Civil Code of Ukraine, 2003).

The situation with regard to farms is complicated by the fact that the current legislation does not provide for the mandatory formation of their authorized capital. Therefore, the majority of financial institutions were created without the formation of authorized capital.

At the same time, there is no prohibition of the formation of authorized capital in the farm economy in the legislative acts. Therefore, from the established in Art. 19 of the Constitution of

Ukraine, the principle that legal entities under private law are permitted to do everything that is not expressly prohibited by law is followed by a conclusion about the possibility of a decision on the formation of its authorized capital by the competent body of the FE (Vasytka, 2021).

Part 4 of Art. 1 of Law No. 973, which contains a list of provisions that may be contained in the charter of the FE. This list is not exhaustive. This means that any provisions can be included in the FE charter. The main thing is that they do not contradict the legislation of Ukraine.

Moreover, practice knows such cases – farms with authorized capital are registered in the Unified State Register of Legal Entities, Individual Entrepreneurs and Public Organizations.

Courts also recognize the right of FG to create authorized capital. Thus, the Plenum of the Higher Economic Court of Ukraine notes that corporate relations arise, in particular, also in farms (clause 1.1 of Resolution No. 4 dated 25.02.2016 “On some issues of the practice of resolving disputes arising from corporate legal relations”).

Therefore, the authorized body of the FE (defined on the basis of the Charter) can make a decision on the formation of the authorized capital of the FE, the distribution of shares in the authorized capital of the economy among its members, the procedure for making contributions to the authorized capital of the FE, the procedure for the alienation of a share by a member of the FE, enforcement of it, etc.

Thus, taking into account the incompleteness of the legislative regulation, the issues of legal status and order of ownership, use and disposal of the property of the FE should be determined in detail by the charter of the FE. Therefore, we advise you to take a responsible approach to its development, including in the part of issues related to the property of the FE (Vasitska, 2021).

Information on the size of the authorized capital of the farm, the order of its formation and the size of the share of each founder in the combined capital of the farm are included in the Unified State Register upon state registration of the farm or in the case when changes to the charter are registered (Articles 17, 24, 29 of the Law “On State Registration of Legal Entities and Individual Entrepreneurs”). And, accordingly, the statute without mention of accumulated capital is a reason for refusing state registration of the farm (Podolianchuk,

Koval, Gudzenko, 2019).

An approximate list of assets that can be included in the property of the FE is contained in Art. Art. 19 and 20 of the Law of Ukraine dated 19.06.2003 No. 973-IV “On Farming”, hereinafter referred to as Law No. 973. Therefore, in the charter of the FE, it is necessary to specify this list, and to note that any property can be owned by the FE, which is necessary for the implementation of its activities and the acquisition of which is not prohibited by law (Law on Farming, 2003).

In addition, Art. 20 of Law No. 973 requires that the charter of the Fe contain:

- ✓ the term of transfer of property rights to the accumulated capital of the farm by a member of the FE (Part 2);

- ✓ the procedure for ownership, use and disposal of the property of the FE (Part 5);

- ✓ the size of the share of the property of the FE and the procedure for obtaining it by the members of the FE in case of its liquidation or termination of membership in the farm (Part 6) (Law About Farming, 2003).

As for the property that can be contributed to the accumulated capital, the founders of the farm can make contributions to the accumulated capital at the expense of: cash; buildings and structures; agricultural machinery; equipment; products; securities; claim rights; corporate rights; rights to intellectual property objects; rights to use land, water and other natural resources.

It is not allowed to bring in to the made capital: budgetary facilities; money got in credit and in security for (Part 3 of Article 86 of the Commercial Code of Ukraine); bonds (of part 2 Article 8 of a Law of Ukraine about securities and fund market; personal unproperty intellectual ownership (Part 4 of Article 423 of the CCU); lot lands intended for the conduct of the personal peasant economy and commodity agricultural production (prohibition operates, while a law will not inure on the market of earth); property withdrawn from civil turnover on territory of Ukraine (for example, battle poisonous substances, narcotic, special technical equipments of secret receipt of information (the Commercial Code of Ukraine, 2003; Civil Code of Ukraine, 2003; About securities and fund market

Law No. 973 expressly provides that the property of FE (composite capital) may include the right to use land, water and other natural

resources, buildings, structures, equipment, as well as other property rights (including intellectual property).

This means that the founder (member) of the FE can transfer not the property itself (movable or immovable things), but the right to use it to the accumulated capital.

In part 2 of Art. 54 of the Law of Ukraine dated September 19, 1991 No. 1576-XII “On Business Societies” provides that the property transferred by a participant to the society only for use shall be returned to him in the event of the withdrawal of such a participant in kind without remuneration. We believe that the same approach should be enshrined in the statute of the FE (Law of Ukraine on Business Societies, 1991).

Since Law No. 973 does not provide anything else in this regard, we advise you to enshrine the following provisions in the FE statute, Fig. 2.2:

- ✓ the basis for the transfer of property rights (the decision of the founder or the meeting of members of the FE on the introduction of property rights to the accumulated capital. If the transfer will take place on the basis of the decision of the meeting, it is appropriate to determine the person who will be authorized to sign the acceptance-transfer act on behalf of the FE);

- ✓ the basis for the transfer of the property right and the deadline for drawing up such a document;

- ✓ the procedure for determining the monetary value of the property right as a contribution to the accumulated capital (this can be done with the consent of the members of the FE (preferably unanimously) or based on the assessment of an independent appraiser);

- ✓ the term of transfer of the property right (we advise you to establish that the property right is transferred to the accumulated capital of the FE for a certain specific period; for the entire period of activity of the Enterprise (until its liquidation) or until the person who transferred it leaves the group of founders (members) of the FE, in depending on which event occurs earlier);

- ✓ the procedure for returning the property right to the founder/member (Vasitska, 2021).

Regarding the registration of the property right, the property right included in the accumulated capital is the property of the FE (articles

19, 20 of Law No. 973). So, if the right to use immovable property was introduced, the question arises regarding the state registration of such a right. I would like to note that this issue is not sufficiently regulated by the legislation, and there is currently almost no practice of application.

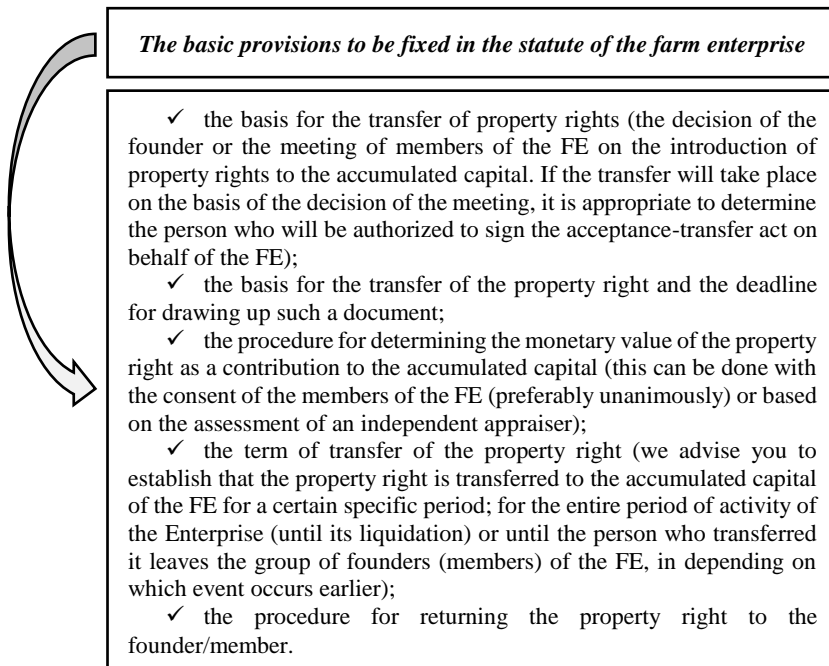


Fig. 2.2. The main provisions that need to be fixed in the charter of the farm

Source: (Vasytka, 2021)

Farming activity is terminated in the event of:

- ✓ reorganization of farming;
 - ✓ liquidation of farming;
 - ✓ recognition of the farm as insolvent
 - ✓ if there is no member of the farm or an heir who wishes to continue the operation of the farm.
- ✓ The decision to terminate farming activities is made:
 - ✓ by the owner in case of reorganization or liquidation of the

farm - in accordance with the law and the Charter of the farm;

✓ in the event that there is no member of the farm or an heir who wishes to continue the operation of the farm in accordance with the procedure established by law;

✓ in case of bankruptcy of the farm.

Funds received from the sale of farm property are directed to satisfy the demands of creditors in accordance with the procedure established by law.

The property remaining after satisfying the demands of the creditors is distributed among the members of the farm in accordance with its Charter.

Disputes regarding the distribution of property of a farm that has ceased to operate are resolved by the court (Podolyanchuk, Koval, Gudzenko, 2019).

In the event of termination of the operation of the farm before the end of the term of granting tax benefits to the farm, the farm shall pay to the budget for the entire period of its activity the amount of tax calculated in the amount established for the farm.

2.2. Peculiarities of accounting organization in farms

The fundamental role and importance of accounting in farms is determined, on the one hand, by the need for information about the property available in the farm, the state of financial and property obligations, volumes of production and sales of products, income, expenses, financial results, and on the other hand, by the need justification of the amount of taxes to the budget, preparation and submission of financial statements. The main problem of the organization of accounting in farming in the conditions of the European integration processes and the full-scale invasion of the Russian Federation is that the general accounting methodology is made taking into account the fact that the accounting itself will be handled by qualified specialists. In real conditions, most often, farmers who are engaged in accounting in farms, most often do not have special training. The quality of accounting information depends on this direction. Also, when studying the organization of accounting in farms, it was found that the main factor that prevents the organization of accounting is contradictory accounting legislation, the lack of methodological recommendations for accounting, which would ensure

reliable determination of financial results and reporting. The reliability and timeliness of obtaining accounting information, which is the basis for making sound management decisions, largely depends on the rational organization of accounting. This also applies to farms, in which, depending on the size of the farm and other factors, a somewhat simplified version of accounting is organized (Nesterenko, 2017).

Accounting is an important element of the economic system, without knowledge of which effective management of the enterprise is impossible.

Ensuring the targeted use and preservation of the company's resources, aimed at improving its financial and economic activity, depends on the correct application of the methodological principles of accounting and reporting.

One of the important points in the organization of accounting in farms is the formation of its accounting policy. Each enterprise (based on specific operating conditions) develops the most acceptable standards for keeping records in accordance with legislation (Podolyanchuk, Koval, Gudzenko, 2019).

According to Law No. 996, all legal entities, regardless of their organizational and legal forms and forms of ownership, are required to keep accounting records and submit financial statements in accordance with the law. This means that financial institutions must carry out accounting of their activities. The same is prescribed in Art. 28 of the Law dated 19.06.03 No. 973-IV "On Farming" (Law on Accounting and Financial Reporting in Ukraine, 1999; Law on Farming, 2003).

Accounting is carried out continuously – from the date of registration of the financial institution until its liquidation. At the same time, FE, like all other legal entities, must be guided primarily by:

- ✓ Tax Code;
- ✓ Law No. 996;
- ✓ Regulation on documentary support of accounting entries, approved by order of the Ministry of Finance dated 05/24/1995 No. 88;
- ✓ Chart of accounting accounts, approved by order of the Ministry of Finance No. 291 dated 30.11.99 (hereinafter – Chart of accounts No. 291);
- ✓ NR(S)A from relevant accounting and reporting objects;

✓ other regulatory documents that regulate the accounting procedure (Mervenetska, 2021).

The issue of organization of accounting at the enterprise belongs to the competence of its owner (owners) or authorized body (official) in accordance with the legislation and constituent documents (Part 2, Article 8 of Law No. 996). That is, the owner (owners) or the authorized body (official), who manages the enterprise, must organize accounting and ensure the recording of the facts of all business operations in primary documents, the preservation of processed documents and registers. Let us consider successively the actions of the owner (manager) of the FE to create a complete accounting system (Mervenetska, 2021).

To ensure accounting, the head of the farm independently chooses the forms of its organization:

✓ introducing the position of accountant to the farm staff or creating an accounting department headed by the chief accountant;

✓ using the services of an accounting specialist. registered as an entrepreneur who carries out business activities without creating a legal entity;

✓ management of accounting by a centralized accounting department or auditing firm on a contractual basis;

✓ independent accounting and reporting directly by the owner or manager of the enterprise (Podolyanchuk, Koval, Gudzenko, 2019).

The head of the farm is obliged to create the necessary conditions for proper accounting, to ensure that all employees involved in accounting comply with the accountant's legitimate requirements regarding the procedure for processing and submitting primary documents to the accounting.

After registration of the Farm, the farmer prepares a description of the property, which, in accordance with Article 16 of the Law of Ukraine «On Farming», is his property (Law On Farming, 2003).

In the description, the value of fixed asset objects is indicated, based on estimated (calculated) or actual costs for their construction and acquisition (delivery, installation, registration, etc.), and on the basis of data on the year the objects were put into operation and depreciation rates, depreciation is calculated : (in the absence of such data, depreciation can be determined based on the condition of the object), which does not contradict the requirements of the National

Regulation (standard) of accounting 7 “Fixed Assets”, approved by the order of the Ministry of Finance of Ukraine dated 04/27/2000 No. 92 (Podolianchuk , Koval, Gudzenko, 2019 NR(S)A 7 Fixed assets, 2000).

Valuation of commodity values, agricultural products, young animals, poultry, fattening animals, unfinished production, etc. is carried out in accordance with the National Regulation (standard) of accounting 9 “Inventories”, approved by the order of the Ministry of Finance of Ukraine dated 20.10.1999 No. 246, according to the lower of the estimates: according to the actual (normative) costs of their production or acquisition or according to the net cost of sale (sales prices for similar objects after deducting the expected costs of completing production and sales) (Podolyanchuk, Koval, Gudzenko, 2019; NR(S)A 9 “Reserves”, 1999).

On the basis of data of description of property fold introductory balance. In farms that will use the simple form of account, introductory balance is folded at will of proprietor. In the asset of balance represent the cost of the fixed assets (a primitive cost is after minus of sum of wear), commodity values and work-in-progress; funds, FE debt (receivables), etc.; in liabilities – sources of creation of means, in particular, own capital and debt of the FE (creditor debt): to the bank, legal and natural persons, etc. Equity is the difference between the availability of funds (sum of assets) and the debt of the FE (Methodical recommendations on the organization and record-keeping in peasant farms,

The basis for the accounting of economic transactions are primary documents that record the facts of economic transactions. Primary documents must be drawn up during the economic transaction, and if this is not possible - immediately after its completion. To control and streamline data processing, consolidated accounting documents can be drawn up on the basis of primary documents (Law On accounting and financial reporting in Ukraine, 1999).

Thus, the documentary basis for displaying economic transactions in financial accounting is “commercial” documents – invoices, bills, invoices, goods and transport invoices, acts of completed works, etc. (Podolianchuk, 2017).

Accounting of any business entity is based on the use of legally established provisions, rules and principles. At the same time, the

legislation of Ukraine provides for the choice by enterprises of alternative accounting methods and methodologies that will most objectively correspond to the specifics of their activity. Thus, an objective, effective and functional accounting system of an enterprise begins with the formation of its accounting policy (Koval, 2015).

The term “accounting policy” was officially used in Ukraine only in 2000, after the Law of Ukraine “On Accounting and Financial Reporting in Ukraine” No. 996- XIV of July 16, 1999, Provisions (standard) of accounting (NR(S)A) No. 1 “General requirements for financial reporting” No. 87 dated 31.03.1999 and other NR(S)A, which regulate alternative methods of organization and accounting (Law On accounting and financial reporting in Ukraine, 1999; Podolianchuk, Koval, Gudzenko, 2019).

According to clause 5 of article 8 of Law No. 996, the enterprise independently determines the accounting policy.

In addition to this law, the clarification regarding the formation of the administrative document on the accounting policy is laid out in the order of the Ministry of Agrarian Policy “On the approval of Methodological recommendations for the preparation of the administrative document on the accounting policy of the state enterprise and joint-stock company” dated June 22, 2016. No. 217. In the choice of those or other methods and rules of record-keeping and fixing of them in registration politics it is needed to take into account a number of features and constituents, Fig. 2.3.

This regulatory document discloses the procedure for coordination and the main issues of the regulatory document about registration politics of state enterprises, establishments and organizations that belong to the sphere of management of Ministry of agrarian politics of Ukraine (LMFU About registration politics, 2005; Podolyanchuk, Koval, Gudzenko, 2019; OSCU About claim of Methodical recommendations in relation to the stowage of prescriptive document about registration politics of state enterprise and joint-stock company, 2016).

In the development of the accounting policy, special attention should be paid to compliance with the principle of consistency, which provides for the constant (year after year) application of the selected accounting policy. A change in the accounting policy is possible only in the cases stipulated by the NR(S)A: there have been changes in the

statutory requirements, changes have been made to the NR(S)A, LAS and if the changes ensure a reliable reflection of events or operations in the company's financial statements.

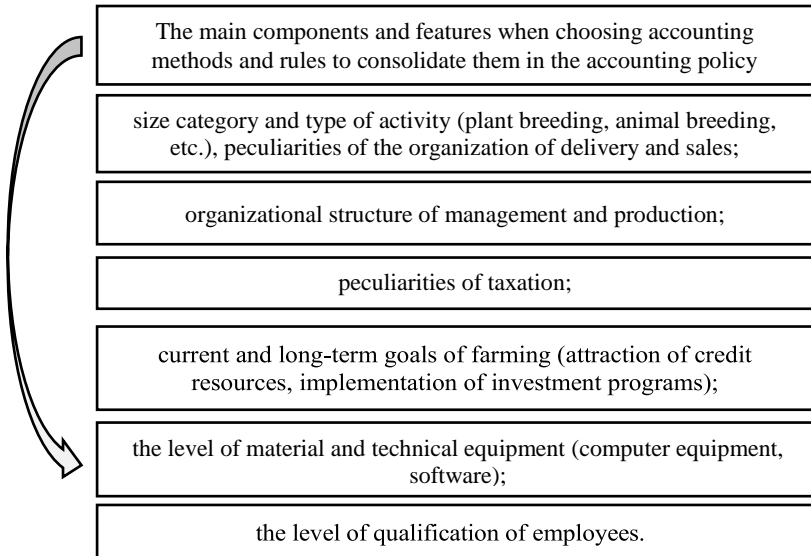


Fig. 2.3. The main components and features when choosing accounting methods and rules to consolidate them in the accounting policy

Source: (Podolianchuk, Koval, Gudzenko, 2019)

The order on the accounting policy in different farms will not be the same: the order of a farm engaged in crop production will differ from the order of a farm engaged in animal breeding, and the order of the latter will differ from the order of a farm that processes its own products (Podolianchuk, Koval, Gudzenko, 2019).

It is important to know what size category the farm belongs to. This is necessary in order to determine: in what composition and in what form it is necessary to organize accounting and submit financial statements, whether the farm is obliged to create reserves in accounting and carry out revaluation of non-current assets, publish its financial statements and apply international standards.

As of January 1, 2018, all enterprises (except budget institutions) are divided into four categories for accounting purposes: micro-

enterprises, small, medium and large enterprises.

The size of the enterprise is determined by the criteria established in Part 2 of Art. 2 of the Law of 16.07.99 No. 996-XIV (Law on Accounting and Financial Reporting in Ukraine, 1999).

For example, according to clause 7 of the NR(S)A 25 micro-enterprises (unlike other enterprises) have the right to:

- ✓ reflect non-current assets only at original cost without taking into account impairment and revaluation at fair value;

- ✓ not to create provisions for future expenses and payments (for vacation pay, fulfillment of warranty obligations, etc.), but recognize the corresponding expenses in the period of their actual implementation;

- ✓ include in the balance sheet the actual amount of current receivables (that is, do not create a reserve for doubtful debts (Balance, 2021).

The criteria for determining the size category of an enterprise and the obligations of such an enterprise arising from belonging to a certain category are listed in Table 2.2.

Methodic technologies with identification and implementation of the library No. 189 of the number of topics and the number of funds for the federal state of residence, a same: проста форма обліку; спрощена форма обліку; general form of accounting, number 2.4. (OSCU On approval of methodical recommendations on the organization and maintenance of accounting in peasant farms, 2001).

The general form of accounting in most cases is used by large farms. At the same time, they use the chart of accounts for accounting of assets, capital, liabilities and business operations of enterprises and organizations, approved by the order of the Ministry of Finance of Ukraine and in accordance with the Methodological Recommendations for the organization and maintenance of accounting in the journal-order form at the enterprises of the agricultural complex (Markus, Kolesnik, 2020; Podolianchuk, Koval, Gudzenko, 2019).

Most order journals and information to them combine synthetic and analytical accounting. Therefore, there is no need to keep analytical records in separate registers. Synthetic and analytical accounting is carried out in one accounting process.

Table 2.2

Criteria, enterprise category and duties

No.	Name Indicator	Size category of the enterprise (Part 2 of Article 2 of the Law No. 996)			
		Micro	Small	Average	Great
1	Book value of assets, euro	Up to 350 000	Up to 4 000 000	Up to 20 000 000	More than 20 000 000
2	Net sales income, euro	Up to 700 000	Up to 8 000 000	Up to 40 000 000	More than 40 000 000
3	The average number of employees, people.	Up to 10	Up to 50	Up to 250	More than 250
4	Forms of financial statements (paragraphs 1, 2, paragraph 2 of the section. 1 NR(S)A 25, NR(S)A 1, order of the Ministry of Finance of 29.11.2000 No.. 302)	No. 1-ms No. 2-ms, Annually	No. 1-m No. 2-m, quarterly	No. 1 and No. 2 (intermediate quarterly financial reporting) No. 1–5 (annual financial reporting)	
5	Submission of tax reports only in electronic form (clause 49.4 of the Tax Code, hereinafter referred to as the payment card)	No	No	Yes	Yes
6	Obligation to prepare financial statements in accordance with international standards (Part 2 of Article 12 of the Law No. 996)	No	No	Yes	Yes
7	Obligation to publish annual financial statements together with the audit report (Part 2 of Article 14 of the Law No. 996)	no	no	Yes	Yes

Source: (Balance, 2021)

The journal-order form of accounting involves the use of the following principles: recording of transactions in journals-orders is carried out on the credit of the account in correspondence with the debit of other accounts; association, as a rule, in a single system of records of synthetic and analytical accounting; reflection in the

accounting of business transactions in the context of indicators necessary for the implementation of management, control, analysis and preparation of financial statements; the use of journals-orders with several accounts that have an economic and accounting relationship with each other; construction of accounting registers with predetermined correspondence of accounts and indicators that are necessary for the preparation of financial statements; the use of monthly, and in some cases quarterly and annual journals-orders using the required number of deposit sheets (Podolianchuk, Koval, Gudzenko, 2019).

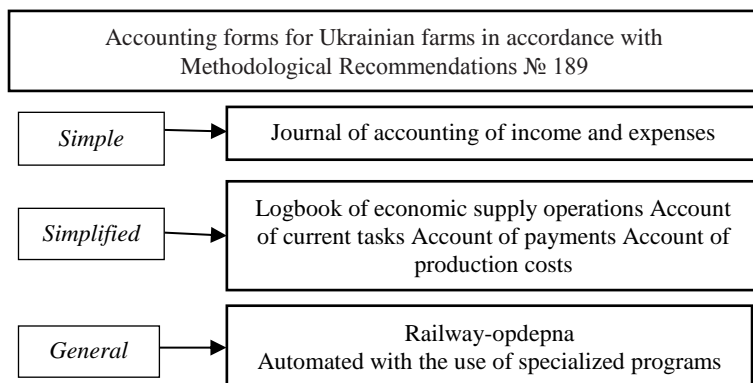


Fig. 2.4. Accounting forms for Ukrainian farms in accordance with Methodological Recommendations No. 189

Source: (Nesterenko, 2017)

Entries in journals-orders and information are carried out in chronological order on the basis of primary documents. With a large number of them, for homogeneous operations, cumulative (auxiliary) information is used, the results of which are transferred to order logs at the end of the month.

The results from the order journals are recorded monthly in the main book, which, unlike order journals, is built on a debit basis. Analytical accounting is kept in order journals and information. For individual accounts, books or cards are used for analytical accounting (Podolianchuk, 2017). The sequence of records in the journal-order form of accounting is shown in Fig. 2.5.

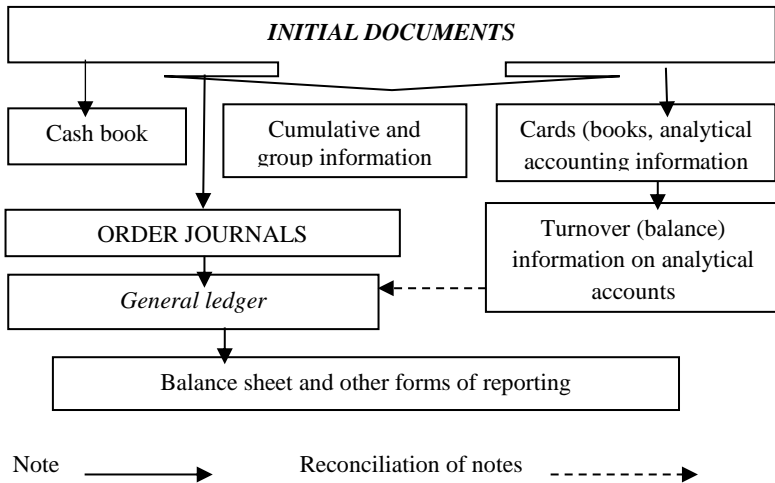


Fig. 2.5. Scheme of journal-order form of accounting
 Source: (Podolianchuk, 2017; Podolianchuk, Koval, Gudzenko, 2019)

A simple form of accounting is recommended for small farms where hired labor is not used, and all work is carried out by the founder and his families, while they are characterized by a small number of business transactions related to activities where non-material-intensive work and services are performed. information on payroll and depreciation, etc., reflecting the amount of the transaction on the accounting accounts and the Book of Accounting for Income and Expenses. You can also use separate accounting information if it is necessary (Marcus, Kolesnik, 2020; Podolianchuk, Koval, Gudzenko, 2019).

The simplified form of accounting in most cases is typical for small business entities where the number of people employed during the reporting period is not less than 10 people and does not exceed 50 people, while such farms carry out production activities and are characterized by a small number of business transactions.

This form of accounting involves the grouping of accounting information on business transactions in such accounting registers (Statement of the 1st, Statement of the 2nd, Statement of the 3rd, Statement of the 4th, Statement of the 5th). Generalization of information on business transactions in accounting registers is presented in Fig. 2.6.

