

University of Security Management in Košice

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**ACCOUNTING FOR BUSINESS MANAGEMENT UNDER
THE CONDITIONS OF MARITAL STATE AND THE
RECOVERY OF THE NATIONAL ECONOMY OF UKRAINE**

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The materials of the monograph reflect the results of research carried out as part of the research work “Improvement of accounting and taxation of business entities in the conditions of modern concepts of management and global challenges” (state registration number: 0122U201989).

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PREFACE

Enterprises in modern business circumstances operate in conditions of uncertainty, especially when conducting business transactions related to settlements with counterparties. The economic activity of the enterprise is accompanied by the need to use, in addition to own capital, loan capital. Liabilities in the form of capital raised from external sources are considered a normal state of any enterprise, because they are the basis of relationships between economic entities.

In modern business conditions, the priority for the development of economic relations is the timely repayment of obligations. Violation of the terms of repayment of obligations reduces the solvency of economic entities, negatively affects the rhythmic functioning of enterprises, affects the financial results of operations, leads to a decrease in profitability. In view of this, the use of reliable, high-quality and adequate information on debt, which is formed in the accounting system, is of significant importance.

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 management concepts and risks of martial law in Ukraine.

The materials of the monograph reflect the results of research carried out as part of the research work “Improvement of accounting and taxation of business entities in the conditions of modern concepts of management and global challenges” (state registration number: 0122U201989).

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

ACCOUNTING SUPPORT OF MANAGEMENT COMMODITY DEBT OF ENTERPRISES

1.1. Receivables and payables in the enterprise settlement system: risks of cooperation with counterparties in wartime conditions

Merchandise operations are operations related to the storage of goods and their movement. That is, the enterprise's commodity operations include the process of purchasing goods, their storage, movement and further sale (Matiukha, Misaka, 2018).

At the current stage of the development of the Ukrainian economy, the state of settlements with debtors and creditors of Ukrainian enterprises is quite tense, which is manifested in significant amounts of debt and long terms of its repayment. Of course, this negatively affects the economic security of the enterprise. Indebtedness greatly affects the financial and property