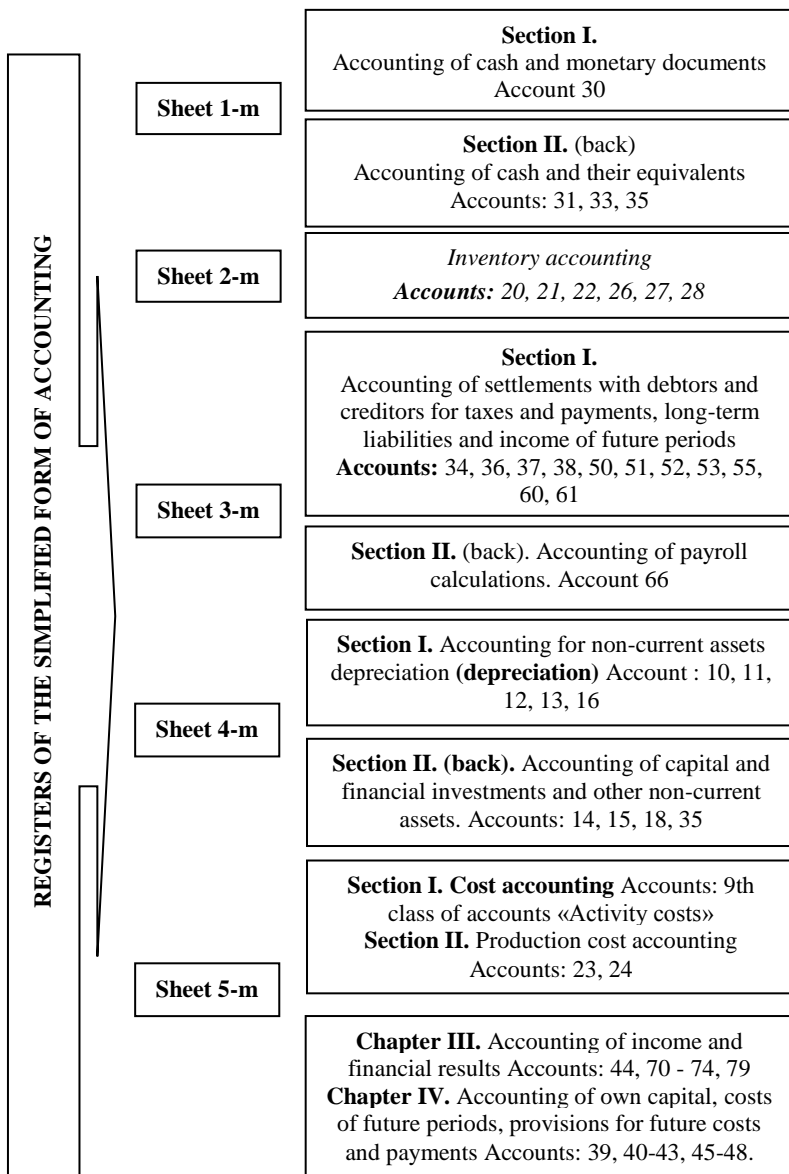


Fig. 2.6. Registers of the simplified form of accounting
Source: (Podolianchuk, Koval, Gudzenko, 2019)

The amount for any transaction is reflected in the accounting information for the credited account in the column of the debited account and at the same time in the accounting information for the debited account, indicating the corresponding account. Balances of funds according to the information are compared with the data contained in the primary documents on the basis of which such records were made, namely, income and expenditure cash orders, invoices, etc. In the information, the mandatory requisite is the month for which they are formed. Analytical accounting when using a simplified form of accounting is carried out together with synthetic in information that, according to the degree of generalization of information, are combined registers (Marcus, Kolesnik, 2020; Podolianchuk, Koval, Gudzenko, 2019).

Consider the main factors that influence the choice of forms of accounting in farms, Table 2.3.

Table 2.3

Factors that influence the choice of the form of accounting by farms

Factors	Characteristic
The size of the farm	Area of agricultural land, livestock of animals and poultry, etc.
Business income	A simple and simplified form of accounting can be used by microenterprises and small enterprises
Number of farm members	Number
The presence and number of hired Workers	Average number
Relations with the tax system	Taxation system, exemption from certain taxes, reduction of tax rates, provision of tax benefits, etc.
Contents of financial statements	The content of financial statements requires the accumulation of information to fill out its articles, which affects the choice of accounting form
Receiving subsidies	Receiving subsidies depends on the legal status of the enterprise
Relations with the State Statistics Service	The list of statistical reporting forms and their content

Source: (Marcus, Kolesnik, 2020)

Using simple and simplified forms of accounting and reporting, the farm should generate and submit only two main forms of financial reporting – simplified Balance Sheet (f. No. 1-m) and Report on financial results (f. No. 2-m). Simplified Balance Sheet and Statement

of Financial Results are formed in accordance with the National Accounting Regulations (Standards) 25 “Simplified Financial Reporting” (Markus, Kolesnik, 2020; Podolianchuk, Koval, Gudzenko, 2019).

Significant relief in accounting work in the farm is made by the use of computer equipment, so the main direction of improving accounting in farms should be considered its automation using an automated workplace (AWP) accountant. The use of automated systems will greatly facilitate the work with credentials, but in our opinion today not every farm, and especially from a number of small ones, can afford to install this system

2.3. Features of taxation of farms

In the conditions of the European integration processes and the full-scale invasion Russian Federation, certain crisis phenomena are taking place, which necessitates the search for effective tools in the field of taxation, which would allow timely detection and warning of negative trends in the development of the economy. Despite this situation, the economy of Ukraine has a significant potential for growth, the implementation of which will contribute to the development of an economically stable country. For the sake of state development in the field of economy, it is necessary to stimulate such behavior of society that would bring benefits to the state itself, which is a fundamental basis both in theory and in practice. Given the fact that it is business entities that are the bearers of tax obligations, it is logical for the state to carry out certain measures aimed at activating the behavior of such entities, which will make it possible to meet the state’s needs in financial resources (Khyshchenko, 2022)

An important aspect of farming activities in the conditions of European integration processes and the full-scale invasion Russian Federation is its classification into one or another taxation system, as a result of which the farmer will pay: a single tax depending on the group, or will be on the general taxation system. Therefore, the head of the farm can choose the taxation system, but there are certain restrictions here (Nesterenko, 2017).

Before the full-scale invasion of the Russian Federation on the territory of our state, a farm registered as a legal entity and FLP (natural person-entrepreneur) could be on:

– the general taxation system (the number of employees is not limited, the amount of income is not limited) while the tax is due on profit – 18%, PIT – 18%, military levy – 1.5%, UST – 22%. If the farm’s income exceeds UAH 40 million, the income declaration is submitted quarterly, if less – once a year.

The farm is registered as an FLP and is on the general taxation system, paying tax only on net income. That is, the difference between documented income and expenses.

The tax rate is the same – 18%. But in addition, you need to pay UST “for yourself” and a military tax of 1.5%;

– single tax group 2 (the number of employees does not exceed 10 people, the annual income does not exceed 834 amounts of the minimum wage, established on January 1 of the current year (i.e. in 2022 it is UAH 5,421,000, and in 2021 it is UAH 5,004,000) the tax rate is 20% of the minimum of wages (that is, in 2022 – up to UAH 1,300.00, in 2021 – up to UAH 1,200.00)

– single tax group 3 *VAT payer* (the number of employees is not limited, the amount of income is up to 1,167 amounts of the minimum wage, established on On January 1 of the current year (in 2022 it is UAH 7,585,500, in 2021 it is UAH 7,002,000), the tax rate is 3% of the income received, PIT and Military levy are not paid, UST is paid for oneself in the amount of 22% of the minimum wage established on January 1 of the current year

– single tax group 3 *non-VAT payer* (the number of employees is not limited, the amount of income is up to 1,167 amounts of the minimum wage established on January 1 of the current year (y 2022 this is UAH 7,585,500, y 2021 this is UAH 7,002,000), tax rate of 5% in from the income received, PIT and Military tax are not paid, UST is paid for itself in the amount of 22% of the minimum wage established on January 1 of the current year;

– single tax group 4 (agricultural commodity producers, in which the share of agricultural commodity production for the previous tax (reporting) year is equal to or exceeds 75%), the tax is paid as a percentage of the area of agricultural land plots used in their own activities. PIT, VAT, UST and military levy are paid on a general basis (Tax Code of Ukraine, 2010).

For a farm registered as a legal entity, it can be on all of the above taxation systems, except for the single tax of group 2, because it

belongs to FLP.

The payers of the single tax of the 4th group can be both legal and natural persons-entrepreneurs, the main characteristics are considered in Table 2.4.

Table 2.4

Payers of the single tax of the 4th group agricultural producers

Payers	Characteristics
legal entities	regardless of organizational and legal form, in which the share of agricultural production for the previous tax (reporting) year is equal to or exceeds 75%.
natural persons-entrepreneurs	<p>who carry out their activities exclusively within the boundaries of a farm registered in accordance with the Law of Ukraine “On Farming”, provided that all of the following requirements are met:</p> <ul style="list-style-type: none"> - exclusively grow, feed agricultural products, harvest, catch, and process such self-grown or fattened products and its sale; - conduct economic activity (except supply) at the place of tax address; - do not use the labor of hired persons; - members of the farm of such an individual are only members of his family in the definition of the norms of the Family Code of Ukraine; - the area of agricultural land or water fund land owned or used by members of the farm is not less than two hectares, but not more than 20 hectares.

Source: (Ishchenko, Podolianchuk, Koval, 2021)

So, when choosing a taxation system for a farm, you should first of all focus on the income that will be in the future, because it depends on it what the most optimal taxation system to choose for this or that farm.

The hostilities on a large territory of our country and the temporary occupation of the regions of the country caused an urgent need to support business in relatively safe territories. The application of tax levers of influence on the economy of the state, the strengthening of the regulatory function of taxes in the conditions of military aggression of the Russian Federation and became the cause of radical changes in the taxation system of Ukraine. From February 24, 2022, a number of legislative acts were adopted, which determine the tax policy of the state in the conditions of martial law. The most significant changes to the TCU were introduced by the Law of Ukraine “On Amendments to the Tax Code of Ukraine and other legislative acts of Ukraine regarding the effect of norms during the period of

martial law” dated 03/15/2022 No. 2120-IX (Law on Amendments to the Tax Code of Ukraine and other legislative acts of Ukraine regarding the effect of norms for the period of martial law, 2022; Ishchenko, 2022).

In particular, it introduces changes to the simplified taxation system. Thus, from April 1, 2022, natural persons, entrepreneurs – payers of the single tax of the first and second groups, have the right not to pay the single tax until the end of martial law on the territory of Ukraine. At the same time, the declaration of a single tax payer of an individual entrepreneur is not filled out by such taxpayers for the period in which the single tax is not paid. The biggest innovations concern the taxation of single tax payers of group 3, we will consider them in Table 2.5.

Table 2.5

Changes in the taxation of group 3 single tax payers during the martial law in Ukraine

Characteristics	According to TCU (before 04/01/2022)	According to the Law of Ukraine No. 2120-IX (after 04/01/2022)
Tax	payers Payers of the single tax of the third group can be natural persons - entrepreneurs and legal entities - business entities of any - of any organizational and legal form, in which the amount of income during the calendar year does not exceed 1,167 times the minimum wage established by law on January 1 of the tax (reporting) year (for 2022, this amount was UAH 7,585,500). There are no restrictions on the number of employees	Payers of the single tax of the third group can be natural persons- entrepreneurs and legal entities - business entities of any organizational and legal form, whose income does not exceed UAH 10 billion during the calendar year. There are no restrictions on the number of employees
Tax rates	3% and 5% of income	2% of income
Payers of the single tax are exempt from paying corporate	income tax	Value added tax, corporate income
Tax (reporting) period	Quarter	Calendar month

Source: (Ishchenko, 2022)

Agricultural enterprises – single tax payers of group 4, like other business entities, can re-register to use the special regime as tax payers of group 3.

To switch to the simplified taxation system, the taxpayer will need to submit an appropriate application by the last day of the month preceding the transition period. Given that such a legal regime will be available to taxpayers only from April 1, 2022, the application must be submitted by March 31, 2022.

As for self-employed persons, the legislation does not provide for a preferential tax regime for them, so taxation and tax administration will take place without changes (Tax Code of Ukraine, 2010).

It should be noted that the amendments introduced by the Law of Ukraine No. 1914 of 30.11.2021 to the Tax Code of Ukraine establish the specifics of determining the general minimum tax liability, in particular, for natural persons – entrepreneurs who apply the general taxation system and are owners, tenants, by users on other conditions (including emphyteusis conditions) of land plots classified as agricultural land and family farms (ZU On Amendments to the Tax Code of Ukraine and other legislative acts of Ukraine on ensuring the balance of budget revenues, 2021).

This law provides for the implementation of the minimum tax obligation (MPS). In a simplified sense, the state considered that in the event that an agricultural plot of land is owned or used outside the settlement, its owner or user must pay a certain minimum amount of funds in the form of taxes. If the amount of taxes actually paid is less than the amount of MPS, the owner or land user must pay additional funds to the budget up to the minimum set by the state. This is, so to speak, «rental income to the budget from the land plot.» It is difficult to talk about the fact that MPS is a separate tax in the sense given by the Tax Code of Ukraine (hereinafter referred to as TC of Ukraine), since you will not find either its object of taxation, nor the tax base, etc., that is, all the necessary elements of each tax that is paid in our country. This can be called a «creative approach» of the legislator to replenish the budget, which at one time became a military levy, which is currently not included in the list of taxes provided for by the TC of Ukraine (Tax Code of Ukraine, 2010; Vova, 2022).

Returning to the essence of the MPS, it should be noted that according to paragraphs 14.1.1142 TC of Ukraine MPS is defined as

the minimum amount of the tax liability for the payment of taxes, fees, payments, the control over the fulfillment of which is entrusted to the control bodies related to the production and sale of own agricultural products and/or with property and/or use (lease, sublease, emphyteusis, permanent use) of land plots included in agricultural land, calculated in accordance with the Code (Tax Code of Ukraine, 2010; Vova, 2022).

TC of Ukraine in Art. 381 establishes the rules for calculating the amount of MPS, which are tied to the regulatory monetary valuation of the land plot, its area and the number of calendar months during which the land plot was owned. In general, the formula can be represented as follows:

– for land plots, the normative monetary valuation of which has been carried out: MPS is equal to the normative monetary valuation of the plot multiplied by a factor of 0.05 and M (the number of calendar days when the land is owned or leased) / 12;

– for land plots, the normative monetary assessment of which has not been carried out: MPS is equal to the normative monetary assessment of 1 hectare of land in the region multiplied by the area of the land plot multiplied by 0.05 and M / 12.

TC of Ukraine has determined that temporarily for the calculation of the minimum tax liability for 2022 and 2023, a coefficient of 0.04 should be used.

So, in 2022, the amount of MPS is actually 4 percent of the normative monetary value of a specific land plot.

The taxpayer must compare the determined amount of MPS with the amount of specific taxes paid by him. This amount is conditioned by:

– firstly, the taxation system in which the owner or user of the land plot is located;

– secondly, by the tax payer's share of agricultural commodity production (Vova, 2022).

If the MPS is equal to and/or exceeds the amount of taxes paid, the taxpayer does not pay additional funds to the budget. Otherwise, if the amount of MPS exceeds the specified value, the taxpayer must pay the corresponding difference to the budget.

MPS will not be applicable to land plots used by dacha and garden cooperatives; unclaimed land shares (shares), the managers of which

are local self-government bodies, except for those that were leased by local self-government bodies; land areas that were radioactively contaminated as a result of the Chernobyl disaster; of land plots included in agricultural lands, which were owned by natural persons on the right of ownership and/or on the right of use and as of January 1, 2022, were within the boundaries of settlements.

As a general rule, individuals are charged MPS by regulatory bodies, and legal entities and natural persons-entrepreneurs are charged by themselves and declared as part of the relevant tax declaration (Tax Code of Ukraine, 2010; Vova, 2022).

Let's consider in more detail the main aspects of the definition, calculation and payment by the farm of the single tax of group 4.

The object of taxation for taxpayers of the single tax of the 4th group is the area of agricultural land (arable land, hayfields, pastures and perennial crops) or water fund land (inland water bodies, lakes, ponds, reservoirs) owned by or granted to an agricultural producer for use, in particular on lease terms (Ishchenko, Podolianchuk, Koval, 2021)

The basis for charging a single tax to payers of the fourth groups are data from the state land cadastre or data from the state register of property rights to immovable property.

The basis of taxation for taxpayers of the single tax of the fourth group for agricultural producers is the normative monetary value of 1 hectare of agricultural land (arable land, hayfields, pastures and perennial crops), as well as for the land of the water fund (inland reservoirs, lakes, ponds, reservoirs), taking into account the coefficient indexation determined as of January 1 of the base tax (reporting) year in accordance with the procedure established by this Code for payment of land tax (Tax Code of Ukraine, 2010; Ishchenko, Podolianchuk, Koval, 2021).

The size of the single tax rates for payers of group 4 depends on the category (type) of land, their location and is set as a percentage of the tax base, that is, the normative monetary assessment:

- ✓ for arable land, hayfields and pastures (except for arable land, hayfields and pastures located in mountainous areas and Polish territories, as well as agricultural lands in closed soil conditions) – 0.95%;

- ✓ for arable land, hayfields and pastures located in mountainous

areas and Polish territories – 0.57%;

✓ for perennial plantations (except for perennial plantations located in mountainous areas and Polish territories) – 0.57%;

✓ for perennial plantations located in mountainous areas and Polish territories – 0.19%;

✓ for water fund lands – 2.43%;

✓ for agricultural lands in closed soil conditions – 6.33% (Tax Code of Ukraine, 2010; Ishchenko, Podolianchuk, Koval, 2021).

Payers of the single tax of the fourth group:

– independently calculate the amount of tax every year as of January 1 and no later than February 20 of the current year submit to the appropriate controlling body, according to the location of the taxpayer and the location of the land plot, a tax declaration for the current year in the form established in the order, provided for in Article 46 of this Code;

– pay tax quarterly within 30 calendar days following the last calendar day of the tax (reporting) quarter, in the following amounts: in the I quarter – 10%; in the II quarter – 10%; in the III quarter – 50%; in the IV quarter – 30% (TC of Ukraine, 2010).

Also, it is worth paying attention to the peculiarities of accounting for calculations and submission of tax reporting for value added tax by the farm.

From February 1, 2015, all tax invoices and adjustment calculations (including those not provided to the buyer, issued for the supply of goods/services that are exempt from taxation) are subject to registration in the unified register of tax invoices, regardless of the amount of VAT in one tax invoice/ adjustment calculation.

Value added tax is an indirect national tax that is a component of the price of goods (services) and includes tax obligations for the supply of goods (services), tax credit for the supply of goods (services) and calculations with the budget with VAT (Podolianchuk, 2020).

Mandatory registration as a tax payer is subject to a person if the total amount from transactions for the supply of taxable goods during the last 12 months exceeds UAH 1 million (excluding VAT) (Ishchenko, Podolianchuk, Koval, 2021).

In Ukraine, according to the TCU, there are four rates of value added tax: 20%, 7%, 14% (from 01.03.2021) and 0%, and are set depending on the tax base, but agricultural producers, including FE,

pay only two rates VAT, Fig. 2.7.

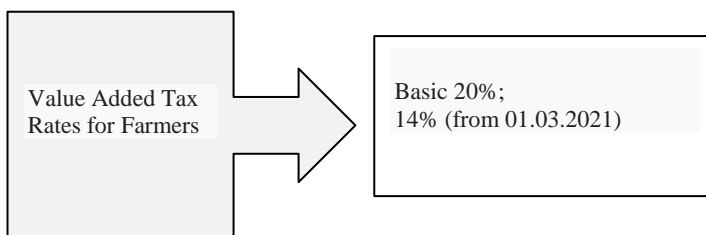


Fig. 2.7. VAT rates paid by farms

Source: (Ishchenko, Podolanchuk, Koval, 2021)

It should be noted that the President of Ukraine signed the Law of Ukraine “On Amendments to the Tax Code of Ukraine regarding the rate of value added tax for the taxation of operations for the supply of certain types of agricultural products” dated July 1, 2021 No. 1600-IX (hereinafter – Law No. 1600). Law No. 1600 was published in the official publication “Voices of Ukraine” dated 07/31/2021 No. 143. Therefore, the document entered into force on August 1, 2021, from the day following its publication (Law on Amendments to the Tax Code of Ukraine regarding the value-added tax rate for the taxation of operations for the supply of certain types of agricultural products, 2021).

Law No. 1600 restored the VAT rate of 20% when taxing operations on supplies in the customs territory of Ukraine and importation into the customs territory of Ukraine of agricultural products classified under the following codes according to UCGFEAU 0102

- ✓ 0102 (cattle, live);
- ✓ 0103 (pigs, live), 0104 10 (sheep, live);
- ✓ 0401 (in the part of whole milk);
- ✓ 1002 (rye), 1004 (oats), 1204 00 (linseed, ground or unground);
- ✓ 1207 (seeds and fruits of other oil crops, whether or not chopped), 1212 91 (sugar beet).
- ✓ At the same time, the VAT rate of 14% for supply operations:
- ✓ 1001 (wheat and a mixture of wheat and rye (meslin));
- ✓ 1003 (barley);
- ✓ 1005 (maize);
- ✓ 1201 (soybeans, chopped or whole);

- ✓ 1205 (seeds of rapeseed or rapeseed, crushed or uncrushed);
- ✓ 1206 00 (sunflower seeds, crushed or uncrushed).

When a tax payer carries out operations for the supply of goods in the customs territory of Ukraine, which were purchased before the entry into force of Law No. 1600, by such a payer tax, a VAT credit is retained in the amount that was accrued when purchasing such goods.

It should be remembered that the provisions of Law No. 1600 began to be applied to tax periods starting from 01.08.2021 (Medoc, 2021).

It can be noted that that in the conditions of war, the problem regarding the formation and submission of tax reports of business entities is becoming more and more widespread. The President of Ukraine signed the Law of Ukraine dated March 3, 2022 No. 2115-XX “On the Protection of the Interests of Tax Reporting Subjects from tax returns and other documents during the period of martial law or the state of war” (hereinafter – Law No. 2115), which establishes that:

– natural persons, FLP, legal entities (hereinafter – taxpayers) submit accounting, financial, accounting, settlement, audit reports and any other documents, the submission of which is required in accordance with the norms of current legislation, within 3 months after the termination or cancellation of martial law or the state of war for the entire period of non-submission of reports or the obligation to submit documents;

– during the period of martial law or the state of war, as well as within 3 months after its end, taxpayers shall not be subject to administrative or criminal liability for failure to submit or late submission of the above-mentioned reports and documents;

– persons who do not have the physical ability to submit the above-mentioned reports or documents within 3 months due to the direct consequences of their participation in hostilities, are released from administrative or criminal liability and submit such reports or documents within the 1st month from the end of the consequences that made it impossible to submit them;

– during the period of martial law or the state of war, any checks regarding the timeliness and completeness of the submission of any reports or documents of a new nature are not carried out by the authorized bodies, Fig. 2.8 martial law or state of war, 2022).

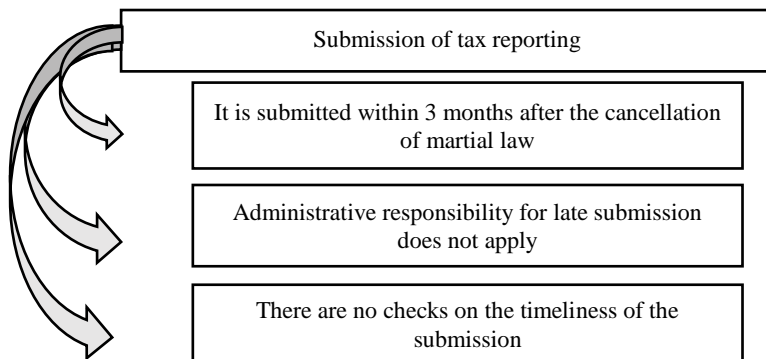


Fig. 2.8. Submission of tax reports under martial law

Source: (Kolisyk, 2022)

So, based on everything, we can conclude that in the context of hostilities in the country, the likelihood of financial destabilization in the state tax system for the activities of enterprises is possible. Therefore, laws were adopted by the President of Ukraine on the tax activities of business entities during the war, which simplified the procedure for taxation and submission of tax reports, stopped tax audits, and suspended inspections, introduced restrictions on imposing fines.

All these factors encourage and facilitate the work of business activities in the field of tax payments during hostilities on the territory of Ukraine.

It should also be remembered that when applying the simplified taxation system, the farm enjoys certain benefits, in particular for the payment of other taxes, fees and other mandatory payments to the budget and, accordingly, bears the risks of possible sanctions for illegal stay on the simplified taxation system.

CONCLUSIONS TO CHAPTER 2

Regardless of the form of organization of farms, for all their types, the urgent problem is the need for adaptation in the conditions of European integration processes and the full-scale invasion of the Russian Federation on the territory of our state in the organization of economic activities, accounting and taxation procedures, which

become an inseparable component of the vital activity of the national economy. Despite the simplicity of record keeping, it should be simple, clear and informative at the same time. Therefore, the development of an accounting system focused on the optimization of accounting information and its maximum adaptation to management needs is relevant for farms; a reasonable increase in the amount of information characterizing the economic activity of farms makes it possible to single out information flows that make it possible to: assess the possibilities of selling agricultural products under certain conditions and requirements, material and technical support for the production of these products, and its innovative attractiveness.

The main goal of this research is the systematization and thorough research of the principles of modern organization of accounting and tax accounting in farms in the conditions of European integration processes and the full-scale invasion of the Russian Federation, taking into account their size, organizational and legal form, industry specifics; features of the application of the chart of accounts in farms; familiarization with the organization of synthetic and analytical accounting; choosing the form of accounting, forming the skills of practical display of operations with assets, liabilities, capital, formation of financial results.

It is also an important aspect of the farm's activity to assign it to one or another taxation system, today the owner of a farm can choose a taxation system (be a single tax payer of a certain group or a general taxation system) for his farm, but each of them has its own advantages, disadvantages and limitations.

One of the priority directions for the development of farming in the conditions of European integration processes and the full-scale invasion of the Russian Federation is the creation of family farms. Society is interested in creating family farms based on the most developed households. This is facilitated by the sector, which is considered the basis of rural society, agricultural producers, especially farms with the status of family farms. The specified form of management is designed to ensure ecological production technologies, the release of a range of products in accordance with the needs of consumers, and an increase in the level of employment of the rural population.

Therefore, it is important for the development of farms in the

conditions of European integration processes and the full-scale invasion of the Russian Federation to ensure: a resource strategy, the formation of an appropriate regulatory and legal framework, the creation of an effective system of taxation and crediting at the state level, financial support, stimulation of the development of animal husbandry, and the attraction of funds from local budgets united territorial communities.

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SECTION 3³

ACCOUNTING SUPPORT AND ANALYTICAL SUPPORT FOR MANAGING THE PRODUCTION OF ORGANIC PRODUCTS IN THE CONDITIONS OF EUROPEAN INTEGRATION

3.1. Analysis of the domestic market of organic products and prospects for its development in the conditions of European integration

Organic production is one of the most promising alternative farming methods aimed at economic growth. The demand for organic products of the agricultural sector in some countries of the world significantly exceeds the supply, which indicates its quality and competitiveness, is a profitable and promising direction for the country's agricultural enterprises. The consumption of organic products is gradually increasing among Ukrainians as well.

Today, the market of organic products in Ukraine is developing dynamically, in particular thanks to the implementation of the Ukraine-EU Association Agreement. The EU market is a driver for the growth of organic production. In 2020, Ukraine took 4th place out of 124 countries in terms of the volume of organic products that Ukrainian businesses supplied to the EU. In general, the export of Ukrainian organics has the following structure: 73% of exports went to Europe, and 24% to North America. Since 2015, the market of the European Union has been consistently one of the most important export destinations for the domestic agricultural industry, occupying the second place in the geographical structure of exports after Asian countries.

An organic production began actively to develop at the beginning of 2000th, already it was then begun to consider Ukraine one of important suppliers of organic products to the market of ES. Many years Ukraine remains the reliable supplier of organic products and saved the positions during the pandemic of Covid-19, when the broken chains of supply were. Last years Ukraine was confidently included in TOP 5 most suppliers of organic products to ES (Moroz, Tsal'-Tsalko, 2017). Ukrainian organic products have no competitors abroad –

³ Gudzenko N.M.

because demand exceeds supply. But real and potential producers of organic products are studying the foreign experience of conducting such business. Despite the fastidiousness and high competitiveness of the EU market, it is attractive for the Ukrainian manufacturer both from the point of view of marginality (depending on the product) and from the point of view of gaining access to the markets of other countries. Because presence on the EU market quite often helps to open doors to other interesting markets of the world.

The processing of organic products on an industrial scale is a relatively new direction for Ukraine, since in the current conditions almost all export products of domestic producers are raw materials.

The organic world market is the most steadily growing market in the last 20 years. It is attracting the attention of more and more producers and consumers, and the COVID-19 pandemic has only strengthened the position of organic food products. After all, in the conditions of the pandemic, consumers began to take even more care of their own health and the state of the environment.

Producers of organic products sell their products on the domestic market, but the lion's share is intended for export. According to the data of the Ministry of Agrarian Policy and Food of Ukraine, the share of organic farming can be estimated by the land used for such activities (Fig. 3.1) (Organic in Ukraine, 2022).

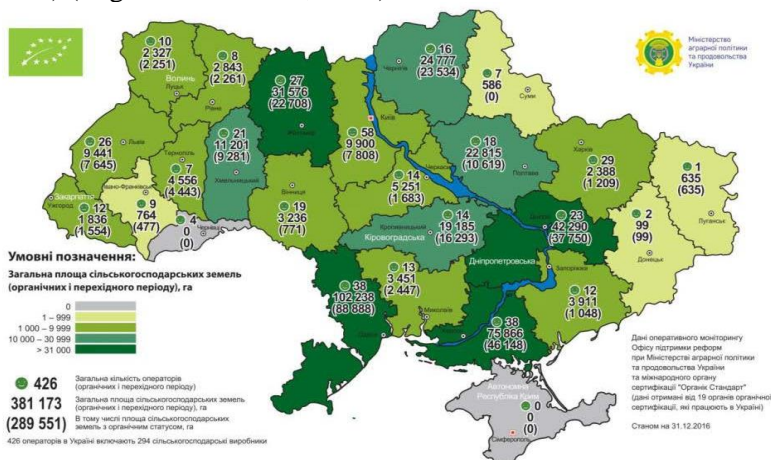


Fig. 3.1. Organic map of Ukraine

Source: formed according to (Organic in Ukraine, 2022)

In modern conditions, the need for the formation of a civilized agricultural land market, ecologically safe development of agricultural land use, taking into account the existing risks and uncertainties, while focusing on compliance with the requirements of environmental safety and the production of organic products, is particularly acute. The domestic agricultural sector requires the development and implementation of a model of ecologically safe development of agricultural land use, since land resources are decisive for the agricultural sector.

In Ukraine, the area of agricultural land with organic status and transition period is 289 thousand hectares. The share of organic land from the total area of agricultural land is only 0.67%. In European countries, organic production is given much more attention. Thus, in the Czech Republic, 12% of arable land is used for organic farming. In Austria, a quarter of the country's arable land – under organic crops. About the rapid growth of the organic market in 2020. Austria, Germany and Switzerland report 20% growth. In the United States and Great Britain, the organic market grew by 12%. 504 operators operate on the organic market in Ukraine, including 304 agricultural producers. There are 23,000 such enterprises in Austria today.

Stimulates the development of the organic market in the EU countries adopted on May 20, 2020 strategy « From farm to fork» (From Farm to Fork), which set a new target – 25% land should be under organic production by 2030. As early as March 25, 2021, the European Commission presented an Action Plan for the Development of Organic Production to meet the objectives of the strategy, according to which it is planned to expand measures to promote the demand and consumption of organic products. The European Green Course – was adopted by the European Commission in late 2019 as a policy document aimed at ensuring a sustainable green transition of Europe to a climate-neutral continent by 2050. The European Green Course gives impetus to rural development, as it emphasizes the localization of supply chains, ie the development of production in territorial communities. The key should be to reduce the distance from producer to consumer. The goals for the development of organic production in Ukraine were first set in the National Economic Strategy of Ukraine for the period up to 2030. In particular, it is planned to increase the area of land with organic status to at least 3% of the total area of

agricultural land of Ukraine and increase exports of organic products to 1 billion US dollars. But at the same time, Ukrainian producers and exporters, especially small and medium-sized ones, in practice face the fact that the EU is a market that is not easy to operate on it. First of all, this market is highly competitive. This means that the number of products and producers competing for the attention of the European consumer in each of the segments is quite large. And the consumer in the EU is demanding. It is not enough to meet only pan-European or national standards of food safety or quality. Most of these requirements are set at the level of a separate importer or network of retailers, and their compliance on an ongoing basis is one of the prerequisites for exit and consolidation in the EU market.

In Europe, the average consumer spends 56 euros on organic food per person annually (in the European Union – 84 euros). Per capita consumption of organic food has doubled in recent decades. The Danes and the Swiss spent the most money on organic food. European countries have the world's largest share of sales of organic food products as a percentage of the corresponding food markets. Denmark is the first country with the highest share of organic products (12.1%) in the world. Individual products and product groups occupy an even larger share of the food market. For example, in some countries, organic egg sales account for up to 30% of total egg sales.

The COVID-19 pandemic has increased the relevance of organic production, as organic products are often associated with a healthy lifestyle.

In recent years, Ukraine has become one of the most important suppliers of organic products to the EU market, taking fourth place in 2018 and 2020 and second in 2019 among all importing countries of organic products in the EU. The image of Ukraine as an exporting country for organic products is gradually improving, and in a pandemic, Ukraine has proven to be a reliable supplier. According to the evaluation data of the certification body “Organic Standard”, in 2021 the main organic products exported from Ukraine were corn, wheat, soybean, sunflower oil, canola, cake, sunflower seeds, blueberry, berries and millet. The following trend persists: exports are sold.

In the conditions of military aggression, Ukraine in 2022 lost access to almost 30% of land (Kherson and Zaporizhia regions)

certified as organic (about 140,000 hectares). About 70% of operators fully or partially continue to implement organic production on their farms or processing enterprises. Despite the blockade of ports, logistical problems and restrictions on the export of certain categories of products, Ukrainian organic exporters have good indicators for the first half of 2022, which is the result of a lot of work in difficult conditions. Important for the export of organic products is the EU's decision to cancel import quotas and duties on Ukrainian products, and the status of a candidate in the EU strengthens Ukraine's position. Also, for the first time in many years, Ukraine was excluded from the list of countries exporting organic products, in respect of which additional control measures are applied.

Ukrainian producers and exporters of organic products to the EU market should focus on the following success factors:

- price competitiveness (the manufacturer must calculate his price based on the cost price and costs along the entire chain to the point of sale),
- the ability to form product batches on a regular basis
- a responsible attitude to the fulfilment of contractual obligations, including issues of product quality and appearance.

The above factors are kind of beacons, landmarks of a successful business in the field of organic production.

In the conditions of war, more than 60% of organic producers will have problems with profitability or even face bankruptcy by the end of the year. Production processes were most affected by the general security situation (74%), access to financial resources (72%) and destroyed infrastructure (65%), including the lack of sufficient fuel materials (79%). Therefore, one of the primary tasks is the development of models for overcoming the crisis, the search for prerequisites for the preservation and further development of the organic sector of Ukraine.

The advantages of organic production are as follows:

- Organic products can be sold more expensively, because demand exceeds supply in most developed countries (European Union, England, Switzerland, USA). Understanding the growing demand also allows attracting investments in organic business in Ukraine.

- Marketing chains and sales channels are not working well

enough, so now it is easy to generate a high price due to the fact that the market is just emerging.

- High prices compensate for the low financial returns from growing crop rotation crops, which are necessary to return nutrients to the soil.

- Systematic planning of organic business creates an opportunity to avoid future costs for the fight against environmental pollution, rapid climate change, as well as for additional cleaning and health of both the farmer himself and his family, as well as each buyer of organic products, while creating long-term financial opportunities buying organic products is more expensive than others.

- Natural breeding of animals provides the possibility of natural balanced nutrition and enough space for living in comparison with the main mass of animals.

- Organic business is fully protected by law. The finished product or batch of raw materials can be labelled as organic only if the clear requirements set for organic production are met.

- Organic agriculture protects the health of farmers and society. Numerous studies point to the relationship between pesticides and diseases. The organic system of agriculture, which is without the purchase of synthetic fertilizers and pesticides, significantly reduces the dependence of peasants on agricultural concerns.

Risks are inherent in the field of organic production. Moreover, there are more of them than in traditional agriculture. Let's summarize the main ones.

- Marginal growth requires more investments of financial and labor resources.

- Small batches of goods and different quality of each batch do not allow to establish an effective system of buying/selling in the domestic and foreign markets.

- The lack of practical experience and complete instability in the country limit the opportunities for traditional farmers to use "profitable" technological schemes already developed by organic farms and organic experts.

- Prices/costs for organic products include not only the costs of their production, but also additional (specific) costs: for the preservation of biological diversity, environmental protection, restoration of soil fertility, certification, etc. The high price of organics

is caused by a large percentage of the use of manual labour.

- Unstable land market and reduction of pastures lead to huge risk and even impossibility to create a complete organic farm as a full-fledged resource-efficient organism.

- Additional regulation creates resistance in business. There is also a corruption component.

- The organic producer is dependent on the system of organic preventive methods, because most biological preparations and technological maps are aimed at stable and undisturbed creation of a strong plant or animal and a healthy ecosystem.

- The agricultural market is full of offers of traditional agricultural technologies. At the same time, there is very little information about organic methods, it is still only finding a stable place in the flow of motivational appeals to the businessman to make one or another choice.

Therefore, the research is aimed at developing a methodology for accounting for organic production to strengthen information support for the management of ecologically safe agricultural land use, which includes the development of a system of accounting standards and methodological guidelines for accounting, analysis and control of organic production in conditions of uncertainty and risks, to promote the development of organic agriculture and greening agricultural production.

Formation and development of organic technologies, analysis of organic agriculture and research of its influence on components of agricultural production were considered by V. Artysh, N. Berlach, O. Gladkikh, O. Dudar, M. Kobets, T. Ratoshnyuk, O. Rudnytska, V. Tkachuk, M. Fedorov, O. Khodakivska, O. Shkuratov, M. Yaremova, P. Bazoché, P. Combris, E. Giraud-Héraud, ASPinto, F. Bunte, M. Jaime, J. Coria, X. Liu. Accounting aspects of accounting for the production of organic products are considered in the works of J. Ishchenko, J. Melnychuk, Y. Moroz, O. Podolyanchuk, O. Tomashevskaya, Y. Tsal-Tsalka.

It is necessary to create a fundamentally new accounting and analytical management system that allows assessing the reserve of stability and adaptability of agricultural enterprises to sudden negative fluctuations caused by global changes in the environment and economic environment, will adequately counter modern challenges

and strengthen the competitive advantages of agricultural enterprises in the foreign market. Under current circumstances, there is no clear methodology for accounting for costs and calculating the cost of organic agricultural products; the method of accounting and allocation of general production costs, significantly complicates operational management and requires a solution within the framework of the developed project

There is also a need to develop item of cost accounting items, which will allow you to distinguish in accounting the costs allowed by law in the conditions of organic production, from the costs for which there are certain restrictions. This will improve product quality control information. Improvement of the analytical accounting system will provide information needs of management on expenses in organic production.

The modern system of organic production management requires the inclusion of relevant information in financial, management and statistical reporting, provides the possibility of identifying risks and threats, allows timely identification, forecasting of the impact of micro- and macro-environment on the activities of agricultural enterprises, taking into account their economic interests, tasks and specifics of organic production.

The implementation of the proposed methodological techniques in the accounting practice of organic production operators will allow to organize separate accounting of costs for the production of organic plant products and to distinguish in the accounting the costs allowed by law from the point of view of organic production, from the costs for which there are certain restrictions. This will improve the information support of the product quality control function.

Organic farming has become one of the world trends of the XXI century, a promising direction of the agricultural sector, focused on sustainable development with the possibility of forming the main factors based on economic, social and environmental benefits. Scaling organic production and bringing it to the level of the main direction of management requires an innovative strategy.

The ability of an agribusiness entity to maintain competitive advantages for a long time is directly dependent on the level of uncertainty of its internal and external environment. Uncertainty creates risks for agrarian land use, especially when oriented towards

environmental safety.

Ukraine occupies the leading positions in the world in the production of agricultural products, but it occupies only the 63rd place in the ranking of food safety. An analysis of the reasons for this situation indicates the existence of objective and subjective factors, including corruption, political instability, and limited state spending on supporting organic production. All this levels the availability of food, its sufficient quantity, and high quality.

The essence of organic farming is the use of a system of natural reproduction of soil fertility. That is, mineral fertilizers, pesticides and other substances and preparations, which are common for intensive agriculture, are not used at any stage of production: from seed selection to harvest storage. To “enhance” the yield, only crop rotation and manure are balanced on the flow of nutrients.

With the development of organic production in Ukraine there is a problem of insufficient information that would meet the needs and requests of stakeholders about the state of development of organic production, the cost of organic production, its cost, lack of accounting support for such products, lack of methodological developments , which took into account the organizational and technological features of organic agricultural production, which in most cases coexists in parallel with conventional agricultural production.

Organic farming is a prospect for the development of small farms (small businesses), which currently focus not so much on quantity but more on product quality and diversity. In addition to organic production, such farms are engaged in traditional agriculture, can use the organic approach in terms of working with the soil and its fertility (do not use pesticides, but there are safe fertilizers). Most of them focus on crop production.

The production of organic crop products which is one of the ways to realize the concept of sustainable agricultural development requires effective management at both the micro and macro levels, which is impossible without full and systematic information support. The basis of such information is accounting, financial, and statistical reporting data.

Despite the increase in the number of organic production operators, the growing demand for their products, and insufficient information support for both management and other interested persons, the

problem of organizing accounting for the costs of organic agricultural production is currently relevant and requires a comprehensive study. The purpose of the study is to summarize the existing methodology for accounting for the costs and output of organic products and the formation of proposals aimed at solving these problems.

The methodological basis of the research is the general scientific and philosophical methods of cognition, dialectical and systemic approaches to the study of the problems of information support for accounting for the production of organic products in the context of growing requests for accounting information, the action of risk and uncertainty.

The combination of dialectical and systemic approaches to the knowledge of phenomena and processes made it possible to indicate trends in the development of accounting and analytical support for the production of organic products, to determine the main parameters of accounting for the economy of sustainable development.

A general dialectical approach is crucial to the methodology of organic production research. Its application allows you to consider organic production in dynamics, subject to the influence of a changing environment, and highlight user information requests about the possibility of systematizing accounting data for effective management, summarize and critically evaluate the scientific achievements of the agrarian component of sustainable development and justify the content and essence of the main categories of accounting for organic production.

According to the Law of Ukraine “On Basic Principles and Requirements for Organic Production, Circulation and Labeling of Organic Products” 2496-VIII as amended on 03.07.2019 (On the basic principles and requirements for organic production, circulation and labeling of organic products), the operator of organic production is a legal entity or a natural person-entrepreneur engaged in production and / or circulation of products in accordance with the requirements of the legislation in the field of organic production, circulation and labelling of organic products. According to statistics, during 2020 the number of operators of organic production in Ukraine increased by 17% and as of the end of November 2020 amounted to 722 (Fig. 3.2).

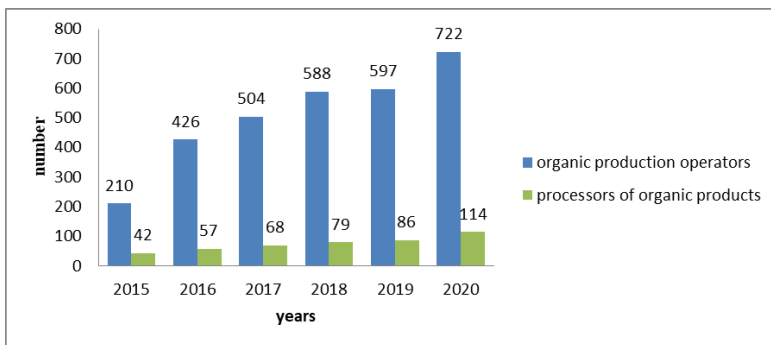


Fig. 3.2. Number of operators of organic production and processors of organic raw materials (formed according to the Federation of Organic Movement of Ukraine)

Source: formed according to (Organic in Ukraine, 2022)

The vast majority of operators of the organic market are producers of organic raw materials, whose share is 84%, although over the past 2 years the number of processors of organic products has increased by 33% (out of 722 operators 114 certified organic processing as an activity, of which 64 operators package products). as organic for the retail network). Last year, the number of producers who received a labeled organic product in the offer for the final consumer increased by 7%. The leaders in production in terms of regions are Kyiv region – 83 producers (over 60 thousand hectares of land); Kherson region – 54 producers (84.5 thousand hectares of land); Odessa region – 40 producers (over 50 thousand hectares of land). Agricultural enterprises and areas are more or less evenly spread over the entire territory of the country. The largest areas occupied for organic production are located in the southeast along the Black Sea coast – in the territories that were particularly affected by the war in April 2022, as well as in the centre and west of Ukraine. The main areas under organic grain and oil crops are in the south and northeast.

Given the growing capacity of the organic market, the growth of exports of domestic organic products becomes urgent need for in-depth study and systematization of legal, economic and accounting interpretation of the categories that characterize organic production.

Legal substantiation of organic agricultural production is an integral part of sustainable development of rural areas and becomes

especially relevant in the context of decentralization, as it forms the legal basis for the process of production and sale of organic products. Organic production combines economic efficiency (sufficient level of product competitiveness, optimization of production costs), environmental orientation (restoration of soil quality, reduction of water and air pollution), social aspect (providing consumers with quality food, development of rural communities through additional investments and jobs). The legal principles of organic production play a paramount role, as they can be considered as enshrined in law and ethical principles that are binding. They represent a system of requirements that must be met by the practice of public relations for the production, storage, transportation and sale of organic products (raw materials).

In world and domestic practice, the concepts of Organic Farming, Biological Farming, Ecological Farming are often identified, as the unified interpretation of organic agriculture is relatively new. If in foreign practice the above concepts are almost identical, in the domestic market due to lack of effective control, some producers distorted consumers' perceptions of organic products, using the labeling of "organic products", "bioorganic" and so on.

With the adoption of the Law of Ukraine "On Basic Principles and Requirements for Organic Production, Circulation and Labelling of Organic Products" 2496-VIII of 03.07.2019 (On the basic principles and requirements for organic production, circulation and labeling of organic products), penalties are provided for the use by producers of such labels as "bio", "eco", "organic", etc., and the affiliation of goods (raw materials) to organic products must be confirmed by a certificate. In October 2020, by approving the Procedure for Certification of Organic Production and / or Circulation of Organic Products (Resolution of the Cabinet of Ministers of Ukraine, 2020), which was developed taking into account the requirements of EU legislation, Ukraine took another important step towards streamlining the legislative regulation of organic production. The document defines the rules of certification of organic production and / or circulation of organic products, the procedure for issuing the certificate, its duplicate and form. Prior to the adoption of this act, the production of all organic products was and in fact remained outside the legal field, the lack of effective legislation in this area created a favourable environment for

opportunities to violate consumer rights and develop unfair competition among producers and counterfeit organic products. The adopted resolution approves the Procedure for certification of organic production and / or circulation of organic products, which is intended to determine: requirements for certification of organic production and / or circulation of organic products; the procedure for issuing the certificate, its duplicate and form.

At present, there are 18 internationally accredited certification bodies for organic production in Ukraine. They provide certification services for organic production and / or circulation of organic products to more than 700 operators engaged in the production of organic products. They are included in the official list of approved organic certification bodies for Ukraine in accordance with EU Regulation 1235/2008. Most organic operators in Ukraine are certified according to the EU organic standard, equivalent to EU Regulations No. 834/2007 and No. 889/2008, which are used both for export and for the domestic market.

Legal regulation of relations on organic agricultural production allows to distinguish their features, structure, classification, characteristics, as they combine a set of interrelated property, labor, land, organizational, legal and other relations on the production of organic products (raw materials). Legislation clearly defines the subjects of legal relations regarding organic production, their rights and responsibilities; objects of organic production, responsibility for violation of legal principles of organic production.

The development of organic farming is a complex organizational mechanism, which, in addition to proper legislation, requires significant work at the previous stage of implementation. In the production and sale of organic products, all stages are important: cultivation, transportation, storage, processing, logistics, shipment of finished products. The production of organic products is not just a rejection of the use of mineral fertilizers and chemical plant protection products, but a set of norms and requirements that must be ensured in the organization of agricultural production. Organic production operators must ensure a sufficient level of economic efficiency of organic production, transportation and storage, because in modern conditions, organic production is also high technology, but of a biological nature, not of chemical origin. The cultivation of organic

crops requires significant costs of renewable and non-renewable resources, so it can not replace traditional agriculture and must develop in parallel with it.

In organic production, it is necessary to work on the basis of scientifically based technology, very systematically. You can't add everything to the soil in a row, because it affects it, plants, and ultimately – human health. It is necessary to carefully select organisms so that they work not seasonally, but constantly.

The production of organic products can be considered as a separate business process – a set of interconnected actions and functions that are necessary for the production of a particular result that has value for external or internal consumers. This approach is the basis of process management, when all the tasks and all the activities of the enterprise are presented as a set of different processes, connected and interacting with each other. This approach in the organization of the enterprise is considered the most effective, because it is result-oriented with the optimal way to achieve it.

The transition to organic production involves the implementation of new rules and methods in the field of safety and quality at all stages of interconnected production and processing, including packaging and labelling (in order for products made from organic raw materials to be classified as organic, , promotion and sales were certified as organic). From an economic point of view, it is necessary to distinguish between organic crop production and organic livestock. The yield of organic farming is usually lower than that of standard intensive farming, so it requires higher operating costs. Therefore, organic products are sold at retail at higher prices. In order to equalize prices and increase the volume of the domestic market of organic products, state support for producers of organic products is necessary. This is especially true for livestock: meat and dairy products are much more expensive in organic farming, as their production requires more labour to meet organic requirements. Thus, organic production of agricultural products is considered unprofitable (inefficient), especially at the initial stage of replacing the traditional system of agriculture with organic production (processing). When clarifying the issue of the high cost of organic products, it will be useful to understand its structure in terms of accounting. The domestic market of organic products is characterized by unformed demand for organic products,

underdeveloped market of organic products, lack of direct subsidies and a clear program of state support. The cost of land certification is growing significantly every year and does not differentiate depending on the volume of production, the size of the farm. The cost of certification at the moment practically does not allow small farmers to become officially organic. Therefore, some farmers in the absence of a certificate, without claiming to export and sell in retail chains, continue to use organic technology, focusing exclusively on a narrow circle of regular customers.

A promising direction from an economic point of view is organic seed production and nursery, processing of organic raw materials (95% of exported organic products – raw materials (Organic in Ukraine, 2022)). Seeds and planting material propagated in accordance with the requirements of the legislation in the field of organic production, circulation and labeling of organic products are considered organic. A certificate confirming the organic origin of seeds and planting material shall be issued to the organic market operator for 15 months from the date of issue.

To ensure the full development of organic production approved by the Cabinet of Ministers of Ukraine dated October 23, 2019 No.970 “Procedure (detailed rules) of organic production and circulation of organic products”, which defines the rules of crop rotation, application of organic fertilizers, use of organic seeds and planting material during the production of products that will be subsequently certified as organic. According to these Rules (Khodakivska, 2017), in order to obtain organic seeds and planting material, the mother plant must be propagated in accordance with the requirements of legislation in the field of organic production, circulation and labelling of organic products for at least one generation, and for perennial crops – for at least one generation and two vegetation periods.

The organization of organic production provides for the possibility of freedom of choice of technologies that will take into account the conditions of a particular field. It is characterized by the lack of clear instructions inherent in conventional agriculture. Only the principles, rules and requirements have been developed, the implementation of which is entrusted to the producers themselves: each producer independently determines the technology of restoring soil fertility, makes crop rotation, etc.

3.2. Accounting and analytical support for organic production management

The technology of organic production and its economic features affect the organization of accounting and further reflection of the process of production and processing of organic products. Producers of organic products are forced, first of all, to take care of the implementation of a set of measures to restore soil fertility without mineral fertilizers. Organic fertilizers include manure, composts, greens (sidereal), biohumus. These are renewable bioenergy assets. One of the ways to improve the quality of the soil for further organic production is the cultivation of sidereal fertilizers. Their advantages are improvement of the water regime of the soil, reduction of its acidity at relatively small costs. The possibility of using organic remains of straw – a by-product that was traditionally used in animal husbandry for bedding and livestock feed – is relevant. At the same time, most of the straw remained unused in the fields and was burned.

In organic farming, most costs for land improvement are characterized as current – related to certain types of work aimed at reproducing and improving the balance of nutrients: agrotechnical, agrochemical, phytosanitary, and reclamation measures that are periodic or seasonal in nature. Capital costs for land improvement are an object of a non-inventory nature and represent a set of costs incurred by the enterprise in connection with the exploitation of agricultural land.

High-quality irrigation is necessary for growing plants. In Ukraine, 60% of arable land needs irrigation. According to statistics, Ukraine loses 1.5 billion dollars every year just because farmers cannot irrigate their lands. Therefore, irrigation and watering are an integral part of organic farming.

The collapsible mobile system is installed on the field for irrigation, and after watering it is disassembled and stored in the warehouse. Stationary systems mostly refer to objects of fixed assets, while mobile systems correspond more to the characteristics of low-value non-current assets. In the accounting policy of the enterprise, it is necessary to provide how the system will be displayed: as one complete object, or as a prefabricated complex (pumping station, pipeline, irrigation installations, etc.). A collapsible irrigation system can be accounted for as one or several fixed assets. The pipeline

system can also not be a single object, but consist of several elements: a separate pipeline system and each irrigation machine separately. When accounting for one object, the stationary irrigation system is accounted for on subaccount 103 “Buildings and structures”.

When accounting for different objects, it is worth evaluating the characteristics of each one: the pumping station and pipeline systems are credited to subaccount 103, and irrigation machines to subaccount 104 “Machines and equipment”. Each of the separate parts of the irrigation system performs its own function and will have a different expected useful life. Objects of the irrigation system will be classified as low-value non-current assets and will be reflected on sub-account 112 “Low-value non-current material assets”. How to account for own irrigation systems, with one object or several, each agricultural enterprise decides independently.

Separate accounting may be more advantageous for the payer from the point of view of taxation. After all, each of the parts of the system, which fit into the low-value criteria established by the enterprise, will be amortized faster in accounting. The advantage of separate (object-by-object) accounting is that this system includes a drip tape that must be replaced annually. Accounting for the operation of replacing a drip tape that is used for only one season and then becomes unusable (the useful life is less than a year) will depend on how the tape is accounted for in the enterprise.

If a single complex is put into operation – “Drip irrigation system”, which consists, in particular, of the cost of a pumping station, a filter station and all consumables (drip tape, injectors, etc.) and is accounted for in sub-account 104 “Machines and equipment”. In this case, the annual replacement of the tape will be shown as a partial liquidation of the property, plant and equipment. the enterprise ceases to recognize part of the object of fixed assets if the tape is replaced, and the costs of its replacement are included in the original cost of the object. If the company cannot determine the original cost of the part to be replaced, it can estimate it in the amount of replacement costs.

If the tape is accounted for as a separate object – a low-value and perishable item, then it is credited to account 22 of the same name, and when installing a drip irrigation system, its value is debited to production costs (account 23). In physical terms (running meters), it continues to be listed by the materially responsible person in the

Accounting Card of low-value and perishable items. The ribbon is written off from the account of the financially responsible person after the end of the season. After that, the object is considered to have completely disappeared.

All costs for the creation of irrigation systems are first recorded as part of capital investments on sub-account 152 “Purchase (production) of fixed assets” or 153 “Purchase (production) of other non-current tangible assets”, and then credited to the balance sheet. Irrigation system objects included in the balance sheet are depreciated in the general manner. Depreciation is shown on subaccount 91 (Dt 91 Kt 13), and then, together with other costs for maintaining irrigation systems, it is allocated to the production cost of crops that are irrigated: Dt 23 Kt 91.

Irrigation systems require additional costs for their installation and maintenance. Also, in the process of irrigation, water losses occur, which must also be reflected in the accounting. Although they are minimal in modern systems, they do affect the total cost of the period.

The state of accounting indicates that land management in farms is reduced to the definition and analysis of the dynamics of individual natural indicators of the effective use of agricultural land, including: crop yields, fertilizer payback rates, and costs for improving agricultural land quality indicators. At the same time, the system of cost indicators for the evaluation of value-oriented land management remains outside the attention of the accounting system. There is a need to expand the objects of accounting of natural resource potential – accounting of bioenergy assets (humus, grain, straw, livestock). Their totality represents an absolute bioenergy capital.

Estimation of the value of agricultural land remains the main problem of accounting and analytical provision of land management. The land market is a prerequisite for investments that increase labor productivity and increase farmers’ incomes, increasing investor interest in agricultural land, as land ownership improves productivity, consumer spending and incomes of land users. Ukrainian legislation placed a significant emphasis on the legal consolidation of land ownership, but it did not ensure proper accounting of the use of agricultural land.

A full-fledged operator of the organic market is a business entity that has passed certification, fulfilling all the requirements for bringing

the production process to organic production. The transition process is long-term, so it requires proper accounting support. An organic market operator does not necessarily grow only organic products, combining organic and traditional production. Management in such structures is carried out according to the directions of organic and traditional production, therefore the list of accounting objects is significantly expanded, because there is a need to distinguish between costs and output of products of organic and traditional production, starting from documentation to determining financial results.

The cost of organic products in the structure of costs and their share will differ due to the lack of chemical and mineral fertilizers, seed treatment, but the inevitable increase in manual labor costs, the use of biological protection and organic fertilizers. Detailing the costs of organic production is necessary for the formation of pricing policy and further analysis of production efficiency.

Accordingly, such products are more expensive. It is too expensive for the domestic consumer, so 99% of organic crops are exported, including to EU countries.

It is difficult to enter the international market, because every stage of the manufacturer's activity must be monitored and certified. Before planting, the seeds are checked for treatment with chemicals. During the growing season of the plants, they analyse whether the farmer uses mineral fertilizers and pesticides. They check the conditions and means of storage and transportation. If there is a violation at some stage, the product supply agreement is not signed (or terminated). Therefore, organic farming must be transparent at every stage of work and meet standards. Each certificate allows you to trace the path of the product from the grain to the shelf.

The introduction of organic production requires a qualitatively new approach to the organization of accounting and the formation of accounting policies, which will actually be implemented in the transition period. The accounting policy of the organic production operator first of all outlines the list of objects of accounting by directions of production (crop production, animal husbandry, processing), in the context of which cost data will be formed. The components of the accounting policy for the production of organic products (methodological, technical and organizational) also require some clarification. The least dependent is the methodological

component, which requires consideration of legislation in terms of organization and implementation of organic production, and organizational. Most changes and clarifications require a technical component, which will depend on the specifics of organic production and its industry characteristics.

Uncertainty regarding the organization of accounting for organic products is caused by the lack of clear recommendations at the national level. The need to supplement the current standards is caused by the increase in the number of organic farms. The absence of a unified approach to the formation of information obliges the producer of organic products to independently choose the directions and forms of presentation of such information: when preparing reports, include additional indicators and explanations regarding their environmental activities in order to ensure informativeness, increase transparency and quality of information.

Among the first steps, the organization of accounting for the production of organic products involves the formation of a package of primary accounting documents. The opinion of O. Podolyanchuk is valid, which suggests a conditional division of the primary documents for accounting for the costs and output of organic crop production as follows: documentation of accounting for labor costs; documenting the accounting of production stocks; documenting the marketing of finished products. It is proposed to supplement the list with primary documents on land improvement and sales of organic products (Podolianchuk, 2019).

From the moment of the decision on transition to organic production at the level of the organization of accounting process it is necessary to be defined with the list of accounts on which objects of organic production will be reflected, to provide possibility of allocation in primary documents of operations carried out in the process of organic production. costing and budgeting.

Given the results of the research, we consider it appropriate to allocate costs and products obtained during the conversion period preceding organic production. It can last up to three years, during which the company will incur significant costs for inspection and certification; carrying out a set of agrochemical and reclamation measures aimed at eliminating the negative consequences of traditional land use and improving or stabilizing the quality of soils;

introduction of growing niche crops (spelled, mustard, chickpeas, rye, beans, garlic, etc.). The need to separate data on the costs of the transition period is due to the need to comply with the requirement of reliable determination of financial results in terms of products, finding sources of funding for organic production, forecasting risks and threats caused by organic food production.

In the working plan of accounts of the conversion period it is necessary to provide expenses for restoration of the earths, including capital character. The specificity of such costs is that they cannot be immediately attributed to the cost, and the amount of such costs is significant. In most cases, producers use leased land, it is necessary to legislate operations to improve the quality of soil on leased land. Capital expenditures include the need to purchase equipment that will be used exclusively in organic production. All capital expenditures for preparation for organic farming should be reflected in the financial statements with a detailed explanation. Information on capital investments in the production of organic products is useful for interested investors, as the demand for organic products is growing, and its production on certified land (ready for use) is an attractive investment destination.

Special attention is paid to the documentation of transitional operations, as the correctness of their design, the reliability of the displayed information is taken into account in the certification process, confirms or denies compliance with the technology and standards of environmental production. Organic standards recommend that such documentation be kept for at least five years (On the basic principles and requirements for organic production, circulation and labeling of organic product, 2019).

Fig. 3.3 summarizes the procedure for organizing accounting and subsequent accounting reflection of the production process of products of organic origin.

The volume of accounting nomenclatures that will regulate the method of accounting for the production of organic products will depend on the specialization of the enterprise, the range and quantity of products grown by him. Given the above features of growing organic products in small sizes is not appropriate, as it requires significant capital costs with a high level of business risk.

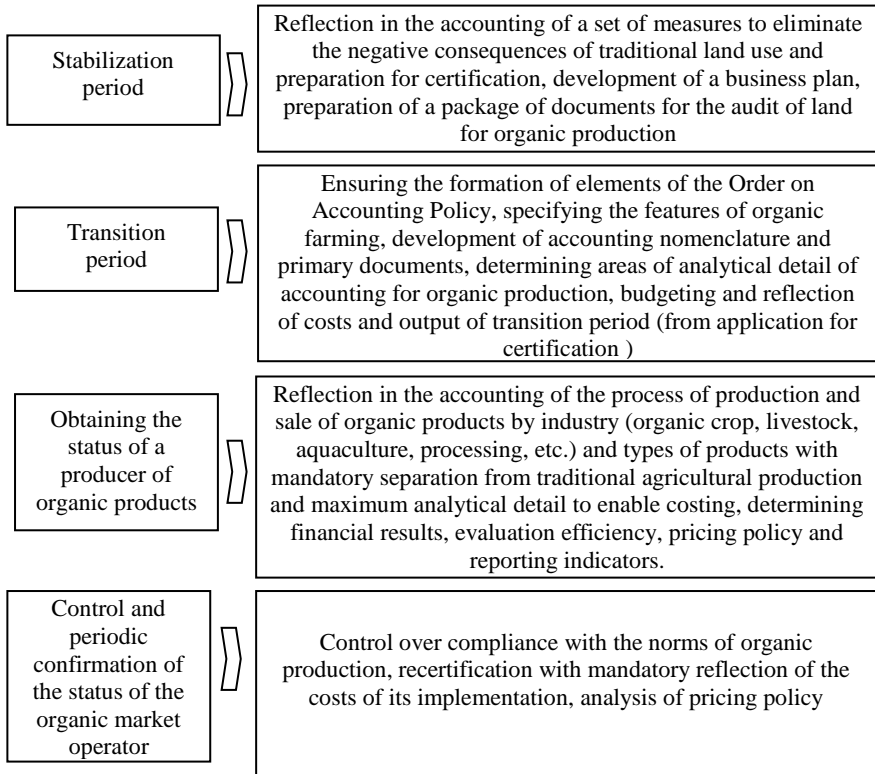


Fig. 3.3. Stages of organization of organic production and their accounting support

Source: created by the author

In the process of production of organic products it is necessary to provide for the costs of confirming the status of the operator of the organic market, which is carried out in the process of recertification. In case of non-compliance of the product with the requirements of the standards, it may be revoked. Therefore, in the Order on accounting policy it is necessary to provide the ability to reflect the recalled products, which loses the status of organic.

The organization of processing of organic products and its reflection in accounting requires special attention. Recycling is a rational business opportunity in wartime. Since the largest share in

exports is raw materials, it is necessary to develop various directions of processing: grinding, sublimation, freezing, etc., which require additional costs. Processing ensures the creation of added value, the development of new sales channels, but first of all, it is necessary to assess its economic feasibility for each individual enterprise. Small farmers are mostly unable to develop processing, which requires significant capital investments. A way out of the situation may be the cooperation of organic agricultural producers.

In the absence of opportunities for processing organic products, producers face the issue of improving marketing policy and optimizing marketing costs. Traceability of the entire chain of production (eng. traceability) and sale of organic products is one of the most important principles of conducting organic business. According to EU legislation, “traceability” means the ability to trace any food, feed or substance that will be used for consumption, at all stages of production, processing and distribution. In other words, if a consumer in a store wants to find out who grew specific certified organic products, or from which raw materials the organic final product is made, then he will have the opportunity to trace not only all stages of organic production, but also to accurately determine the region, district, farm, and even the field on which this raw material is grown. In order to provide such a wide range of data, it is necessary that the accounting be as informative as possible.

The exporter must inform his certification body about all producers and processors of the products he plans to export and indicate all places of storage and/or transshipment of such products. All participants involved in the export operation with organic products must be certified.

The terms “green marketing”, “sustainable marketing”, “environmental marketing”, “environmentally friendly marketing”, “eco-marketing” are used to characterize the marketing of organic products. In order to compete on an equal footing with foreign enterprises, it is necessary to organize a marketing system that involves the use of product, sales and price strategies and the strategy of promoting organic products in order to ensure sustainable profit, reduce terms and costs during product promotion.

The concept of marketing organic products based on the principles of sustainable development of the enterprise simultaneously fulfills

three interrelated tasks: satisfies the needs of customers, strengthens and supports profitable exchanges with target consumers; realizes the strategic goals of the enterprise; organizes an economic process that does not contradict the functioning of the ecosystem. In fact, an enterprise that implements modern marketing in the process of using the environment becomes its guardian, forming ecological awareness in its customers and does not direct production activities to the deterioration of the ecosystem. Organic products should be perceived not only as a high-quality natural product, but also as a service and an idea. Of particular importance in this market is the offer of ideas, together with an organic product, which promotes the protection of the natural environment, care for safe and healthy food for consumers.

The main goal of the spread of «green» business practices is the inclusion of an ecological component in the production of products, which is one of the strongest levers of influence on the consumer during the process of purchasing goods. The growing demand for eco-friendly products, in particular for organic agro-food products, forces producers to adapt a new type of marketing. Despite the fact that the very process of production of organic agro-food products has a positive impact on the environment, the supply system of products from the producer to the final consumer is still a problematic issue. Thus, organic companies resort to the use of such "green" marketing tools as the creation of local points of sale of products, due to which local consumers buy products, which reduces CO₂ emissions into the atmosphere during the transportation of products.

The implementation of “green” marketing has certain advantages, among which (Podolyanchuk, Markevych, 2021) drawing attention to one’s own brand of both new and regular consumers; getting more profit due to the fact that millennials are willing to pay more for goods that have a positive environmental effect; support for “green initiatives”, which promotes the dissemination of information about the state of the environmental situation among the population, which directly has a positive impact on the company’s image; some green marketing strategies that reduce the company’s waste-related costs; creation of a safe, stable working environment, which is a positive social factor

With the status of a candidate for EU membership, Ukraine should not only continue fulfilling its obligations under the Association

Agreement, but also more actively implement the European Green Deal (EGD), in particular, in the field of agriculture. These commitments have become especially important in the context of the great war and the post-war reconstruction, which must be green.

The organic agriculture segment is not shown at all by the state statistical system. The secluded presentation of organic production in the reporting will ensure the possibility of generating statistics for the further provision of organic production with direct financial support, the creation of a system of indirect support through the provision of benefits and preferences, the development of an insurance mechanism and the optimization of taxation of organic producers, the development of organic farming [8].

At the local level, the implementation results will allow potential producers of organic products to compare yields and costs in conventional technology and in organic production, evaluate the feasibility and payback of such production, and predict additional costs.

CONCLUSIONS TO CHAPTER 3

Systematized legal, economic and accounting interpretation of categories related to organic production, in order to eliminate existing differences, further improve the insurance of organic production; the classification of organic products has been clarified, the objects of accounting for its categories, the peculiarities of the organization of the accounting process for organic production have been identified; Recommendations to improve accounting for the management of organic production costs, taking into account the uncertainties and risks involved in achieving optimal performance; developed a methodology for accounting for the production of organic products, which will include: internal regulatory accounting regulations; primary documents and accounting registers, detailed methodology for accounting for direct and indirect production costs, output of organic products and calculating its cost by categories; developed a system of reporting indicators related to each other, which will provide an opportunity to assess the feasibility and efficiency of organic production, will be used to form a unified information system on organic production facilities; main aspects of improvement of the system of control of production of organic products have been formed.

The introduction of organic production operators of the proposed methodological methods into the accounting practice will allow organizing separate accounting of costs for the production of organic crop production and distinguishing in accounting the costs allowed by law in the conditions of organic production, from the costs for which there are certain restrictions. Such itemization of expenses will allow determining the real financial result, assessing the feasibility and efficiency of organic production in a selected direction of detail. This, in turn, will improve the information support of the product quality control function.

The use of the developed method of accounting for organic production will contribute to the competitiveness of organic products by the possibility of managing the costs of their production and storage; simplification of certification procedure by separate reporting of organic and inorganic production processes, the possibility of documenting operations taking into account quality characteristics of organic production; increased capacity to export certified organic products; optimization of taxation of organic production.

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CHAPTER 4⁴

ACCOUNTING FOR INNOVATIVE AND INVESTMENT ACTIVITIES OF BUSINESS STRUCTURES

4.1. Innovative and investment development of business structures

To organize means to arrange something around a certain system-forming factor with the help of a certain means. In order to organize an effective business and ensure its development, such key factors-imperatives in the modern globalized economy, in our opinion, are innovations, and the means are strategies.

However, Ukrainian enterprises, unfortunately, do not include scientific discoveries and technical inventions (both their own and borrowed) in their business models (as ways of obtaining profit from the chosen type of activity). That is, domestic enterprises lack the direction of business development in an innovative way.

Such an imperative direction, in our opinion, should be embedded in the strategy, or more precisely, in the strategic set of the enterprise, since the enterprise implements and adheres to not just one, but a whole series of strategies: general, business, business processes (functional), operational, resource .

In order to increase the profitability of their business, enterprises must ensure the effective use of their limited resources, guided by an innovation strategy that will indicate the main directions and the level of offering innovations in the company's business areas, in relation to business processes that are the forming links of the value chain of these business areas, and in relation to their individual operational components. These directions and levels of offering innovations should be determined according to the criterion of their return according to the level of growth of production and sales volumes, profits, market share, etc., since the profitability of business and enterprises depends on ensuring effective using investments in accordance with the most rational strategy chosen development, which is the strategy of innovative development (Aaker, 2007).

Organizations around the world continue to invest significantly in new technologies. Done right, such investments have the potential to

⁴ Pravdiuk M.V.

fundamentally change the way a company does business and the ways it incentivizes employees to deliver value. Companies need to think differently about change, namely investing in technology and getting the most out of that investment. Technology implementation projects are large-scale, complex, and usually involve several territorial structures and groups of employees. They require smart, accurate change management.

Successful implementation of the project is considered to ensure the availability of management capabilities, relationships and structures necessary for its implementation and use, and the change in tactics and activities takes place in accordance with the specific needs of the organization and stakeholders.

The role of innovations in modern conditions has a tendency to increase, which is a prerequisite for the activation of innovative activities of business structures by methods of increasing production efficiency, developing an effective marketing policy, increasing the innovative potential of enterprises, carrying out promising scientific and research developments and implementing innovative programs.

In the works of M. Porter, innovation is characterized as the result of special efforts, which allows enterprises to achieve significant advantages, for the maintenance of which it is necessary to implement further constant improvements (Porter, 2005). This approach expands the understanding of the essence of innovation from the point of view of the importance of innovative development as a leading factor in the growth of competitiveness both at the level of individual enterprises and as a result of the active implementation of technical and technological updating – comprehensive modernization of the country's industry.

The processes of innovative activity and their implementation are inextricably linked with investments and investing in innovative development, since investments are a resource necessary for the creation and implementation of innovations.

In order to survive and develop in today's global competitive environment, business structures now need to provide innovative development. By quickly adapting to the requirements of the external environment, i.e. ensuring innovative development, business structures can remain competitive and occupy a worthy place in the domestic and world markets (Kovtunenکو, Kotsaga, 2020).

The basis of small entrepreneurship as a fundamental basis of the constitutional system is the constitutional right of citizens to entrepreneurial activity.

According to Article 42 of the Constitution of Ukraine, everyone has the right to entrepreneurial activity, which is not prohibited by law. Performing its social function, small and medium-sized businesses in the country today cover almost 9.8 million Ukrainians, which means that every second able-bodied person works in the field of small and medium-sized businesses, and every fourth is a private entrepreneur (On licensing of certain types of economic activity: Law of Ukraine, 2007).

The primary task of any management activity is to clarify the essence of the object of management, that is, the concept of "business". It is worth noting that today the concept of "business" is debatable and insufficiently defined.

One of the reasons for such a situation is the absence of a legislative interpretation of the concept of "business", instead, the regulatory base defines the concepts of "economic activity" and "entrepreneurship" that are close in content.

According to the Economic Code of Ukraine, economic activity is the activity of economic entities in the sphere of public production, aimed at the manufacture and sale of products, the performance of works or the provision of services of a valuable nature, which have a price determination (Article 3, Part 1). (Economic Code of Ukraine, 2003) Economic activity, which is carried out to achieve economic and social results and with the aim of obtaining profit, is entrepreneurship, and the subjects of entrepreneurship are entrepreneurs (Article 3, Part 2).

Art. 42 of the Economic Code states that business management, entrepreneurship is an independent, proactive, systematic, at one's own risk economic activity, carried out by business entities (entrepreneurs) with the aim of achieving economic and social results and making a profit (Economic Code of Ukraine, 2003).

As for business, in the scientific literature it is quite often possible to find the identification of the mentioned concept with entrepreneurship. Instead, a more detailed study made it possible to identify 5 main approaches to the relationship between these concepts:

– business and entrepreneurship are identical concepts, that is, in this case, business is interpreted on the basis of the definition of entrepreneurship;

– business is a broader concept than entrepreneurship.

Proponents of this approach rely on the English-language origin of the concept of “business”, which is translated as business, activity, that is, it has not only an economic color;

– business is a broader concept than entrepreneurship, as the latter includes only the legal component of business.

In domestic realities, the notions of “illegal business” and “shadow business” are common; instead, entrepreneurship includes only legal and registered activities;

– entrepreneurship is innovative in nature.

According to this approach, entrepreneurship is characterized by an innovative approach, the search for new ways and means of solving existing problems, and the introduction of new and radically new ideas into activities. In turn, business is aimed at using and scaling ideas that already exist in order to make a profit:

– business is a broader concept because, in addition to business activity itself, it includes a system of business communications with stakeholders (interested persons).

Taking into account the fact that business is always connected with people (first of all, consumers), within the framework of this textbook we will follow the latter approach.

Therefore, business is the entrepreneurial activity of economic subjects, as well as the system of their business relations with the components of the external environment.

Therefore, we believe that business is a somewhat broader concept than entrepreneurial activity, because it includes a system of business communications with objects of the external environment (suppliers, consumers, the state, etc.) (Orlova, 2017).

Every business begins with the creation of a business structure. A characteristic feature of the modern stage of functioning and development of various economic systems is the activation of integration processes both at the international level and at the level of individual countries and regions. Currently, there are many forms and types of associations that technologically connect various business entities. Integration processes, on the one hand, consolidate business

structures, and on the other hand, in the absence of scientifically based methodological provisions, reduce their stability and competitiveness.

At the moment, we see significant changes in the tax legislation of the European Union and the member countries of the Organization for Economic Cooperation and Development (OECD). In connection with these changes, many existing business structures are subject to changes and restructuring, there are additional costs for creating legal entities (maintenance of offices, employees and other costs), which require detailed planning and analysis of business efficiency at the time of creating a new business structures.

In today's conditions, the term "business structure" is gaining special relevance. Since there is practically no legal definition of the concept of "business structure" and justification of the economic mechanism of the functioning of business structures in the domestic legislation, the use of this term with different content can be observed in scientific sources.

First, the identification of the concepts of "business structure" and "business network" ("entrepreneurial network") was revealed. In the Ukrainian legislation, there is no interpretation of these concepts, and foreign sources distinguish each of them and put a different meaning.

Scientists S.L. Schultz, L.Z. Keith equates the concept of "business structure" with the concepts of "business network" and "entrepreneurial network" and notes that "...a business network (entrepreneurial network, business structure) is an association of business entities – or multi-profile specialization, characterized by the commonality of financial and economic interests of the participants, the activity of which is determined by the concentration of capital, the localization of the efforts of each link in a certain segment of development, the coordination of the levers of the internal financial and economic mechanism in order to achieve the defined goals, the commonality of interests of the owners of capital". The authors also point out that "...the network form, like any other form of organization of economic activity, has its advantages and disadvantages" (Schultz, Keith, 2013)

O.O. Kavun notes that the business network is a new complex form of organization of interaction between business entities, which involves combining their resources and business activity in order to create additional competitive advantages in the market due to the

implementation of management decisions in the form of certain projects. The author emphasizes that the network is a form of organization that indicates a type of structure. (Watermelon, 2014)

For modern business structures with long-term orientations for the future, it is necessary to optimize resource management, taking into account the possibilities of ensuring the investment attractiveness of the enterprise. Despite the global patterns of market changes occurring in the business environment, the law of “multiplicity of causes and effects” is becoming more and more important, the “effect of strategic drift”, competition, etc. is increasing. The corresponding trend should be reflected in a systematic approach to the management of the company’s activities, taking into account the mental features of the development of domestic business.

That is, the key factor in achieving entrepreneurial success, in modern business conditions, is orientation towards a change in the management paradigm, which should be based on the principles of the knowledge economy, where the company’s ability to generate, create and implement product-technological and organizational-management innovations in symbiosis with the abilities of the company’s employees is polarized form a new product and take responsibility for their implementation. The new management paradigm requires a fundamental update of management methods and principles: construction of a new functional matrix, formation of effective mechanisms for activation of personnel behavior. In this regard, the principles of new management should be: diversity, initiative, adaptability, flexible distribution of power, internal motivation, etc. (Shvydanenko, Teplyuk, 2018).

According to V.V. Tretyak, the main elements of the national innovation system are: science (the system of generation and dissemination of knowledge), the innovative sector of production, education focused on the training of highly qualified specialists, innovative infrastructure, mechanisms for supporting innovative activities. In other words, the national innovation system involves a set of interrelated organizations that directly carry out the production and commercial implementation of scientific knowledge and technologies, as well as a complex of legal, financial and social institutions that ensure the functioning of innovative structures. (Tretyak, 2010)

Enterprises operate in certain micro- and macro-environmental conditions, which exert a significant influence on their innovative behavior. An important element for the analysis and assessment of innovative activity of enterprises is the identification of factors, reasons and prerequisites of innovative activity that determine its nature or certain features. (Sobolyeva, 2013)

The innovative activity of the organization reflects the latter's receptiveness to innovations and its ability to use available resources, evaluate the intensity of the innovation process and its rationality, and also possesses well-founded organizational and managerial methods of implementing innovative activities. Disclosure and identification of factors affecting innovatively active enterprises allow to determine what prevents the introduction of innovation, to identify the area in which programs for the support and development of this activity at enterprises are needed. Retrospective analysis of the activity of innovation-active enterprises makes it possible to claim that they are more flexible compared to organizations engaged in the development and implementation of innovations. This is due to the fact that modern technologies do not stand still, they are in continuous motion.

Thus, according to A. Cherep and S. Markov, qualitative and quantitative economic growth cannot occur without an innovative direction of investment. The economic efficiency of innovative projects is the ratio of the level of their financial return to the initial investment, and almost every innovative project can be considered innovative, since its main goal is profit. Therefore, investments are capital investments that are aimed at obtaining profit, but the investments themselves are made in something new, new production, or a new product and its implementation. At the same time, innovations represent a certain novelty, an update that has gone beyond the purely theoretical concept of knowledge and has industrial implementation and practical implementation (Cherep, Markova, 2010).

The production potential determines the perspective and horizon of the enterprise's industrial development. The majority of Ukrainian companies with an outdated material and technical base do not have the opportunity to implement innovative processes, update fixed assets, improve the process, increase production capacity, and all this due to the lack of sufficient funds. The consequence of these

circumstances is the low quality of their products and a decrease in demand for them. Therefore, it should be noted that companies that do not have the opportunity to update the process are inefficient, often the growth rate of costs exceeds the growth rate of income. The market value of such enterprises can be significantly reduced in a short period of time. Thus, modern domestic enterprises have a low susceptibility to all types of innovations (product, technological, organizational and marketing (Ermolina, 2015).

In connection with increased competition, innovations increasingly depend on a variety of specialized innovation resources and capabilities. Even the most innovative firms cannot rely solely on internal innovation resources for the innovation process, and therefore need external innovation resources in the form of ideas, information, knowledge and/or technology to develop innovation. To analyze the determinants of innovative behavior of firms, it is necessary to research a theoretical base capable of covering all the complexity, multidimensionality and interaction of factors governing decisions about the implementation or non-introduction of innovations, as well as the choice of an innovation strategy.

The reform and development of the domestic economy largely depends on solving the problems of foreign economic relations, which play a significant role in the national economy, significantly affect the rates of economic growth, the creation of a competitive market environment, and the success of the transformation process in Ukraine.

The activity of each business structure in modern economic conditions is the subject of attention of a wide range of participants in market relations who are interested in the results of its functioning. Therefore, the formation and development of the domestic economy depends on solving the problem of foreign economic relations, since they play a significant role in the national economy and significantly affect the rate of economic growth in Ukraine.

The effectiveness of the functioning of the business structure is largely determined by the state of its fixed assets, which characterize the production capabilities of the economic sectors, determine the pace and scale of its development.

An important effective way to maintain and strengthen the competitive position of the enterprise is the introduction of

investments both at the level of the industry strategy of its development and at the level of key internal business processes. The term “investment” comes from the Latin word “investio”, which means “to invest”, and the literal translation from English (investment) and German (investition) means capital investments or investments.

In many definitions, the category “investment” is considered as a synthetic one, which combines the main elements: savings, funds, property or values, processes of spending, obtaining profit, income, effect. At the same time, the determining factor of such unity is the return on the investments made, the achievement of the set investment goal. That is, investment is a systemic concept that forms the regularities of functioning and self-regulation of investment activities. In support of this, O. Mertens notes that the concept of “investment” is quite broad, and therefore it cannot be given an unambiguous and comprehensive definition as an economic category. (Mertens, 1997)

Investments are one of the main drivers of modern business, a powerful source of profit and a means of implementing innovative business ideas. However, one can talk about investment risks for a long time and a lot, especially when it comes to venture investments. According to statistics, nine out of ten startups do not survive. Losses under such circumstances mostly fall on the shoulders of investors. On the other hand, when it comes to investing in a ready-made business, rather than a startup, both the investor and the customer are already at risk.

Investment risks include bad faith of parties, for example, unfair distribution of profits, unilateral violation of trade secrets and use of confidential information in one’s own interests, etc.

Transformational processes in the economy of Ukraine, the formation of market structures cause a change in the principles of organization and operation of investment processes in the regions of the country. The deepening of interregional disparities in the levels of provision of territories with investment resources requires the study of regional features and factors of creating a favorable investment climate, the assessment of existing trends and the implementation of predictive predictions of its transformation.

The state plays a significant role in the processes of investment support for innovative activities, since it is the state policy in this area that depends on the formation of the legal basis for the implementation

of innovative and investment activities and the stimulation and increase in the efficiency of innovative and investment processes for the support of industrial development.

It should be noted that investment support for the innovative development of industry in the context of the transition to a new digital economy and the global trends of the transition to the Fourth Industrial Revolution is aimed at the implementation of certain tasks related to the peculiarities of the development of industry in new economic, technical, technological and social realities (Kyrychenko, 2021).

Increasing the volume of investments is a necessary condition for structural restructuring and economic growth of both the country and the region. Availability of a sufficient volume of investments in vital areas is a guarantee of effective development and increase of investment attractiveness at various territorial levels. Since regions are the basic component of the state, it is important to pay special attention to the stimulation of increasing their investment attractiveness.

The formation of a favorable investment climate for the innovative development of industry requires the development of innovative infrastructure: innovation centers, technology parks, business incubators, innovation cooperation centers, and others. The creation and stimulation of the activities of venture investment funds will enable the investment process to be provided with new non-state sources of investment based on the accumulation of resources of private individuals and businesses, directing them to the financing of innovative activities and the implementation of innovative investment projects.

At the macroeconomic level, the substantiation of innovative development directions is carried out by state administration bodies. In Ukraine, the implementation of innovative activities is regulated by several normative acts, in particular the laws “On scientific and scientific and technical activities”, “On state regulation of activities in the field of technology transfer”, “On priority directions of innovative activities in Ukraine”, “On special regime of innovative activities of technological parks”, “On innovative activity”. These regulatory acts do not define the economic development of an enterprise or business structures, but an innovative type of development is defined, which is characterized by shifting the emphasis to the use of fundamentally new

progressive technologies, the transition to the production of high-tech products,

Analyzing the norms of the accounting legislation in force in Ukraine, in particular the Regulations (standards) of accounting, it can be noted that their norms do not regulate the specifics of the formation of information regarding the components of the innovation process, i.e. to date there is a lack of a single system of registers and accounts for displaying expenses, income and the results of innovative activities. It should be noted that the Regulations (standards) of accounting do not regulate the specifics of the display of information on costs for the development of new types of products. There is an opinion of scientists that, based on this, it is advisable for every enterprise that is engaged in such developments to form, taking into account the requirements of the norms of the legislation in force in Ukraine, its own approach and reflect its features in the order on accounting policy (Hurina, 2015).

The Law of Ukraine “On Accounting and Financial Reporting in Ukraine” defines the legal basis of regulation, organization, accounting and financial reporting in Ukraine. According to Part 1 of Art. 2 of the Law of Ukraine, its norms apply to all legal entities created in accordance with the legislation of Ukraine, regardless of their organizational and legal form and form of ownership, as well as to representative offices of foreign business entities that are required to keep accounting records and provide financial reporting.

Accounting principles are the same for all types of activities. They are regulated by the Law of Ukraine “On Accounting and Financial Reporting in Ukraine”, which provides for the organization of accounting and information work at the enterprise taking into account its main principles: prudence; full coverage; autonomy; sequence; continuity; accrual and matching of income and expenses; the predominance of essence over form; historical (actual) cost price; a single money meter; periodicity.

Most of these principles are directly related to the investment and innovation sphere. However, some of them are extremely important, while others have a lesser impact on investment processes. For example, the principle of substance over form is very important when recognizing investment property objects in accounting, since individual objects of long-term use can be accounted for as non-

current assets (if they are used for their intended purpose). At the same time, they can be counted as ordinary goods (those intended for sale).

The clear periodization of investment projects is important in the investment field, since the implementation of most projects is a long-term process. The principle of prudence is no less important for investment activity, because significant amounts of financial resources are withdrawn from circulation or attracted from outside to make investments, the process is long-term with a high degree of risk.

At the same time, in the field of investment, the principle of historical cost is less implemented.

This is due to the long duration of the investment cycle, the need to carry out a revaluation on the balance sheet date. In this way, the valuation of many investment assets is based on fair value, cost with impairment, amortized cost, equity method. (Gurina, 2015)

It should be noted that the legal framework should provide state support for the venture investment system, including by introducing appropriate changes and additions to tax, customs and banking legislation, creating appropriate legal mechanisms for the development of the secondary stock market, in particular, stock exchange trading of securities of venture enterprises, electronic trading systems, etc. The state and local authorities may provide additional benefits to enterprises operating in such areas. The main task of venture business should be the establishment of connections between research institutes, educational institutions and enterprises and stimulation of financing of scientific research and applied development.

Venture capital is associated with innovation. It is a critical factor in the innovation process. The capital of the venture investment fund is the most risky, which distinguishes it from other types of capital. He does not return the funds invested in him by the investor and does not pay interest on them. Significant risks of venture investing are also due to the specificity of the investment object, in particular, small and newly created enterprises are characterized by their non-publicity in the initial stages of business development. (Bachevska, 2014)

Accounting accounts accumulate information about expenses incurred in the course of venture investment activities, by their places of occurrence, centers of responsibility and sources of financing. (Sazonov, Danilov, Egorov, 2014)

The management of modern enterprises develops under the influence of global processes of forming a sustainable world capable of integrating economic, social and environmental dimensions.

Corresponding transformations are also taking place in the provision of the management system, in particular, in accounting. Demands from global society create requirements for the preparation of new reporting data formats for various stakeholder groups, including financial and non-financial indicators. At the same time, the range of regulatory documents in terms of requirements for the preparation of reporting data by enterprises is expanding, and contradictions and unresolved issues in them are increasing.

The orientation of global business to the principles of sustainable development shifts the reporting vector of companies and the role of the professional accounting community, as a result of which accounting is considered as a separate economic institution that is accountable to global society. Accordingly, accounting and reporting specialists should be involved in the preparation of reporting data in terms of: implemented changes in industrial production, introduced innovations, developed infrastructure, following the principles of responsible consumption of resources in the process of producing public goods, transition to renewable energy sources. The field of accounting cannot remain aloof from achieving the global goals of quality education and gender equality, creating a partnership for the sustainable development of humanity.

Today, any enterprise cannot function effectively without a clear organization of accounting. In turn, the accounting of venture capital investments in the activity of an innovative enterprise should be an information system, i.e. a set of interrelated elements characterizing the methods and methods of obtaining and transforming information about the financial condition and the efficiency of the use of capital investments of venture capital investors, necessary for making thorough and timely management decisions regarding ways of use and the need for additional involvement of venture capital investors' resources.

Accounting for venture financing should fully provide the necessary information to interested users.

However, there remains a whole series of unsolved problems in the accounting methodology of risky innovation projects of venture

enterprises regarding the separation of the main accounting objects, the systematic accounting of costs, revenues and financial results from the implementation and implementation of these projects at the venture enterprise for the possibility of conducting an analysis of the effectiveness of the implementation of risky innovation projects.

The basis for transformations in the accounting system should be a fundamental change in the thinking of business owners, managers and all involved professionals, including company accountants, with the following principles embedded in it:

- understanding of the high responsibility and accountability of business to society;
- openness of business, availability of information on indicators of its influence on the surrounding world, readiness for public disclosure of data on the real state of business and its dynamics;
- use of reporting formats that meet the modern demands of stakeholders;
- strategic orientation in business management, orientation of company accounting and reporting to strategic management, appropriate expansion of the role of management accounting specialists;
- taking into account the system of indicators of environmental risks and possible man-made threats due to the activity of the economic entity, their reflection in reporting;
- constant analysis of the external environment and its impact on business dynamics, assessment of the impact of business on the surrounding world;
- willingness to take measures to restore the state of the environment, if it has deteriorated as a result of the activity of the economic entity;
- increasing the degree of self-regulation of the accounting and reporting process at the company level, strengthening the role of accountants in the management of business entities, as the main suppliers of new format reporting information;
- wide implementation of information and communication technologies in the field of accounting and reporting of companies, expansion of access to them;
- the need for a qualitative update of the accounting methodology, which would provide a methodical basis for the implementation of the

principles of sustainable development and balanced management of the global economy.

The formation of the accounting system of innovative activity involves the use of all elements of the accounting method (documentation, evaluation, calculation, accounting accounts, reporting) for accounting objects. The peculiarities of the accounting of innovative activities are differences in the display of costs, which is the basis of management accounting.

Among the reasons for the need to keep accounting records of innovative activities, the following should be singled out:

- the accounting should reflect operations related to the innovative activity of the business entity and their impact on the financial result;
- external and internal users need to have information about the innovative activity of the enterprise in order to make decisions;
- the enterprise can have competitive advantages if it can prove that its products (goods, works, services) are better. (Sazonov, Danilov, Egorov, 2014)

Thus, the accounting of innovative activity can become a means of achieving sustainable development of enterprises.

The restructuring of the accounting system of companies in response to global challenges should be based on a clear methodical combination of all its subsystems, in particular, financial, tax and statistical as part of financial indicators, as well as management, strategic management and statistical as part of non-financial indicators. The accounting methodology should be developed and updated, and the principles of duality should be supplemented with analytical techniques for processing financial and non-financial data that reveal internal processes and external factors and influences. The specified changes should ensure the creation of not only legally adopted reporting formats at the exit from the accounting system, but also new ones that meet the modern demands of stakeholders, taking into account financial and non-financial parameters of activity.

Innovative development of enterprises, among other things, involves the introduction of a progressive type of management, which is implemented with the help of strategic planning processes of innovative development, the components of which are strategy and tactics. The tactics of innovative development of the enterprise are insufficiently researched in literary sources and in many cases equated

to short-term strategy. However, tactics are a logical continuation of the company's strategy and a means of its implementation, developed for short-term periods of up to one year. Management methods, various methods of managerial influence, which are used as tactical approaches, ensure the implementation of strategic goals based on the use of the company's resources, its knowledge, skills, and information.

4.2. Analysis and evaluation of factors influencing the innovative activity of agricultural enterprises

The efficiency of the functioning of enterprises depends on the rational use of resources, the reduction of production costs, which ensures the growth of profit and competitiveness of the business entity, as well as its economic development. As world experience shows, innovations are the main factor in the development of enterprises and the entire economic system, as they contribute to the creation of new equipment and technology, knowledge-intensive products, and influence the reduction of resource costs. This factor of development is very important for the industrial sector of the economy of Ukraine, as it is characterized by the presence of a physically and morally outdated material and technical base, a high level of resource-intensive production, which determines the low competitiveness of domestic enterprises.

The main criteria for evaluating the economic efficiency of production and resource intensity are the indicators of profitability, productivity and capital equipment of labor, operating costs and cost of production. The application of the specified indicators is necessary for the justification and optimization of management decisions. On their basis, firstly, the level of expenditure of various types of resources for the production of products, as well as the general economic performance of the enterprise, is evaluated. Secondly, with their help, it becomes possible to evaluate and substantiate the best options for economic decisions regarding the progressive renewal of the technical and technological base and the introduction of innovations that directly affect the saving of resources, significantly increase the level of return on capital, labor productivity and the profit of the enterprise due to the minimization of costs and maximization economic efficiency (Yudina, 2015)

To assess the impact of the introduced innovations on the production process, such factors as costs by areas of innovative activity are used, namely: the level of total costs for innovative activity; the level of innovation costs for the introduction of new machines, equipment, installations, other types of fixed assets; the level of innovation costs for the introduction of new technologies; the level of research and development costs.

The application of the specified factors in the research is due to the fact that they directly reflect the innovation policy of the enterprise, characterize its innovation capabilities based on the achievements of scientific and technical progress, determine the industry of production, ensure the controllability of innovation costs on the part of the enterprise, have a simple quantitative measurement and an information base (Yudina , 2015).

In today's conditions of globalization and deep transformational shifts, the development of science and innovation is one of the main trends of the world economy.

Innovations embodied in new scientific knowledge, products or services, technologies, skills, production organization are the main factors of competitiveness of enterprises and economic development of the country. In general, it can be argued that the driving force behind the innovative development of the country's economy is the active and purposeful intervention of the state to support and stimulate the creation of innovations and their implementation in economic activity by economic entities.

We should agree with the opinion of H. V. Strokovych that “thanks to the changes being made at the enterprise, its certain development is taking place. Many factors affect the development of the enterprise. The quality of its functioning has a direct influence on the development of the enterprise, because it determines certain of its properties, which allow it, under the conditions of reaching a consensus, to satisfy existing and potential needs arising both in the external environment and in the internal environment throughout the entire life cycle of the enterprise”. (Strokovich, 2013)

At the same time, H. V. Strokovych proves that “the higher the quality of functioning, the better the possibilities of progressive development. All business entities strive for an increase in the quality of functioning, that is, for the transition of the enterprise from one

level to another, higher one, which is characterized by transformation to a new stage of the life cycle and is accompanied by progressive development”.

Therefore, the long-term effectiveness of the functioning of agricultural enterprises depends to a large extent on its adaptive capabilities, that is, the speed of the enterprise’s response to changes that occur both in the external and internal environment during operation at all stages of the enterprise’s life cycle. The basis of adaptability is constant innovation processes, the targeted action of which ensures the introduction of innovations in all spheres of the enterprise. That is, adaptability is a characteristic reaction of an enterprise to changes in the external environment, and innovativeness is the basis of such a reaction (Dedeeva, Lapaeva, 2015)

The key to the successful and efficient functioning of an agricultural enterprise aimed at carrying out innovative activities is a rational management system that requires proper information support. In the information system for the management of innovative activities, an important place is occupied by accounting and analytical support, the purpose of which is to provide internal and external users with complete, timely and reliable information for a detailed study of the facts of the financial, economic and innovative activities of the enterprise and a comprehensive assessment of its further development.

Accounting and analytical support for managing the activities of an agricultural enterprise, as a basic information support tool for making management decisions, represents a set of methods and means, with the help of which the formation of information is carried out. The system of management goals reflects industry specifics, specifics of activity, scope and level of diversification of production and economic activity of an agricultural enterprise. Effectively organized accounting and analytical support helps to increase the effectiveness of innovative activities. However, traditional financial accounting and reporting do not meet the demands of the management process, as they form exclusively financial information that does not reflect the specifics of innovative activity. Hence, there is a need to provide the management system with reliable and relevant data on innovation activity, which must be formed in the system of both financial and management accounting and tax accounting.

Accounting and analytical support allows you to effectively implement the main functions of management – accounting and reporting, control and regulation, analysis and planning, which represent a process of continuous, interconnected actions that form a closed cycle of management.

The conceptual model of accounting and analytical support for the management of innovative activities of an agricultural enterprise is an abstract model that provides for the process of formalization of the structure, basic elements of the concept, their properties and cause-and-effect relationships inherent in the system and essential for achieving the set goal. The construction of a conceptual model of accounting and analytical support for the management of innovative activities should be formed on the basis of compliance with certain principles: scientificity, systematicity, complexity, integrity, adaptability to the external environment.

Investigating the management of the innovative activity of the agricultural enterprise as a whole system, its important components that take into account the legally established accounting procedure, carrying out economic analysis using certain methods and techniques on the basis of accounting information. The property of the entire system of accounting and analytical support for the management of innovative activity as a whole is the principle of emergency. That is, the presence of special properties that are not inherent in subsystems or the sum of elements that are not connected by system-forming connections.

Accounting includes financial, tax and management accounting. This subsystem contains information on innovation costs, revenues and results of implementation of innovation activities; registration of business transactions; display on the accounting registers and reporting forms of the enterprise.

The accounting process involves the collection of necessary information in the context of the specified activity for keeping various types of accounting carried out at the enterprise, as well as the processing of information based on a combination of financial and non-financial indicators in the enterprise's reporting.

The economic analysis is aimed at assessing the impact of external and internal factors on the level of innovation costs, evaluating the effectiveness of innovation projects and finding possible reserves for

improving the efficiency of innovation activities due to the optimization of innovation costs.

The controlling subsystem should provide information on the degree of implementation of programs related to the management of innovative activities; to carry out constant control over the results of the innovative activity of the enterprise, to compare the achieved results with the planned ones, as well as to carry out control over the correction of the innovative goals and directions of the innovative development of the enterprise.

Each subsystem is an independent system with its own ordered and coordinated connections between elements that have their own structure and organization, the activity of which involves compliance with established specific principles.

At the same time, achieving a synergistic effect from the management of the innovative activity of an agricultural enterprise is possible only through the interaction of accounting, analysis and control subsystems (through information flows in the process of forming, processing and transmitting information) and the integration of these subsystems taking into account the emergent properties of information flows:

1) the accounting policy should contain information on the choice of accounting for business operations and items of assets, capital and liabilities related to the implementation of innovative activities;

2) accounting registers must be adapted to the accounting of economic transactions related to innovative activities;

3) subjects of innovative activity must accurately and reliably reflect in external and internal reporting all economic operations carried out at the enterprise, while:

3.1) financial statements must contain separate items of income and expenses related to the innovative activity of the enterprise;

3.2) statistical reporting must contain elements with information on the implementation of innovative activities of the enterprise for the purpose of analysis at the micro, meso, and macro levels;

4) to provide users with information about the current and prospective state in the process of implementing innovative activities, the dynamics of development and the financial state of the enterprise;

5) identify the influence of individual factors on the formation and use of the innovative potential of the enterprise;

6) to ensure internal control over the innovative activities of the enterprise;

7) to form an information base for making management decisions in the process of implementing innovative activities.

Since the priority role in the management system of the innovative activity of agricultural enterprises remains for the accounting information system, the author believes that the accounting process of managing the innovative activity of agricultural enterprises should be considered as a means of obtaining information for analysis, planning and organization, as well as control and regulation of the innovative activity of the business subject

The enterprise's accounting policy serves as the fundamental basis for ensuring quality accounting information in the innovation management system. In this case, the selection of the optimal elements of the accounting policy, which would correspond to the specifics of the economic activity of the enterprise, the latest factors of economic development and reformatting of the global environment, plays an important role. The importance of the accounting policy in ensuring the quality of accounting information is also caused by the fact that the adopted accounting policy has an impact and is implemented through all objects of the organization of accounting documents.

Modern approaches to accounting for innovative activity at agricultural enterprises require its complex organization. This is due to the fact that individual components of accounting cannot solve the problem of improving the management system of innovative activities at agricultural enterprises.

Effectively organized accounting of innovative activity in agricultural enterprises will lead to changes in the working plan of accounts, accounting policy, document flow schedule of agricultural enterprises. The main goal of this process is to obtain more complete and reliable information about costs, revenues and results of innovative activities, which serves to make timely and rational management decisions.

The innovative process is a special object of accounting, as it has such features as the uncertainty of the results, a significant impact on economic activity in the medium and long term horizon, which makes it necessary to form a special accounting and analytical support system for making appropriate management decisions.

In practice, the vast majority of enterprises use the following synthetic accounting accounts to account for innovation costs:

- 15 “Capital investments”;
- 23 “Production”;
- 39 “Expenses of future periods”;
- 91 “General production costs”;
- 94 “Other costs of operating activities”.

Correspondence of accounts for accounting for innovative costs at the enterprise, depending on the use of the corresponding accounts, is summarized in Table 4.1.

Table 4.1

Correspondence of invoices for the accounting of innovative costs

The content of the business transaction	Correspondence of accounts	
	Dt	Kt
1	2	3
<i>Capital expenditure accounting operations in case of creation of new types of intangible assets</i>		
The costs for the formation of the original are reflected the value of the innovative object of intangible assets	154	13, 20, 22, 372, 65, 661, 631, 685
An innovative facility has been put into operation intangible assets	12	154
<i>Capital expenditure accounting operations in case of creation of new types of fixed assets</i>		
The costs for the formation of the original are reflected the cost of the innovative object of fixed assets	152	13, 20, 22, 372, 65, 661, 631, 685
An innovative facility has been put into operation fixed assets	10	152
<i>Cost accounting operations for innovation creation new types of products (goods, works, services)</i>		
Costs associated with preparation and development of new production products (goods, works, services)	23	(13, 20, 22, 372, 65, 661, 631, 685
expenses for research and development of innovative products are reflected as part of other expenses operational activity	941	13, 20, 22, 372, 65, 661, 631, 685
costs associated with are included in the cost price preparation and development of production of new products (goods, works, services)	90	23
expenses for research and development of innovative products (goods, works, services)	79	941

Continuation of table 4.1

1	2	3
<i>Innovation cost accounting operations using an account 39 "Expenses of future periods"</i>		
Production costs for innovative products are displayed processes at the time of their occurrence	39	13, 20, 22, 372, 65, 661, 631, 685
Partial write-off of future production costs periods for current expenses	23	39
<i>Cost accounting operations for innovations using an account 91 "General production costs"</i>		
expenses for improving technology and organization of production	91	13, 20, 22, 372, 65, 661, 631, 685
The write-off of costs to the cost price is reflected products (goods, works, services)	23	91
Included in the cost price of undistributed products part of innovation costs	90	91

Source: created by the author on the basis of studied sources

However, taking into account the peculiarities of the introduction of innovations at agricultural enterprises and their types, the process of creating accounting and analytical support involves making changes to the working plan of accounts. The author believes that it is advisable to keep an analytical account of the costs of innovative activities of agricultural enterprises depending on the types of innovations implemented, namely: biological, chemical, technical, technological, economic, management, marketing or social innovations.

For the needs of detailing the information provision of innovative activities of agricultural enterprises, as a special object of accounting, we suggest using an analytical account in the following form: code "Name of the account" / code "Type" / code "Direction".

Table 4.2 summarizes and structures the account options that can be used by agricultural enterprises to display innovation costs depending on the types of innovations.

Therefore, the facts of innovative activity enter the accounting subsystem by documenting using the methods of registration, grouping, accumulation, generalization and systematization. On the basis of methodological techniques (documentation, evaluation, grouping, display on accounts and double entry, accounting registers) and accounting principles, financial statements of the enterprise are

formed, which is a source of information about its work for stakeholders.

Table 4.2

Supplement to the work plan of accounts of innovative activity of agricultural enterprises

Accounting accounts	View	Direction
1	2	3
16 "Long-term biological assets" 21 "Current biological assets"	Biological	- new varieties and hybrids of agricultural plants; - new breeds, types of animals and birds;
23 "Production" 15 "Capital investments"		- creation of sustainable plants and animals to diseases and pests, adverse environmental factors
23 "Production"	Chemical	- new fertilizers and their systems; - new plant protection products;
10 "Fixed assets" 11 "Other noncurrent tangible assets"	Technical	- use of new types of equipment and equipment
12 "Intangible assets"	Technology group	- new technologies for processing agricultural crops; - new technologies in animal husbandry; - scientifically determined systems of agriculture and animal husbandry;
		- new resource-saving technologies production and storage of agricultural products; - greening of agriculture.
92 "Administrative expenses"	Economical	- new forms of organization, planning and management; - new forms and mechanisms of innovative development of the enterprise
	Innovations in management	- new forms of organization and motivation labor; - new methods of effective personnel management

Continuation of table 4.2

1	2	3
93 "Sales costs"	Marketing	<ul style="list-style-type: none">- access to new market segments;- improvement of product quality and diversification;- new product distribution channels.
949 "Other operating expenses"	Social	<ul style="list-style-type: none">- formation of a system of scientific and technical personnel character;- improvement of working conditions.

Source: created by the author on the basis of studied sources

It is worth noting that the analysis of the content of the financial statements regarding the display of costs, revenues and results of innovative activities revealed that there are no separate sections and lines for displaying such data.

That is why, depending on the accounting display of the facts of innovation activity, information about income, innovation costs and financial results from the implementation of innovations is summarized in the composition of various accounting objects, which are then reflected on the corresponding articles and lines in the financial statements.

First, if the innovation process of the enterprise is limited only to conducting research and development without further continuation of the innovation process (the innovation process ended at the stage of obtaining the results of research and development), then it is advisable to accumulate all costs associated with their implementation as part of the total costs of research and development. In this case, account 91 "General production overheads" and account 941 "Expenses for research and development" can be used to display innovation costs, their display will be presented in f. No. 2 "Report on financial results (Report on total income)" as part of other operating expenses (section 2180 "Other operating expenses").

Secondly, if the innovative process of the enterprise ends with the production and, subsequently, the sale of innovative products, when reflecting in the accounting the costs associated with the production and sale of such products, it is appropriate to use the standard method of accounting for costs in the production and sale of finished products.

This type of accounting has the character of capital expenditures, while account 15 “Capital investments” should be used. In f. No. 1 “Balance (Report on financial condition)” these sums will be reflected on the following lines: r. 1000 “Intangible assets” – as part of the value of intangible assets; p. 1005 “Unfinished capital investments” – as part of unfinished capital investments; p. 1010 “Fixed assets” – as part of the cost of fixed assets.

Thirdly, in the event that, in accordance with the project documentation, advance payment is made in advance for all stages of the innovation process, the result of which should be the receipt of innovative products, it is advisable to use an account that aggregates information about costs of future periods, namely account 39 “Expenses of future periods”. Innovative expenses as part of the expenses of future periods are presented in f. No. 1 “Balance Sheet (Report on Financial Status)” (R. 1170 “Expenses of Future Periods”).

As mentioned earlier, “the implementation of innovative activity is a complex process, it has certain stages of life cycles, and this process also functions in a relationship with the investment, operational and financial activities of the enterprise”. Therefore, form No. 3 “Cash Flow Statement” discloses information on cash receipts and expenditures as a result of innovative activities, and therefore the following sections are devoted: section I.

Movement of funds as a result of operational activities; section II. Movement of funds as a result of investment activity; section III. Movement of funds as a result of financial activities. V.V. Hyk notes that “Notes to the annual financial statements (Form No. 5) is the most voluminous of the reporting documents, therefore it is expedient to display information on the costs of innovative activity and the results of its implementation, which will enable a wide and accessible presentation to external users they need data on the introduction of innovations at the enterprise”. In the Notes to the annual financial statements, information on the implementation of innovative activities can be presented in the following sections: 1. Intangible assets; 2. Fixed assets; 3. Capital investments; 4. Financial investments; 5. Income and expenses; 13. Use of depreciation deductions.

The most complete, timely and reliable display of information on the costs and results of innovative activity in the reporting forms will contribute to the dissemination of information about the activity of an

innovatively active enterprise among interested parties. Which, in turn, will help attract investments and increase the competitive advantages of the enterprise.

Management accounting is the basis for regulating business processes at an innovative and active enterprise, hence the form of management reporting the company necessary to create according to the production structure and needs manager device

Exactly ago, the process of management accounting at these enterprises involves the grouping of costs of innovative activity by projects, processes, stages or the place of their creation. A comprehensive system of accounting and analysis of the innovative activity of the enterprise allows effective selection of strategic programs and projects and ensures the appropriate level and timeliness of management decisions on the development of innovations in the economic activity of the enterprise. Thus, for the effective organization of accounting and analytical support for the management of innovative activities, it is necessary to take into account all factors affecting the activity of an agricultural enterprise.

The conceptual model of accounting and analytical support for the management of innovative activities of agricultural enterprises at all its levels, starting from the theoretical and methodological foundations to the practical organization of accounting and analytical support for the management of innovative activities of agricultural enterprises, involves constant work on creating the capabilities of agricultural enterprises for the adaptability of the organization of accounting and analytical support to the changing external environment and rapid innovative development of the world economy. The formation of timely, reliable, complete, understandable and high-quality information will make it possible to satisfy the informational needs of the management to the fullest extent, being a guarantee of making timely, rational and high-quality management decisions. As a result of the conducted research, a low level of information provision of innovative activity was established, which does not meet the needs of management and analysis. At the same time, the management of innovative activities is a new subsystem of the management of an agricultural enterprise, which, accordingly, requires proper accounting and analytical support, in order to obtain more complete and reliable information about the income, costs and results of innovative

activities, which serves to make timely and rational management decisions.

It is worth noting that effectively organized accounting of innovative activities in agricultural enterprises will lead to changes in the working plan of accounts, accounting policy, document flow schedule of agricultural enterprises. For the needs of detailing the information provision of innovative activity of agricultural enterprises, as a special object of accounting, analytical accounting of costs for innovative activity should be carried out depending on the types of innovations implemented, namely: biological, chemical, technical, technological, economic, innovations in management, marketing or social. The application of the proposed conceptual principles for the formation of accounting and analytical support in the management system of innovative activities of agricultural enterprises is based on taking into account the multidirectional and emergent nature of information flows that arise during the implementation of innovative projects.

4.3. Conceptual approaches to the improvement of accounting and analytical support for the management of innovative development of enterprises

Kaletnik H.M. emphasizes that reforming the economy of Ukraine requires a transition from predominantly administrative to economic methods of management at all levels and activation of the human factor. Social and psychological methods of management – methods and techniques of managerial influence based on the use of objective scientific provisions of social development and psychology can become important factors in increasing the efficiency of managerial activities, provided they are used skillfully. These management methods are aimed at harmonizing social relations in the team by meeting the social needs of employees – personality development, social protection, etc. (Kaletnik, Mazur, Kubay, 2011).

The transition to the investment-innovation model of Ukraine's development requires the solution of many problems, including the search for adequate financial and economic methods for improving the use of highly qualified labor force, in particular administrative personnel (Karlin, Borysyuk, 2010).

Tax policy does not stimulate the population to work hard and save, and enterprises to invest. If you compare the level and amount of taxes in Ukraine and developed countries, it is obvious that the level of tax burden on the economy “goes off the scale” for the maximum, that is, it is about 50% or more of GDP. (Savitska S., Pravdiuk M., Dolzhenko I., Banera N., Samchyk M, 2022). At the current stage, Ukraine is in a state of war, which requires rapid restructuring of the economy and corresponding state policy. An important role in the system of financial activity of the state in the conditions of martial law is assigned to the activity of the administration in the field of taxation, because taxes must remain the source of the formation of the revenue part of the budgets. At the same time, the state faces the need to reduce the tax burden on individuals and legal entities. Finding and creating effective legal mechanisms that will support production and entrepreneurship is the main task of the domestic legislator at today’s stage. Such measures are support and stimulation of taxpayers.

The specificity of Ukrainian enterprises implementing innovative management remains the lack of experience and management skills in the conditions of real market relations, which differ in complexity, instability, unpredictability and novelty. Therefore, in these conditions, managers of enterprises need to be able to more accurately assess the state of the external environment, form long-term goals, correctly develop and implement their strategies, predict the actions of competitors and adequately respond to them. This can be done by improving and developing a more complex and detailed management system, fluently using modern tools of innovative management.

One of the reasons for insufficient development of innovative management in agricultural enterprises is detachment from the real state of affairs both in the internal environment of the enterprise and in interaction with external factors. This requires the formation of a system of accounting and analytical support for the management of innovative development, which will allow linking the factors of the internal and external environment with the processes of strategic management. The effectiveness of management of innovative development of agricultural enterprises is largely determined by the quality of information, including accounting and analytical support of such management. The effectiveness of innovative management is directly influenced by the level of adequacy of the system of

information, analytical, methodical and instrumental support for management,

First of all, it is necessary to create a single system of accounting and analytical support that would integrate information at all levels. At the current stage of the development of market relations, information has become one of the factors of production along with means of production, labor resources and land. Despite the gradual improvement of production processes (improvement of the level of technical and technical equipment of industries, increase of professionalism of personnel, etc.), the problem of information provision of enterprises remains relevant and requires additional study. Accounting and analytical support for the management of agricultural enterprises is formed under the influence of factors that complicate and prevent the creation of an effective information system for the development of strategic management decisions. Such factors include:

- administrative levers of influence, with the help of which the state tries to regulate the agricultural market, which in turn nullifies the clear economic laws of the functioning of agricultural enterprises and complicates the formation and implementation of their development strategy;

- lack of complete and reliable information about the external environment of the functioning of agricultural enterprises.

This is due to the difficulty of obtaining accurate data about the business environment, as well as large flows of information from which it is necessary to separate the information that management needs to form effective management decisions regarding the strategic development of the enterprise; - unformed requirements and uniform approaches to obtaining information of a strategic nature. The information that is formed with the help of the accounting system at the enterprise is mostly retrospective, and today's realities require changing the vector of development and creating a new formation of accounting and analytical support, oriented to the future.

For this, it is important to establish the generation of information flows taking into account market requirements and the need to reduce the aggressive influence of the external competitive environment, which will ensure effective management of the strategic development of agricultural enterprises. The theoretical and methodological

construction of accounting and analytical support for the innovative development of the enterprise consists of a set of elements that are subject to transformation in connection with the change in the value of information in modern conditions.

Pravdiuk M.V. emphasizes that transaction costs as a specific type of costs of business entities are scattered among the costs of the enterprise and are outside the boundaries of purposeful managerial influence, and this requires rational management methods and cost analysis (Pravdiuk, 2016).

The purpose of forming a new theoretical and methodological construction of accounting and analytical support is to create an information space for the enterprise management system as the basis of its strategic development. Taking into account the challenges of the external environment, it is necessary to expand and supplement the paradigm of accounting and analytical support for enterprise management in order to meet its information needs.

The need for a new paradigm is emphasized by well-known Ukrainian scientists, in particular V.M. Zhuk points to the formation of the accounting paradigm of the economy of harmonious development (Zhuk, 2009); A.A. Pylypenko as accounting and analytical support of the management system and decision-making process (Pylypenko, 2007); R.F. Brukhanskyi as the improvement of the accounting display of the marketing external environment, enterprise personnel, innovative, ecological and social activities of the system in the development part (Brukhanskyi, 2014). The new paradigm of accounting and analytical support does not yet have clear features, because it is at the stage of formation. The effectiveness of the enterprise's activity depends decisively on the observance of the paradigm of accounting and analytical management of its strategic development, which is based on the integration into a single dynamic system of elements that complement each other. Such a system is constantly developing through self-organization and contains an aspect of multi-modality.

Adherence to the paradigm of accounting and analytical management of the enterprise's innovative development involves: 1. Analysis of the retrospective, current state and development trends of the enterprise's activity as a starting point for innovative measures. 2. Compilation of a set of forecasts (forecasts of factors of the external

environment and enterprise activity; optimistic, most likely and pessimistic versions of forecasts, etc.). 3. Analytical justification of the strategy of innovative development of the enterprise. 4. Accounting and analytical support for the development of tactical and operational plans and measures for the implementation of an innovative development strategy by establishing key objects of accounting and analysis and forming a system of evaluation indicators. 5. Recording and displaying in the accounting registers of economic transactions and summarizing in the reports the parameters of the activities carried out, their assessment and final control. Accounting data are used in analytical justifications in subsequent strategic cycles. At the same time, the effectiveness of strategic development is determined on the basis of accounting data, which, in turn, is subjected to detailed analysis to obtain information that will be used for corrective actions or development of future development strategies. Account information is also used to carry out current, intermediate and final control, which accompanies the implementation of the development strategy and establishes compliance of its parameters with target guidelines. Subjected to detailed analysis to obtain information that will be used for corrective actions or development of future development strategies.

The creation of a conceptual model of accounting and analytical support for the management of innovative development of enterprises is a process of formalizing the components of the concept and establishing cause-and-effect relationships between them that correspond to the algorithm of the process of achieving the goal, taking into account the specifics of the industry. The conceptual model of accounting and analytical support for the management of innovative development of enterprises is a complex structure that includes basic elements (purpose, subjects, object, subject, task, principles), subsystems (management functions, justification and management decision-making, development and implementation of development strategies), tools (financial, managerial, strategic types of accounting and managerial, financial, strategic analysis).

All types of analysis should also have a strategic direction, that is, the obtained analytical data should be directed to the development of enterprise development strategies and the evaluation of the effectiveness of their implementation. Taking into account the

influence of the peculiarities of agriculture on the formation of an accounting and analytical system allows for a comprehensive assessment of economic and social results, the development of quantitative and qualitative indicators of efficiency, which should be interconnected with the indicators used to manage innovative development.

The system of accounting and analytical support should generate the most relevant data useful for strategic management, that is, it is a universal resource capable of ensuring the production of a strategic management decision based on an information system of high quality and reliability. One of the features of this model is providing a universal character to the system of accounting and analytical support, which is aimed at solving both the entire set of strategic problems and tasks of a tactical and operational nature. The result of strategic management is the provision of positive results for the entire set of enterprise strategies. The result of the management of innovative development is the achievement of qualitative transformations of the economic entity, taking into account the planned parameters of strategic effectiveness.

That is, strategic management and management of strategic development are, respectively, general and partial. Therefore, an innovatively oriented system of accounting and analytical support should satisfy both the general needs of innovative management and the specific (concrete) needs of managing innovative development. Thus, innovative development is one of the priorities of strategic management and the main result of strategic development management.

Therefore, improving the concept of accounting and analytical support for the management of the innovative development of enterprises involves obtaining the effect of information synergy from the integration of accounting and analysis, which, in turn, is aimed at the implementation of unifying processes regarding: determination of the combined impact of factors of the external and internal environment on the prospects of the enterprise; ensuring the connection between opportunities, goals, management influences of a strategic nature, measures and development programs, performance parameters; unifying the efforts of all divisions of the enterprise, orienting them to the priority areas of innovative development;

formation of the communicative field of interaction of all stakeholders of the enterprise.

CONCLUSIONS TO CHAPTER 4

The restructuring of the accounting system of companies in response to global challenges should be based on a clear methodical combination of all its subsystems, in particular, financial, tax and statistical as part of financial indicators, as well as management, strategic management and statistical as part of non-financial indicators. The accounting methodology should be developed and updated, and the principles of duality should be supplemented with analytical techniques for processing financial and non-financial data that reveal internal processes and external factors and influences. The specified changes should ensure the creation of not only legally adopted reporting formats at the exit from the accounting system, but also new ones that meet the modern demands of stakeholders, taking into account financial and non-financial parameters of activity.

Effectively organized accounting of innovative activities in agricultural enterprises will lead to changes in the working plan of accounts, accounting policy, document flow schedule of agricultural enterprises. For the needs of detailed information provision of innovative activities of agricultural enterprises, as a special object of accounting, analytical accounting of costs for innovative activities should be carried out depending on the types of innovations implemented, namely: biological, chemical, technical, technological, economic, innovations in management, marketing or social. The application of the proposed conceptual principles for the formation of accounting and analytical support in the management system of innovative activities of agricultural enterprises is based on taking into account the multidirectional and emergent nature of information flows that arise during the implementation of innovative projects.

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SECTION 5⁵

STATUS, PROBLEMS AND DIRECTIONS OF IMPROVING THE ACCOUNTING OF SMALL BUSINESS ENTITIES IN THE AGRARIAN SPHERE

5.1. The essence of small business and its role in the economy of the state

In the process of production and implementation of their activities, agricultural enterprises have a number of features that affect their functioning in the conditions of a market economy. Considering the peculiarities of agricultural production, it is necessary to pay attention to the fact that in this field the economic process of reproduction is closely intertwined with the natural one. This is evident in the fact that the consequences of management in agriculture depend both on the employee, his professional training, intellectual property, material and technical equipment of the enterprise, and on natural conditions (Okhota, 2018).

Today, small business entities as entities of entrepreneurial activity occupy a leading place in the country's economy. They are dynamically developing, adapting to innovations in the legislation regarding the use of settlement transaction registrars, changes in the volume of activity per year for the relevant groups of single tax payers and the features of being on the simplified taxation system, the use of different accounting registers, the selection of a package of annual financial statements, the application of international financial reporting standards etc. All innovations create significant obstacles in the adoption of more flexible and operational decisions by the management of the enterprise, compliance with tax discipline, registration of facts of economic activity, preparation of reliable financial reporting (Laychuk, Polishchuk, 2021).

According to the source (Sydorenko, 2021), small and medium-sized enterprises play a major role in most economies, especially in developing countries. Small and medium-sized enterprises represent more than 90% of all economic entities and create more than 50% of all existing jobs. In developing economies, according to official data, small and medium-sized enterprises generate more than 40% of

⁵ Podolianchuk O.A.

national income. If the “shadow sector” is also taken into account, then these figures will be much higher. In today’s business environment, small and medium-sized enterprises create seven out of ten new jobs.

It is worth noting that the aggression of the Russian Federation fundamentally changed the economy of our country. The forecast of an annual decline in GDP may reach 40%. Those industries in which remote work is impossible, particularly agriculture, were the most affected (Ishchenko, 2022).

We agree with the opinion that the activity of agricultural enterprises in the conditions of war and martial law has become much more difficult. A number of problems arose that economic entities did not face under normal operating conditions. Running an agricultural business in temporarily occupied territories is practically impossible, if the enterprise is located in a territory where there are no active hostilities, the main problems are the following:

- complicated material and technical support of the sowing campaign (fuel and lubricant materials, seed material, fertilizers, plant protection products, etc.) and production activities in animal husbandry (forage, animal protection products);

- as a result of disrupted logistics, the sale of manufactured products (especially products with a short shelf life) is significantly complicated;

- general mobilization leads to an outflow of personnel, and the equipment placed on the military register can be withdrawn for military needs;

- some production facilities and infrastructure may be damaged or destroyed as a result of hostilities, or their intended use may be impossible or impractical;

- state expenditures on ensuring military, humanitarian, social needs and liquidation of the consequences of aggression have increased significantly, which entails changes in the business taxation system (Ishchenko, 2022).

According to the Center for Strategic Communications and Information Security, most Ukrainian businesses operate even during the war! In particular:

- 52% of Ukrainian companies are working, albeit with restrictions. Another 27% have suspended, but want to resume their activities. These are the results of a survey by the European Business

Association.

– 63% of companies continue to pay salaries in full, and 45% also make additional or advance payments (How many businesses continue to operate during wartime?, 2022).

Let us describe the actual situation regarding the presence of small business entities in Ukraine in recent years (Table 5.1).

Table 5.1

The number of subjects of large, medium, small and micro enterprises

Business entities	Total by years, units							Including agriculture, forestry and fisheries, units						
	2015	2016	2017	2018	2019	2020	Deviation, 2020±2015	2015	2016	2017	2018	2019	2020	Deviation, 2020±2015
Big	423	383	399	446	518	512	+89	29	20	18	23	34	36	+7
Medium	15510	15113	15254	16476	18129	17946	+2436	2535	2505	2391	2307	2285	2137	-398
Small,	1958385	1850034	1789406	1822671	1922978	1955119	-3266	76720	72095	74184	73998	73131	71195	-5525
among them micro	1910830	1800736	1737082	1764737	1864013	1898902	-11928	71649	66905	68819	68492	67627	65753	-5896
Including: natural persons-entrepreneurs														
Medium	307	281	317	419	378	344	+37	2	4	8	9	4	3	-1
Small,	1630571	1558880	1466486	1483297	1560650	1599411	-31160	32538	29618	26470	25815	25207	23913	-8625
among them micro	1626589	1553041	1458980	1471965	1550633	1591031	-355587	32412	29448	26307	25585	24994	23711	-8701
% of agriculture, forestry and fisheries to the total indicator of economic entities														
Big								6,86	5,23	4,52	5,16	6,57	7,04	-0,18
Medium								16,35	16,58	15,21	14,01	12,61	11,91	-4,44
Small,								3,92	3,90	4,15	4,06	3,81	3,65	-0,27
among them micro								3,75	3,72	3,97	3,89	3,61	3,47	-0,28

Source: formed according to (Economic statistics. Activities of enterprises, 2021)

Analyzing the data in Table 5.1, it can be concluded that the number of business entities as a whole is decreasing, although in 2020, compared to 2015, there was an increase in the number of large enterprises – by 89 units and medium enterprises – by 2436 units. The number of small business entities is decreasing. Thus, in 2020, the number of small enterprises in comparison with 2015 decreased by 3,266 units, of which micro-enterprises decreased by 11,928 units. The situation is the same in the field of activity of individual entrepreneurs. As for agricultural enterprises, together with fisheries

and forestry, the number of medium and small enterprises also decreases, incl. and micro-enterprises and individual entrepreneurs. This situation also indicates a decrease in the share of agriculture, forestry, and fishing in the total number of business entities.

However, analyzing the data in Tables 5.2-5.3, there is a trend towards growth in the volume of products produced and sold by small business entities.

Table 5.2

The volume of products (goods, services) produced by business entities

Business entities	Total by years, in % of the total indicator of economic entities							Including agriculture, forestry and fishing, in % of the total indicator of economic entities						
	2015	2016	2017	2018	2019	2020	Deviation, 2020±2015	2015	2016	2017	2018	2019	2020	Deviation, 2020±2015
Big	41,7	37,5	38,3	37,9	35,9	33,7	-8,0	16,5	12,2	8,8	10,3	12,7	13,3	-3,2
Medium	36,7	38,5	37,0	36,2	35,9	34,4	-2,3	κ	51,7	51,4	50,8	49,1	κ	κ
Small	21,6	24,0	24,7	25,9	28,2	31,9	+10,3	κ	36,1	39,8	38,9	38,2	κ	x
among them micro	10,8	12,5	13,3	14,1	16,0	18,4	+7,6	10,1	12,7	13,7	13,6	14,1	14,7	+4,6
Including: natural persons-entrepreneurs, in % of the total indicator of natural persons-entrepreneurs														
Medium	2,8	2,7	2,8	3,6	2,7	2,1	-0,7	κ	1,3	1,4	1,6	0,9	κ	x
Small	97,2	97,3	97,2	96,4	97,3	97,9	+0,7	κ	98,7	98,6	98,4	99,1	κ	x
among them micro	92,3	93,2	92,9	91,9	93,2	94,6	+2,3	92,4	93,5	90,7	89,9	91,2	90,5	-1,9

κ – data are not made public in order to ensure compliance with the requirements of the Law of Ukraine “On State Statistics” regarding the confidentiality of statistical information (primary and secondary blocking of vulnerable values)

Source: formed according to (Economic statistics. Activities of enterprises, 2021)

The data in Table 5.2 confirm the conclusion about the increase in the volume of production by small businesses and micro-enterprises. In 2020, compared to 2015, the volume of produced products (goods, services) increased by 10.3% in small enterprises, of which 7.6% in micro-enterprises. The same trends in the agricultural sector. As for the activities of individual entrepreneurs, their share is stable and does not contain significant changes.

Characterizing the volume of products sold by business entities, a conclusion follows on the increase in the volume of its implementation

by small business and micro-business entities. In 2020, compared to 2015, the volume of sold products (goods, services), albeit slightly, increased by 3.9% for small enterprises, including 2.9% for micro-enterprises. The statistics are the same in the agricultural sector. The activities of individual entrepreneurs have stable results and contain little growth. However, since 2016, a quarter of the products of the Ukrainian economy are produced and sold by small enterprises and individual entrepreneurs.

Table 5.3

The volume of products sold (goods, services) by business entities

Business entities	Total, in % of the total indicator of economic entities							Including agriculture, forestry and fishing, in % of the total indicator of economic entities						
	2015	2016	2017	2018	2019	2020	Deviation, 2020±2015	2015	2016	2017	2018	2019	2020	Deviation, 2020±2015
Big	37,0	35,6	35,2	35,3	34,5	32,8	-4,2	16,5	12,8	8,3	10,1	12,9	12,5	-4,0
Medium	39,3	39,9	39,9	39,7	39,9	39,6	+0,3	κ	49,8	50,9	50,4	48,2	κ	x
Small,	23,7	24,5	24,9	25,0	25,6	27,6	+3,9	κ	37,4	40,8	39,5	38,9	κ	x
among them micro	12,0	12,1	12,7	13,0	13,6	14,9	+2,9	11,6	13,5	14,2	13,8	14,1	15,1	+3,5
Including: natural persons-entrepreneurs, in % of the total indicator of natural persons-entrepreneurs														
Medium	3,9	3,0	3,1	3,9	2,9	2,5	-1,4	κ	1,3	1,3	1,5	0,8	κ	x
Small,	96,1	97,0	96,9	96,1	97,1	97,5	+1,4	κ	98,7	98,7	98,5	99,2	κ	x
among them micro	90,1	91,9	91,7	91,1	92,5	93,6	+3,5	92,8	93,9	91,0	90,6	91,8	91,3	-1,5

κ – data are not made public in order to ensure compliance with the requirements of the Law of Ukraine “On State Statistics” regarding the confidentiality of statistical information (primary and secondary blocking of vulnerable values)

Source: formed according to (Economic statistician. Activity of enterprises, 2021)

Summarizing the data of the conducted analysis, it is possible to affirm the importance of the activities of small business entities. Small business entities that apply a simplified taxation system increase revenue from the sale of products (goods, works, services) every year, which contributes to an increase in budget revenues. Due to their mass, small enterprises provide twice as much employment of the population in new jobs than large enterprises, which significantly reduces the

tension in society associated with unemployment.

Small businesses suffered enormous losses in connection with the war. Thus, 15% of enterprises lost more than 100 thousand dollars, 28% – from 10 to 50 thousand dollars, 40% – up to 10 thousand dollars. At the same time, one in five losses occurred directly as a result of hostilities. Based on the survey data, we calculated that the amount of damage caused to enterprises is about 2 million dollars. At the same time, only 6% were able to pass the first two months of the war without casualties (Ero, 2022).

Consequently, most small entrepreneurs withstood the blow of the negative consequences of martial law, but at a high price. At a time when they themselves need help, companies continue to work for the good of their country. The vast majority of entrepreneurs – 71% remained in their places. Only about 10% moved their office or production to safe regions of Ukraine and 4% abroad. Ukrainian microbusiness believes in victory and is determined to hold out until this moment. And I really want to believe that victory is “just around the corner”! (Ero, 2022).

For the first time, the definition of “small business” was introduced into the current legislation in 1991 with the adoption of the Law of Ukraine “On Enterprises in Ukraine”. This Law defined the category of small enterprises in accordance with the volume of economic turnover and the number of its employees depending on the field of activity (regardless of the form of ownership): in industry and construction – with the number of employees up to 200 people; in other branches of the production sphere – with the number of employees up to 50 people; in science and scientific service – with the number of employees up to 100 people; in non-production sectors – with the number of employees up to 25 people; in retail trade – with up to 15 employees (About enterprises in Ukraine).

In Ukraine, the characteristics and criteria of belonging to small business entities (SBE) are given in the Economic Code of Ukraine (Economic Code of Ukraine) (Economic Code of Ukraine, 2018).

According to the definition given in Art. 55 of the ECU, small business entities are (Economic Code of Ukraine, 2018):

– natural persons registered in accordance with the procedure established by law as natural persons – entrepreneurs, in which the average number of employees for the reporting period (calendar year)

does not exceed 50 people and the annual income from any activity does not exceed the amount equivalent to 10 million euros, determined by the average annual rate of the National Bank of Ukraine;

– legal entities – economic entities of any organizational and legal form and form of ownership, in which the average number of employees for the reporting period (calendar year) does not exceed 50 people and the annual income from any activity does not exceed an amount equivalent to 10 million euros, determined at the average annual exchange rate of the National Bank of Ukraine.

In addition to the SME category, the same article of the GCU provides definitions and criteria characteristics of micro-entrepreneurs to which they are classified (Economic Code of Ukraine, 2018):

– natural persons registered in accordance with the procedure established by law as entrepreneurs, in which the average number of employees for the reporting period (calendar year) does not exceed 10 people and the annual income from any activity does not exceed the amount equivalent to 2 million euros, determined at the average annual rate of the National Bank of Ukraine;

– legal entities – economic entities of any organizational and legal form and form of ownership, in which the average number of employees for the reporting period (calendar year) does not exceed 10 people and the annual income from any activity does not exceed an amount equivalent to 2 million euros, determined at the average annual exchange rate of the National Bank of Ukraine.

Some scientists note (Kuzmina, 2018) that such a division should be consistent with other important documents, in particular the Tax Code of Ukraine (PKU), which defines the procedure for taxation of business entities. However, in the latter there is no mention of micro-entrepreneurs. At the same time, accounting Regulation (standard) 25 “Financial report of a small business entity” (P(S)BO 25) provides for simplified forms of reporting for micro-business entities, so that allocation to the specified category has an applied nature with specification of practical application. The legal basis for state support of small business entities, regardless of the form of ownership, is defined in the Law of Ukraine “On the Development and State Support of Small and Medium-Sized Businesses in Ukraine”. In this law, the criteria for recognition of SBP are given, namely, small business entities include:

- natural persons registered in accordance with the procedure established by law as subjects of entrepreneurial activity;
- legal entities – subjects of entrepreneurial activity of any organizational and legal form and form of ownership, in which the average number of employees for the reporting period (calendar year) does not exceed 50 people and the volume of annual gross income does not exceed 500,000 euros.

If we consider the Law of Ukraine “On Accounting and Financial Reporting in Ukraine”, micro, small, medium and large enterprises include enterprises whose indicators on the date of drawing up the annual financial statements for the year preceding the reporting year meet at least two of the following criteria:

- the average number of employees;
- net income from the sale of products (goods, works, services);
- book value of assets (Table 5.4) (About accounting and financial reporting in Ukraine, 1999).

Table 5.4

Criteria for assigning enterprises to a certain category in accordance with the Law of Ukraine “On Accounting and Financial Reporting in Ukraine”

No.	Enterprise category	Criteria		
		Balance sheet activity value of assets, euros	Net profit from sales, euros	Average amount employees, people
1	Micro	To 350 000	To 700 000	To 10
2	Small	To 4 000 000	To 8 000 000	To 50
3	Medium	To 20 000 000	To 40 000 000	To 250
4	Big	More than 20 000 000	More than 40 000 000	More than 250

Source: formed according to (About accounting and financial reporting in Ukraine, 1999)

The above provides an opportunity to form the opinion that the regulatory regulation of small business is quite different.

It should be noted that in world practice there are not only single quantitative, but also qualitative criteria for determining small business entities. The most common quantitative criteria are:

- average number of employees;
- annual turnover (sales volume);

– book value of assets.

Among the qualitative criteria, the following can be distinguished:

- independence of the enterprise from other business entities;
- performance of management functions by the owner of the enterprise (Madriga, 2022).

The European Union defines the concept of small business in a slightly different way. In particular, small business is divided into: medium-sized business, small business and micro-enterprise (Table 5.5), and the main factors that determine the size of the enterprise are:

- 1) number of employees;
- 2) annual turnover or annual balance.

The indicated indicators are used only for individual enterprises, if the enterprise is part of a group of enterprises, these indicators are not used.

The International Organization for Economic Cooperation and Development (OECD), which includes highly developed countries, offers the following grouping of enterprises by size:

- very small – 1-19 employees;
- small – 20-99 employees;
- average – 100-499 employees;
- large – 500 or more employees.

At the same time, the introduction of preferential taxation and simplified accounting (simplified system of taxation, accounting and reporting) has a positive effect on the development of the latter.

Table 5.5

Criteria for the inclusion of enterprises in the category of small enterprises in the countries of the European Union

Category of companies	Number employees	Annual turnover	Annual total balance
Medium enterprises	< 250	≤ € 50 millions	≤ € 43 millions
Small businesses	< 50	≤ € 10 millions	≤ € 10 millions
Microenterprises	< 10	≤ € 2 millions	≤ € 2 millions

Source: (Madriga, 2022)

The definition of a simplified system of taxation, accounting and reporting is presented in the Tax Code of Ukraine – it is a special mechanism for the payment of taxes and fees, which establishes the

replacement of the payment of individual taxes and fees with the payment of a single tax in the order and under the conditions determined by the PKU, with the simultaneous maintenance of simplified accounting and reporting (Article 291 of the Criminal Code) (Podolianchuk, 2017).

Such enterprises include four groups of business entities that are payers of a single tax (Tax Code of Ukraine, 2010):

1) the first group – natural persons – entrepreneurs who do not use the labor of hired persons, carry out exclusively retail sales of goods from trading places in the markets or conduct business activities for the provision of household services to the population and whose income during the calendar year does not exceed 167 minimum wages;

2) the second group – natural persons – entrepreneurs who carry out economic activities for the provision of services, including household services, to single tax payers or the population, production or sale of goods, activities in the field of restaurant business, provided that during the calendar year they meet the set of such criteria:

– do not use the labor of hired persons or the number of persons who are in labor relations with them does not exceed 10 persons at the same time;

– the amount of income does not exceed 834 minimum wages.

3) the third group – natural persons – entrepreneurs who do not use the labor of hired persons or the number of persons who are in labor relations with them is not limited and legal persons - business entities of any organizational and legal form, in which during the calendar year annual income does not exceed 1167 minimum wages;

4) the fourth group – agricultural producers:

a) legal entities, regardless of the organizational and legal form, in which the share of agricultural production for the previous tax (reporting) year is equal to or exceeds 75 percent;

b) natural persons – entrepreneurs who carry out activities exclusively within the boundaries of a farm registered in accordance with the Law of Ukraine “On Farming”, provided that all of the following requirements are met:

– exclusively grow, fatten agricultural products, collect, catch, process such self-grown or fattened products and sell them;

– conduct business activities (except supply) at the place of tax address;

- do not use the labor of hired persons;
- members of the farm of such an individual are only members of his family in the definition of the second part of Article 3 of the Family Code of Ukraine;
- the area of agricultural land and/or water fund land owned and/or used by members of the farm is not less than two hectares, but not more than 20 hectares.

However, if the first and second groups are undoubtedly small business entities, then for the third and fourth groups there is a restriction on the number of employees, in accordance with the Economic Code of Ukraine (Podolianchuk, 2017).

A legal entity or an individual entrepreneur can independently choose a simplified taxation system, provided that it meets the criteria of a single tax payer and is registered as a single tax payer of the relevant group (Podolianchuk, 2017).

In the scientific literature, there are many different approaches to the interpretation of the concept of “small business”.

A number of scientists prefer a definition based on the essence of the normatively defined category of "entrepreneurship" and note that small entrepreneurship is an independent, systematic initiative economic activity of small enterprises and citizen entrepreneurs, which is carried out at one's own risk for the purpose of profit. Practically, this is any activity (production, commercial, financial, insurance, etc.) of the specified business entities aimed at realizing their own economic interest.

It is a good idea that the main goal of a small business entity is to make a profit and satisfy social and personal needs. The tasks facing the entrepreneur in order to achieve this goal are listed in Fig. 5.1.

According to research by scientists, small business entities can also be agricultural producers who comply with the provisions of the GKU in terms of choosing an organizational and legal form. After all, there are no separate legislative acts that would directly regulate the development of small businesses in the agricultural sector. Today, the Law of Ukraine “On Farming” defines the functioning of farms as a progressive form of activity of citizens in the field of agriculture (Podolianchuk, 2017).

According to the Law of Ukraine “On Farming” (On Farming, 2003), farming is a form of entrepreneurial activity of citizens who

have expressed a desire to produce marketable agricultural products, to carry out their processing and sale for the purpose of obtaining profit on land plots provided to them in their ownership or use, including for rent, for farming, commodity agricultural production, personal peasant farming.

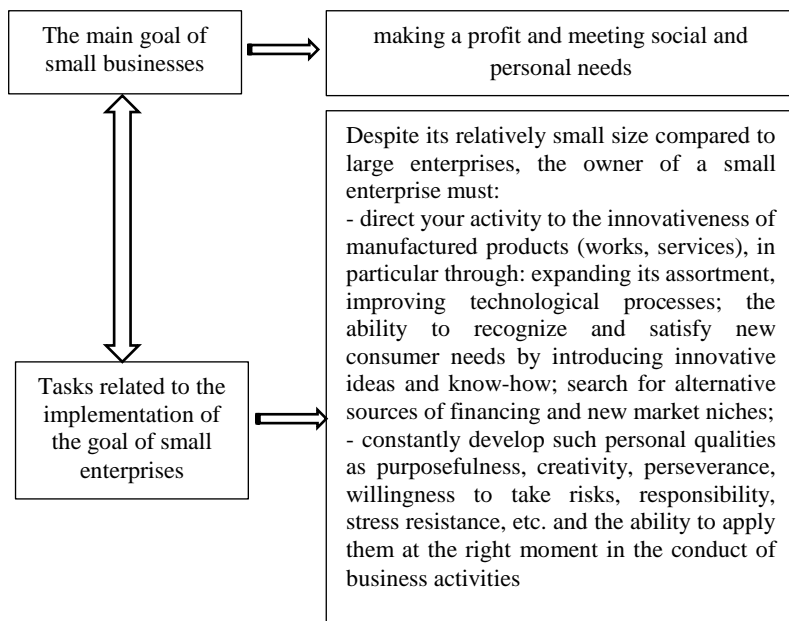


Fig. 5.1. Characteristics of the purpose and tasks of a small enterprise

Source: (Batsora, 2015)

In scientific publications, it is noted that the definition of a farm is based on the category of agricultural commodity producer. Precisely because of the compliance with the criterion of an agricultural commodity producer, a whole series of regulatory and legal documents apply to the procedure for the creation and operation of a farm, in particular, norms relating to the specifics of the creation and termination of activities, the selection of a system of taxation and accounting, land use and state support (Podolianchuk, 2020).

The study of the regulatory and legal regulation of the development

of small entrepreneurship confirms its divergence and unsettledness, including and for agricultural business. This, in turn, has a significant impact on the choice of the organizational and legal form of business by business entities and the possibility of using a simplified system of taxation, accounting and reporting. In this case, the PKU is a priority for the selection of organizational and legal forms by entrepreneurship subjects (Podolianchuk, 2017).

The organizational and legal forms of farms shown in Table 5.6 position a variety of methodological features of the organization of accounting and the formation of an accounting policy, which requires new approaches to the application of professional accounting judgment (Sadovska, Babich, Nagirska, 2019). There are also multivariate systems of taxation of operations, which depend on the belonging of farms to a certain organizational and legal form.

Table 5.6

Organizational and legal forms of farms

No.	Contents of the organizational and legal form of farming	Founding document	The basis of the Law “On Farming”
1	farm – a legal entity	Regulations	part. 4 p. 1
2	farm – a natural person-entrepreneur without the status of a legal entity	Agreement (Declaration) on the establishment of FE	part. 4 p. 1
3	family farming – a legal entity	Regulations	part. 5 p. 1
4	family farming without the status of a legal entity	Agreement (Declaration) on the establishment of FE	part. 5 p. 1

Source: (Sadovska, Babych, Nahirska, 2019)

It is necessary to pay attention to the fact that farming is a structure that by its capacity includes the possibility of using various organizational forms of private, family and hired labor. We are dealing with a qualitatively new formation characterized by the provision of property and land into private ownership. That is, work, property, and management are integrated in one person (family). Such a combination of various functions in one person is the basis of production organization; the possibility of using family potential, taking into account consolidating factors, interests and goals; the presence of an informal leader, the implementation of control rights of

the owner-manager. However, it should be noted that strong farms are also being formed that use hired labor (Podolianchuk, Koval, Gudzenko, 2019).

Today, farming has a number of advantages over other economic entities, namely: the possibility of using a special tax regime, the family nature of the business, the possibility of free privatization by farm members of land received for use, the possibility of non-competitive (without conducting land auctions) acquisition of land plots in ownership or lease from state and communal land, significantly lower legislative risks associated with the area of farm land (Nesterenko, 2017).

The legislation stipulates that the farm keeps accounting records of the results of its work and submits financial statements, statistical information and other data established by the legislation of Ukraine to the relevant authorities. Questions regarding the number of employees and the amount of farm income are not determined. It is only noted that, in case of production needs, the farm has the right to involve other citizens to work in it under an employment contract (contract), and all issues of labor relations are regulated by labor legislation (Podolianchuk, 2017).

Small business is the driving force of the entire economy of the state. This thesis is confirmed by the practical experience of Ukraine and foreign countries.

The advantages of a small business include quick response to market challenges and innovations, well-practiced personal communication and social adaptation. It is small business that is the basis of the social and economic development of the European Union, where there are more than 20 million small and medium-sized enterprises, which generate the majority of the total turnover, added value and account for up to 70% of employed persons. Consider the importance of small business in the developed countries of the world (Table 5.7).

The results of the study indicate that the performance indicators of small business entities have a positive trend.

In today's conditions, when the country's economy is operating in conditions of war, this means that a powerful layer of Ukrainian manufacturers is now forming that offer quality goods and services, support the army or territorial defense, help financially, support

workers who defend the country, and can also compete on international markets.

Table 5.7

Small business in the developed countries of the world

No.	Country	Value
1	Spain	In agriculture, 80% of small enterprises, in construction, industry, shipbuilding – 25-30%
2	Japan	Family businesses make up 32% of the total number, private enterprises – 48%, legal entities – 20%. The total share of small business in GDP is more than 53%
3	USA	Small business creates about 50% of GDP, provides work for 50% of the working population, creates 25% of exports of goods and services, has 13 times more patents than large enterprises. The number of small enterprises is more than 90% of the country's firms
4	Italy	It is considered a classic small business country: there are 3.5 million small and medium-sized enterprises operating in the country, which employ approximately 13 million people (79% of the entire workforce), producing 52% of GDP. Most enterprises operate within their own industrial districts

Source: (Kozak, Hevlych, 2021)

At the same time, the state should support farmers. As of the end of April this year, banks issued loans to 3,070 agricultural producers for UAH 8 billion 840 million. The main part of this amount was attracted under the program of portfolio guarantees 80% – UAH 7 billion 155 million. The top three oblasts in attracting loans over the past month remain unchanged: Kirovohrad (1 billion 473 million UAH), Vinnytsia (1 billion 308 million UAH), Dnipropetrovsk (1 billion 200 million UAH). It is followed by Odesa (887 million 348 thousand UAH), Volyn (536 million 989 thousand UAH), Lviv Region (516 million 178 thousand UAH), Poltava Region (477 million 527 thousand UAH) and Ternopil region (465 million 126 thousand UAH) (Official website of the Ministry of Agrarian Policy and Food of Ukraine, 2022).

In connection with the introduction of martial law in Ukraine, which was caused by the military aggression of the Russian Federation against Ukraine, from April 1, 2022 until the termination or cancellation of martial law on the territory of Ukraine, tax incentives are provided for income tax payers. The draft law defines the

possibility of transition of income tax payers to the payment of a single tax of 3 groups of payers. The key provision of this normative document is the possibility of natural persons-entrepreneurs and legal entities with an annual income of up to 10 billion hryvnias to pay a single tax in the amount of 2% of income according to the rules established for 3 groups of single tax payers. At the same time, the exemption from the obligation to calculate, pay and submit tax reporting on value added tax on transactions for the supply of goods, works and services, the place of supply of which is located in the customs territory of Ukraine, was noted. Such changes are aimed at supporting the national economy and preserving small and medium-sized businesses during the war.

In our opinion, support for small business should primarily be aimed at eliminating or reducing the impact of weaknesses and threats to its activity. The development by state authorities of effective mechanisms for supporting small businesses in wartime is an integral stage in the improvement of state policy in the field of economy. This will affect trust in the authorities and stabilization of revenues to the state budget of the country.

5.2. The state of accounting of small business entities in the agrarian sphere

The norms of the Tax Code of Ukraine, which determine the classification of business entities by groups of payers of the simplified system of taxation, accounting and reporting, have a significant impact on the choice of accounting forms.

According to scientists, bookkeeping without the use of double entry is characterized by the presence of one entry for each economic transaction, filling in one column to reflect receipts and expenditures of funds. The advantage of such accounting is the considerable simplicity of its management, but it has more disadvantages than advantages: such accounting does not have the ability to track inventory accounts, payables and receivables. Accounting without the use of double entry has the ability to calculate net income, however, it is not adapted to develop a balance sheet and track changes in asset and liability accounts, which is absolutely necessary for the preparation of financial statements (Belova, Semenushena, Melnychuk, 2019).

Accounting, as an important element of the economic system, provides the informational needs of enterprise management. Changes in approaches to conducting business, increasing information management needs, and constant transformations taking place in the regulatory and legal regulation of accounting and tax accounting of business entities require a review of approaches to the organization of their accounting (Podoliyanchuk, 2017).

In the process of forming the financial accounting system of a small enterprise, constant changes were made to the composition and structure of its elements, which affected the level of generalization of information, which had both positive and negative consequences for its users. This especially applied to the elements of the simplified system of accounting and reporting, which requires their research, taking into account the historical aspect (Belova, Semenysheva, Melnychuk, 2019).

There are certain features in the organization of accounting of the activities of small enterprises, which are distinguished at the following stages: methodical, technical, and organizational. At the methodical stage, the accounting methodology is formed as a system of the most general principles, methods and methods of display on the accounting accounts and in the reporting forms of economic transactions. The main principles of the organization of the accounting process at small enterprises are regulated by the National Accounting Regulation 1 “General requirements for financial reporting” (accrual and matching of income and expenses, full coverage, consistency, prudence, content prevails over form, etc.). The method of accounting for the activities of small enterprises is determined by a set of eight elements (additive approach): documentation, inventory, assessment, calculation, accounts and double entry, balance sheet and reporting.

The procedure for using the elements of the accounting method in small business entities is shown in Table 5.8.

Therefore, small enterprises use all eight elements of the accounting method, individual entrepreneurs use only four (Pavelko, 2022).

The methods of processing accounting information determined at the technological stage in small enterprises are divided into three types: paper, mechanized and computerized (automated), depending on the type of computer technology used (Pavelko, 2022).

Table 5.8

Use of elements of the accounting method in small business entities

No.	Elements of the accounting method	Small businesses	Individual entrepreneurs
1	Documentation	External documents must be used. The number of internal documents can be significantly reduced by choosing alternative accounting options	External documents are used to confirm the amount of income and expenses. Individuals who pay a single tax shall document the amount of income received
2	Inventory	An inventory is carried out in order to determine the actual availability of valuables and calculate the amount of their disposal under the condition of a periodic accounting system	The inventory is carried out at one's own request
3	Rating	Used by any enterprise to express assets, capital, liabilities and business transactions in a monetary unit	Used to determine the amount of income and expenses
4	Calculation	Conducted to obtain information for the purpose of making management decisions and substantiating prices for goods, finished products, works and services	They are carried out at their own request in order to obtain information for making management decisions
5	Accounts	They use a simplified chart of accounts. The company determines the list of accounts independently, drawing up a working plan of accounts	Not used
6	Double entry	Businesses that must prepare a balance sheet cannot keep records without using double entry	Not used
7	Balance	Compile according to abbreviated forms (f. No. 1-m and f. No. 1-ms)	Not used
8	Financial Statements	Compile according to the abbreviated forms "Balance Sheet" (f. No. 1-m and f. No. 1-ms) and "Report on Financial Results" (f. No. 2-m and f. No. 2-ms)	Not used

Source: (Pavelko, 2022)

The organizational stage has no significant differences for both small and medium-sized and large enterprises, as it is intended for the establishment of a system of administrative management in accounting, which involves, first of all, the establishment of the most effective accounting system; determination of the optimal staffing structure of the accounting apparatus; establishment of labor standards and time required for work performance; recruitment and their training; rational organization of workplaces of accountants; establishment of an effective system of accounting for the work of employees and control over their performance of their functions; organization of the archive of accounting documents; organization of security and protection of accounting information (Pavelko, 2022).

The goal of the accounting organization is to build such an accounting system that would correspond to the purposeful, planned activities of the enterprise and provide the necessary information for internal and external users. Without effective accounting, no enterprise will be able to properly organize and carry out its business activities (Podolianchuk, Koval, Gudzenko, 2019).

Scientists single out a number of factors that influence the choice of the form of accounting by business entities (Table 5.9).

The above indicates that the choice of the form of accounting is a complex issue, the solution of which requires taking into account various factors regarding the specifics of their activity.

Research results show (Podolianchuk, 2019) that the chosen type of management affects the choice of the taxation and accounting system by business entities.

According to the norms of the Tax Code of Ukraine, economic entities in the agrarian sector can apply two options for taxation: the general system of taxation and the simplified system of taxation.

The simplified system of taxation, accounting and reporting provides for a special mechanism for dealing with taxes and fees, which establishes the replacement of the payment of individual taxes and fees with the payment of a single tax in the manner and under the conditions determined by the Tax Code of Ukraine, with the simultaneous maintenance of simplified accounting and reporting (Podolianchuk, 2017).

Table 5.9

Factors affecting the choice of accounting form of economic entities

Factors	Characteristic
Legal status	The status of an individual entrepreneur does not require the preparation of financial and statistical reports, and the status of a joint-stock company requires the unconditional use of a full chart of accounts and does not allow the use of a simple and simplified form of accounting
Enterprise size	The area of agricultural land, livestock and poultry, etc
Income from entrepreneurial activity	A simple and simplified accounting form can be used by micro-enterprises and small enterprises
Variety of activities	Crop production, livestock production and their structure
The number of farm members	Number
Availability and number of hired workers	Average registered number
Relations with the taxation system	Tax system, exemption from certain taxes, reduction of tax rates, provision of tax benefits, etc
Relations with the State Statistics Service	List of forms of statistical reporting and their content
Content of financial statements	The content of financial statements requires the accumulation of information to fill in its articles, which affects the choice of accounting form
Qualification level	The level of qualification of managers and accounting personnel of the enterprise and their initiative, etc
Cost and quality of outsourcing	The cost and quality of outsourcing accounting services can be decisive when choosing it
Availability of technical equipment for management functions	Computer equipment, software products, office equipment, etc
Tactics and strategy of enterprise development	The purpose and tasks of the enterprise's long-term development, the use of expected investments, innovations, tactical approaches to solving future tasks
Receiving subsidies	The receipt of subsidies depends on the legal status of the enterprise

Source: (Len, Zotsenko, 2014)

The general system of taxation, accounting and reporting has a complex system of conducting business from the point of view of

accounting and reporting. However, it allows you to engage in any type of activity and there are no other restrictions inherent in the simplified taxation system. The general taxation system consists of a set of taxes and fees to the budget, which are calculated according to the procedure established by the laws of Ukraine (Podolianchuk, 2017).

Scientific studies confirm both the advantages and disadvantages of the specified taxation systems (Table 5.10).

Table 5.10

Advantages and disadvantages of the taxation system

The taxation system	Benefits	Disadvantages
General	lack of restrictions on the types of activities and the amount of income and the number of employees; a wider possibility of planning and optimization of taxation (as a result of the influence of the volume of expenditures on the tax base); the amount of income tax paid directly depends on the volume of income for the reporting period	complexity of administration (stricter requirements for record keeping and reporting); rather high tax burden, especially in the presence of employees, etc
Simplified	ease of charging a single tax; simplified record-keeping and relative simplicity of reporting; exemption from payment by the payer of a single tax, a number of taxes and mandatory payments; the costs of paying for the products of single tax payers-legal entities can be attributed to the costs of counterparties-payers of income tax	the tax base is the entire amount of revenue from the sale of products (goods, works, services), without deducting the costs of the enterprise

Source: (Podolianchuk, 2020)

The second issue of organization of accounting of a subject of small business-legal entity is the choice of the form of organization of accounting. The choice of form of accounting organization is influenced by: the size of the small business entity and the taxation system under which it operates. Instructions for choosing the form of

accounting organization are contained in the Law of Ukraine “On Accounting and Financial Reporting in Ukraine” (On Accounting and Financial Reporting in Ukraine, 1999) and the National Regulation (Standard) of Accounting (NP(S)BO) 25 “Simplified financial reporting» (Regulations (standard) of accounting 25 “Simplified financial reporting”, 2000).

Small enterprises of the agrarian sector keep accounting in accordance with (Podolyanchuk, Koval, Gudzenko, 2019):

1. Law of Ukraine “On Farming” dated 19.06.2003 No. 973-IV;
2. Law of Ukraine “On Accounting and Financial Reporting in Ukraine” dated July 16, 1999 No. 996-XIV;
3. Methodological recommendations on the organization and maintenance of accounting in peasant (farm) farms, approved by the order of the Ministry of Agrarian Policy of Ukraine dated July 2, 2001 No. 189;
4. Methodological recommendations on the use of accounting registers by small enterprises, approved by the order of the Ministry of Finance of Ukraine dated 06.25.2003 No. 422;
5. Farms that keep accounting on a general basis use methodological recommendations for the use of registers of the journal-order form of accounting for agricultural enterprises, approved by the order of the Ministry of Agrarian Policy of Ukraine dated 04.06.2009 No. 390;
6. Methodical recommendations on the use of accounting registers by small enterprises dated 15.06.2011 No. 720 are intended for keeping accounting registers by small business entities by legal entities that have the right to keep simplified records of income and expenses. Methodological recommendations No. 720 determine the system of registers, the procedure and method of registration and summarization of information in them without the use of double entry for the preparation of the Simplified financial report of a small business entity in the form according to Appendix 2 to NP(S)BO 25;
7. National regulation (standard) of accounting 25 “Simplified financial reporting”, approved by order of the Ministry of Finance of Ukraine dated February 25, 2000 No. 39;
8. National regulation (standard) of accounting 1 “General requirements for financial reporting”, approved by order of the Ministry of Finance of Ukraine dated February 7, 2013 No. 73.

Generalization of information about business operations by small enterprises can be carried out according to: journal, simple and simplified form of accounting.

The journal form of accounting provides for the formation of information in journals and information to them, on the basis of primary documents when they are received by the accounting department or based on the results for the month. This form of accounting is used only if the subject of a small business carries out complex production and it is material-intensive, which causes the display of a large number of economic transactions and calculations (Markus, 2020).

A simple form of accounting is recommended for use in small enterprises that perform a small number of economic operations during the month and do not produce products and work associated with large material costs. But it is mandatory to reflect economic transactions using the double-entry method (Markus, 2020).

A simplified form of accounting is used if the use of a simple form of accounting is impossible or at the discretion of the small business entity. The simplified accounting form allows you to display business transactions in two ways: without using double entry or with its use. It provides for the selection of one of the options for the composition of the registers offered for use by small business entities:

- application of accounting registers by small enterprises, approved by Order No. 422 of June 25, 2003. Methodical recommendations provide for the use of 1 journal and 5 pieces of information to it;

- regulated by methodological recommendations on the use of accounting registers by small enterprises, approved by Order No. 720 dated 15.06.2011, which provide that the form of accounting using property accounting registers provides for 4 journals and 5 records of accounting of economic transactions (Markus, 2020) .

Forms of accounting that can be chosen by farms are presented in Table 5.11.

All the above-mentioned forms of accounting and generalization of information can be presented in an automated data processing system (Markus, 2020).

The introduction of an automated form of accounting into the accounting process is connected with the replacement of paper information carriers with electronic ones with the provision of legal

force, in accordance with the Regulation on documentary support of records in accounting approved by the Order of the Ministry of Finance of Ukraine dated May 24, 1995 No. 88.

Table 5.11

Accounting forms approved in Ukraine

The name of methodological recommendations	Approved	Accounting forms	It is recommended for use
Methodical recommendations on the organization and management of accounting in farms	Order dated 02.07.2001 No. 189	Simple	Village (farming) households without the involvement of hired workers
		Simplified	Village (farming) farms with the involvement of hired workers
Methodological recommendations for the application of accounting registers by small enterprises	Order dated 25.06.2003 No. 422	Simple	Small businesses
		Simplified	Small businesses
Methodological recommendations on the use of accounting registers by small enterprises	Order No. 720 dated 15.06.2011	Simplified	Small enterprises that meet the requirements of Art. 156 LCU
Methodical recommendations on the application of accounting registers	Order dated 12/29/2000 No. 356	Journal order	Enterprises and organizations and other legal entities (except banks and budget institutions)
Methodical recommendations for the application of registers of the journal-order form of accounting for agricultural enterprises	Order dated 04.06.2009 No. 390	Journal order	Agricultural enterprises

Source: (Podolianchuk, 2020)

The automated (computerized) form of accounting is based on the complex use of high-speed electronic computing machines (ECMs), which provide an automated process of collecting, registering and processing accounting information necessary for control and management. However, in addition to the advantages, the automated

accounting system at the enterprise has a number of disadvantages, which include: problems of the general organization of business and accounting; high cost of implementing an automated accounting system; lack of perfect computer skills of the accountant of the enterprise, as well as other employees of the enterprise; computer unreliability (computer failure, software failure, viruses, improper use of a computer can cause the loss of valuable information) (Podolianchuk, 2017).

Currently, accounting in farms is conducted according to one of the selected forms (Fig. 5.2).

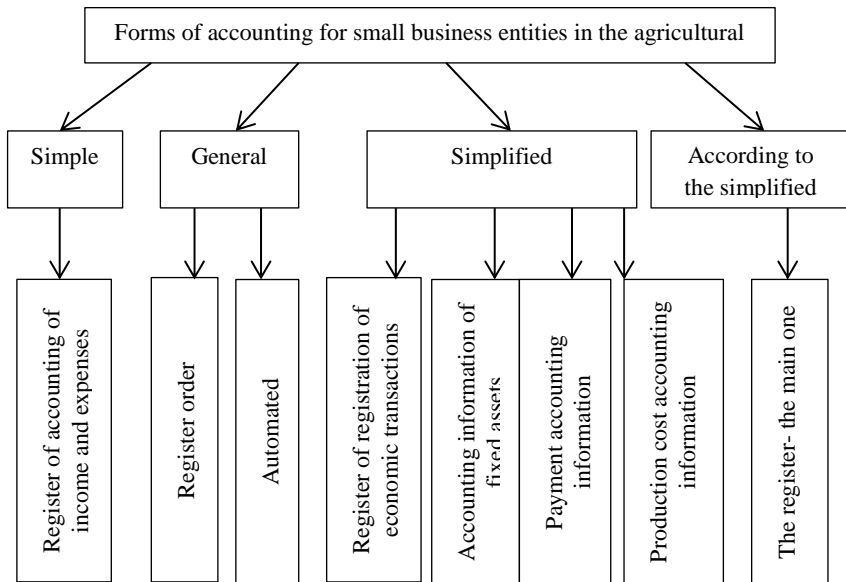


Fig. 5.2. Accounting forms in farms according to current legislation
 Source: summarized by the author

Regardless of the chosen form of accounting, all small business agrarian enterprises are required to confirm business operations with appropriate primary documents. At the same time, you can use both self-developed documents and approved forms, in particular, such as:

- specialized forms of primary documents for accounting for fixed assets and other non-current assets of agricultural enterprises, approved by the Order of the Ministry of Agriculture and Food dated

September 27, 2007 No. 701;

- specialized forms of primary documents for accounting of production stocks at agricultural enterprises, approved by Order No. 929 of the Ministry of Agrarian Policy and Food dated December 21, 2007;

- specialized forms of primary documents for accounting of long-term and current biological assets in agricultural enterprises, approved by the Order of the Ministry of Agricultural Policy and Food dated February 21, 2008 No. 73;

- specialized forms of primary documentation for fish farming entities in the field of aquaculture, approved by the Order of the Ministry of Agriculture and Food dated June 19, 2012 No. 362.

Taking into account the organization of the accounting system of individual small businesses, namely legal entities – payers of the uniform tax of group III and not registered as payers of value added tax, in accordance with the norms of tax legislation, they are given the right to keep simplified records of income and expenses. Accordingly, they have the right to generalize information in accounting registers without using double entry (Podolianchuk, 2020).

In practice, agricultural enterprises are guided by the recommendations developed for peasant (farming) farms approved in 2001 when organizing and keeping accounting records. However, today they are significantly outdated. Among the farms there are small business entities, as well as large and medium ones. It is worth noting that the norms of the Tax Code of Ukraine, which determine the classification of business entities by groups of payers of the simplified system of taxation, accounting and reporting, have a significant influence on the choice of accounting forms (Podolianchuk, 2020)

Financial reporting is prepared by all subjects of entrepreneurial activity – legal entities.

The following are included in the financial reporting of small business entities in the agricultural sector under the simplified taxation system (Regulations (standard) of accounting 25 “Simplified financial reporting”, 2000):

- 1) Financial report of a small business entity, which includes: f. No. 1 “Report on financial condition” and No. 2 “Report on financial results” provided for legal entities – small business entities recognized as such in accordance with the law;

2) Simplified financial report of a small business entity: f. No. 1 MS “Report on Financial Status” and No. 2 MS “Report on Financial Results” intended for small business entities – legal entities that keep simplified accounting records of income and expenses in accordance with tax legislation, and for entities small business – legal entities that meet the criteria of micro-business.

In accordance with the current accounting legislation, to ensure the management of accounting, management independently chooses the form of its organization:

- introducing the position of accountant to the farm staff or creating an accounting department headed by the chief accountant;
- using the services of an accounting specialist, registered as an entrepreneur, who carries out business activities without creating a legal entity;
- accounting by a centralized accounting department or auditing firm on a contractual basis;
- independent accounting and reporting directly by the owner or manager of the enterprise.

Considering the above, scientists consider the issue of outsourcing accounting services in farms.

The advantages of this form of accounting support have been confirmed at the level of small enterprises in the non-agricultural sector. At the same time, relatively small costs give the effect of professional accounting support, which includes consulting, keeping primary accounting documents, summarizing data in registers according to various classification features determined taking into account the individual approach to each farm, drawing up external reporting (financial, statistical, tax, other), monitoring compliance with taxation systems, monitoring access to international and state assistance programs for agricultural producers, as well as other services not prohibited by current legislation (Sadovska, Babich, Nagirska, 2019).

5.3. Outsourcing in the accounting system of small agrarian business enterprises

Subjects of small agrarian entrepreneurship are personal family farms, farms and small enterprises related to the production and processing of agricultural products. Also, in the domestic literature, a

separate term “small form of economy” (SFE) is used. According to scientists, these are subjects of entrepreneurial activity, which are characterized by a combination of the owner and the manager in one person, who assumes all financial, psychological and social risks in order to obtain profit or satisfy personal needs (Proshchalykina, Dudnyk, 2017).

Small businesses, especially farms, play an important role in the development of the agro-industrial complex of the developed countries of the world. Producing more than 50% of gross agricultural products, they are characterized by a high level of labor productivity, environmental friendliness of products, support of territorial ecosystems, etc. (Nazarkevych, 2014).

Due to their flexibility and mobility, they quickly respond to the needs of the market and look for the most optimal ways of using their own resources. There are more than 500 million family farms in the world, they control more than 70% of agricultural land and produce more than 80% of agricultural products (Proshchalykina, Dudnyk, 2017).

Small forms of business need specific support tools from the state due to the greater riskiness of their activities and more complex conditions of access to additional resources (Proshchalykina, Dudnyk, 2017).

It is worth noting that changes in the economic situation and the Tax Code of Ukraine in terms of the implementation of agricultural activities affected the situation of land use in rural areas. As a result, the owners of land shares more often began to cultivate their land plots on their own. However, the issue of record keeping became problematic for them. Therefore, it is currently relevant to work out the legal regulation of accounting outsourcing and directions for its application by small agricultural producers (Podolianchuk, 2019).

At the current stage, outsourcing is widespread in many areas of business. Outsourcing service providers (outsourcers) offer their services in the field of information technology, marketing, logistics, production of components, personnel management, accounting, legal support, administrative and economic services.

In the scientific literature, different positions regarding the interpretation of the concept of outsourcing are highlighted, which is caused by the lack of its normative and legal consolidation.

The term “outsourcing” is borrowed from the English language (out – external, source – source) and is translated as “using other people’s resources”.

According to the National Classifier of Ukraine “Classification of Types of Economic Activity” DK 009:2010, outsourcing is an agreement according to which the customer instructs the contractor to perform certain tasks, in particular, a part of the production process or the entire production process, provision of recruitment services, support functions. This approach to the definition characterizes its legal side. At the same time, the Law of Ukraine “On Accounting and Financial Reporting in Ukraine” defines, in addition to independent accounting, the possibility of engaging an accounting specialist or conducting accounting on a contractual basis by a centralized accounting department or auditing firm. This approach reveals the forms of organization of accounting at the enterprise and gives the right to consider accounting outsourcing (Podolianchuk, 2019).

In modern scientific works and dictionaries, the term “outsourcing” is interpreted in different ways:

- transfer of traditional non-key functions of the organization (such as, for example, accounting or advertising activities) to external performers – outsourcers, subcontractors, highly qualified specialists of a third-party company;

- rejection of own business process and purchase of services for the implementation of this business process in a third-party organization;

- a method of optimizing the activities of enterprises by focusing efforts on the main subject of activity and transferring non-core functions and corporate roles to external specialized companies;

- using a temporary employee without concluding an employment contract with him through the mediation of a specialized agency;

- the process of separation of functions traditional for enterprises of a certain industry or initially planned for independent performance outside the main enterprise;

- involving the resources of another company for the performance of specific secondary tasks, transfer of capacities (Podoliyanchuk, 2019).

We consider it appropriate to define that outsourcing is a service related to the performance of certain functions at the enterprise by

third-party specialists under the conditions of civil-law relations (Podolianchuk, 2019)

This definition makes it possible to claim that the essence of the service is taken into account in the definition of outsourcing (Table 5.12).

Table 5.12

Definition of the term service

Definition	Normative document
1	2
Service – the activity of the performer to provide (transfer) to the consumer a certain tangible or intangible good defined by the contract, which is carried out according to the individual order of the consumer to meet his personal needs	On the protection of consumer rights: Law of Ukraine No. 1023-XI of 12.05.1991
Service – reception and service of insured persons, persons who are registered with the Pension Fund bodies as pension recipients, persons entitled to the appointment of a pension, payment of burial benefits, insured persons or persons authorized by them in order to resolve the issue with which they apply to the bodies of the Pension Fund	On the organization of reception and service of persons applying to the bodies of the Pension Fund of Ukraine: Resolution of the Board of the Pension Fund of Ukraine No. 13-1 dated 07/30/2015.
Service – any activity (except production of goods and performance of works)	On the approval of the Regulation on the procedure for selecting persons who can perform work (provide services) to insolvent banks or banks that are being liquidated by the Individual Deposit Guarantee Fund: Decision of the Executive Directorate of the Individual Deposit Guarantee Fund No. 434 of March 28, 2016.
Service – provision of information (information) and/or documents in electronic form	On the approval of the procedure for the functioning of the Electronic Cabinet: Order of the Ministry of Finance of Ukraine No. 637 dated 14.07.2017
A service is an administrative service provided to an individual	On the approval of the procedure for registering individuals in the electronic queue for receiving administrative services provided by the State Migration Service of Ukraine: Order of the Ministry of

Continuation of table 5.12

1	2
	Internal Affairs of Ukraine No. 732 dated September 5, 2018.
Service – any operation that is not the supply of goods, or any other operation on the transfer of the right to objects of intellectual property rights and other intangible assets or the provision of other property rights in relation to such objects of intellectual property rights, as well as the provision of services that are consumed in the process of committing a certain action or carrying out a certain activity	LCU

Source: based on (Podoliyanchuk, 2021)

At the same time, we have the opportunity to distinguish the main differences between “outsourcing” and “service” (Table 5.13).

Table 5.13

Distinctive features of service outsourcing

A sign of difference	Outsourcing	Service
Deadline	Long term cooperation	One-time implementation
Purpose of implementation / execution	Transfer of part of the functions or activities (business processes) stipulated by the contract in order to improve the result	Carrying out certain actions within the framework of contractual obligations for the operation of the enterprise or the implementation of economic processes
Contractual obligations	The contract defines the transfer of functions or powers	The scope of work performed as a result of the service is defined in the contract

Source: based on (Podoliyanchuk, 2021)

Thus, as a result of outsourcing, a service (services) is provided, as a result of which obligations arise from two parties – business entities, the form of manifestation of which are the rights and obligations fixed in the contract, regarding the provided by one (the outsourcer) and the received by another (outsourcing customer) party (Podoliyanchuk, 2021).

Guided by the materials of the conducted research and using the idea of our own approach, we will form judgments about the nature of

the studied category through the relationship of essence, content and form of manifestation (Fig. 5.3).

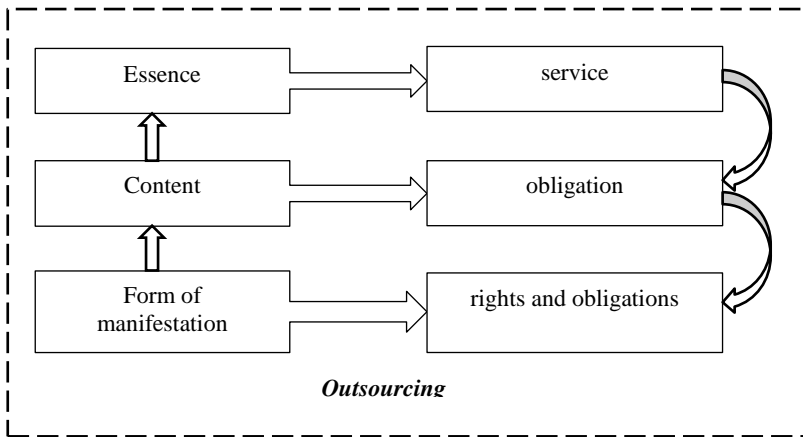


Fig. 5.3. Semantics of outsourcing as an economic category

Source: (Podoliyanchuk, 2021)

We believe that the peculiarity of outsourcing, unlike other types of services, is its long-term duration and the delegation of part of the authority, responsibility and transfer of risks regarding the processes and functions of the enterprise to specialized firms.

The most common types of outsourcing are accounting, legal, personnel, information technology, logistics and personnel outsourcing.

It is worth noting that there are no studies on the essence of accounting outsourcing in scientific works.

However, as noted by G. I. Lyakhovich, a significant part of enterprises transfers accounting functions to external entities, and the concept of “accounting outsourcing” is increasingly used to denote this process (Lyakhovich, 2016).

In our opinion, accounting outsourcing refers to the outsourcing of business processes.

Most domestic companies that provide outsourcing services perform the following types of work:

- preparation of accounting registers and tax accounting procedures in accordance with current legislation;
- preparation of Ukrainian mandatory quarterly reporting;

- preparation of statistical and financial reports;
- submission of reports to Ukrainian statistical authorities, social insurance authorities, pension fund and tax inspectorate;
- preparation of tax declarations, which must be prepared in accordance with domestic legislation;
- payroll services;
- accounting of fixed assets;
- keeping personnel records;
- keeping primary documentation;
- keeping warehouse records;
- comprehensive accounting service (Poplyuiko, 2011).

In order to understand whether the company needs outsourcing, it is necessary to analyze the current state of affairs of the company. First, analyze his financial situation, his place in the market; identify problems of business development; identify functions or tasks that can or should be optimized and determine their estimated scope (Momot, Smolyak, 2014).

Secondly, to understand what is more profitable – outsourcing or accounting by a “free” hired specialist. Knowing how much it costs the company to maintain the accounting department, knowing the planned load on this department and its functionality, you can choose several outsourcers and ask them to calculate approximately how much their services will cost you (Momot, Smolyak, 2014).

The essence of bookkeeping by a hired freelance accountant is that he may have questionable competence and experience, most often he simply does not delve into the specifics of the company’s activities. There is also no real possibility of monitoring the actions of such a specialist, which can lead to fines (Momot, Smolyak, 2014).

In contrast, accounting outsourcing is a form of interaction in which the outsourcing firm is fully included in all the customer’s work processes and functions as its accounting department, but at the same time legal independence is maintained between them. A specialized company, unlike an accountant or an accounting department, has the opportunity to enter into a contract of professional liability and provide civil legal guarantees of compensation in monetary form, unlike an employee – a natural person or an internal division of the company (Momot, Smolyak, 2014).

Outsourcing companies offer many options for cooperation,

including various options for exchanging information and documents. It can be the transfer of information using computer programs that can be developed by an outsourcing company for each client individually, it can be the actual transfer of documents by a courier, or the transfer of information and documents from external sources directly to an outsourcing or consulting company (Pysarchuk, Strukrva , 2010).

In general, the authors propose the following scheme of document flow and exchange of accounting information between outsourcing or consulting companies and customers of such services (Fig. 5.4).

Thus, the information flows presented in the diagram can generally characterize the following procedures:

- the enterprise receives primary information or documentation from the external environment, which is processed by the enterprise itself,

- according to the agreement, the receipt of some primary information or documentation is delegated to the outsourcing company bypassing the customer, i.e. primary information from the external environment comes directly to the outsourcing company;

- at the enterprise there is a continuous process of formation of primary information and documentation, which is used in accounting and is also transferred to the outsourcing company;

- transfer of primary information or documentation between the parties, reporting of the outsourcing company, as well as transfer of all documents, reports and other information processed by the company, which according to the law must be located at the company using computer equipment, a telephone line or a courier;

- all documents and information that came directly to the company from outside and from enterprises are subject to processing in accordance with the contract in the directions presented;

- as a separate item of outsourcing services, it is possible to highlight the improvement and restoration of accounting, both on the basis of the generalization of a certain “experience” of working with a specific enterprise, taking into account its specifics, and as a separate service;

- improvement and restoration of accounting is possible in all areas of activity. It can be both the processing of primary information and documentation, and the preparation of reports and reporting;

- the outsourcing company acts as a representative of the enterprise

for tax authorities (submitting reports, settling disputes, etc.), social insurance funds, banking institutions (making payments, etc.) (Pysarchuk, Strukrva, 2010).

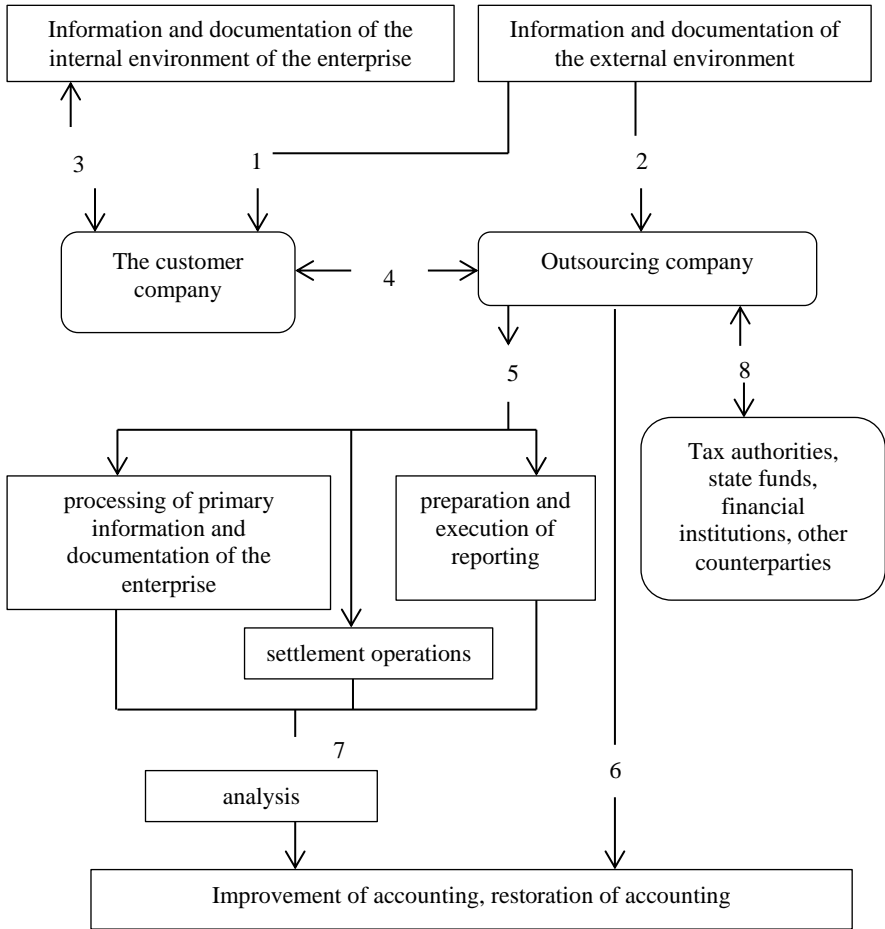


Fig. 5.4. Flow chart of information flows during outsourcing
 Source: (Pysarchuk, Strukrva, 2010)

The researches of scientists testify to distinguishing the characteristic features of accounting outsourcing:

- 1) accounting functions are transferred on a contractual basis to external executors;

2) the transferred business process is necessary for the full functioning of the enterprise;

3) external executors are professional companies specializing in accounting services;

4) the result of the transfer is an increase in the efficiency and competitiveness of the enterprise due to the concentration of efforts on its main activities and optimization of all types of resources (Lyakhovich, 2018).

Taking into account the above, we support the opinion that accounting outsourcing is a service for performing the functions of the accounting service with the involvement of competent external specialists (Podolianchuk, 2019).

A wide range of procedures and services provided by accounting outsourcing allows us to formulate certain advantages and disadvantages of its use by small business entities:

1 – advantages: qualified performance of functions of the accounting service and reduction of costs for its maintenance, improvement of quality characteristics of financial reporting, saving of labor resources;

2 – disadvantages: danger to confidential data, lack of regulatory regulation, risk of aggravation of cooperation, risk of bankruptcy of the outsourcing company (Podolyanchuk, 2019).

There is no doubt that under the condition of concluding an outsourcing contract, the subjects should be the customer and the executor. The customer is an enterprise that delegates certain business processes; in domestic practice, there is no special concept to designate this entity and a general one is used – customer enterprise or client enterprise (Lyakhovych, 2016).

The entity that undertakes certain business processes in accordance with the outsourcing agreement is the executor or, as it is often called, the outsourcer. In this case, the use of a special concept is justified, since it is widespread in domestic practice, and most importantly, it is necessary to explain certain types of outsourcing, in particular cross-sourcing, which will be described below. Outsourcers include auditing and consulting firms, specialized (outsourcing firms, accounting specialists, registered as natural persons – entrepreneurs, etc.) (Lyakhovich, 2016).

A natural person cannot be an outsourcer, because he, by virtue of

his legal status in relations that are economic or commercial, does not provide such a service. A natural person, in accordance with the norms of civil and economic legislation, is not a participant in economic relations, if he is not registered in accordance with the procedure established by law as a business entity, and therefore cannot have employees to conduct his activities: only a natural person has this right – an entrepreneur or a legal entity that is the subject of economic activity (Efimenko, 2014).

There is no accounting outsourcing model that is universal and suitable for all business entities. The final decision regarding the choice of a specific type of accounting outsourcing should be based on the analysis of all its varieties and taking into account those features that are suitable for a specific enterprise (Lyakhovich, 2018).

The conducted research makes it possible to offer farmers – subjects of small businesses to use the services of an outsourcing company for keeping records (Fig. 5.5).

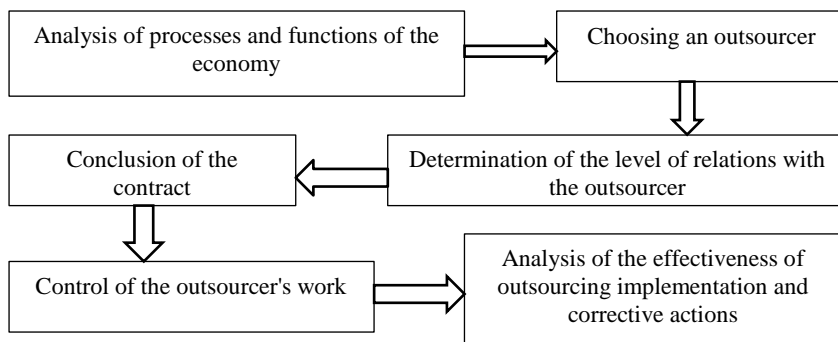


Fig. 5.5. Algorithm for making a decision on the use of outsourcing
 Source: author's development

The application of accounting outsourcing for the economy is a way to increase the efficiency of the business as a whole by reducing the costs associated with the commercial activity of the enterprise, finding the most optimal taxation regimes, and interacting with tax authorities and other authorities.

CONCLUSIONS TO CHAPTER 5

A small business is able to respond to market conditions most quickly and thus provide the market economy with the necessary mobility. This property of a small business becomes especially important in the conditions of martial law, when the business collapses due to the impossibility of conducting it.

Small agrarian business is one of the important elements of economic development during the war. This institute acts as a driving force for promoting and maintaining a competitive environment in the economic system both on the national and global markets. Small entrepreneurship in the agrarian sphere becomes a catalyst for economic development and food security of both the state and individual countries of the world. All this requires the state to create a more favorable environment for the functioning of small businesses in the agrarian sphere through the creation of an appropriate regulatory and legal framework, financial and investment policy, information and technical support and facilitation of logistics for the sale of grown products.

The rules of accounting by business entities are defined for each farm individually. Continuous registration of the facts of economic activity in the appropriate forms of primary documents in compliance with the requirements of the rules on documentary support of records in accounting is mandatory. For micro-enterprises, it is allowed to use a simplified accounting system without the use of double entry, however, with proper chronological and systematic display of business operations in recommended registers, books, and journals.

The conducted research gives an opportunity to express the opinion that the taxation system is an important factor influencing the construction of accounting in small enterprises of the agrarian sector. At the same time, the choice of accounting form depends on the size of the enterprise and the group of single tax payers.

Today's realities affect the activities of business entities and are associated with a decrease in profits, a decrease in employees, business closures and, as a result, changes in the business management system. The owners and managers of the agrarian sector have taken a course to optimize and reduce costs, which also affects the review of the activities of enterprises. Scientific research singles out one of the modern management tools – outsourcing, which gives the company

the opportunity to strengthen its competitive advantages on the market based on increasing the efficiency of business processes. Outsourcing has not yet become widespread in Ukraine. One of the main obstacles to the active implementation of accounting outsourcing at Ukrainian enterprises is the lack of definition of outsourcing processes and their legal regulation, control and responsibility for violations. Accounting outsourcing is gaining relevance, as evidenced by the field of services provided by outsourcing companies.

It is believed that the decision to switch to outsourcing should be preceded by a thorough justification of its expediency. However, small business entities in the field of agricultural production are interested in hiring a highly qualified specialist who has experience in the field of accounting, taxation, and control. Accounting outsourcing for a farmer who is “small” and inexperienced in the accounting process is necessary for building a high-quality accounting system, forming reliable indicators of financial reporting and finding optimal taxation regimes. With the help of modern technologies and the Internet, it is possible to receive outsourcing services.

In the context of the European integration vector, the issues of improving the domestic model of small business development, accounting and taxation systems should be considered taking into account the national interests of economic development. The fiscal orientation of accounting should be reoriented to the needs of the management system and quality information support of various user groups, including foreign investors. Legislation on accounting and taxation systems, opening and registration of small and micro enterprises needs to be changed. State support for the development of small business should be aimed at creating favorable tax conditions and a clear accounting system. To do this, it is necessary to: provide information and financial support for the process of business organization and the transition to international accounting standards; to organize a system of training of entrepreneurs and retraining of accountants; streamline mechanisms for protecting the rights of small businesses. The state will be able to receive significant benefits from the implementation of these measures in the form of improving the system of tax administration, increasing tax revenues, reducing “shadow transactions” and “tax carousels”.

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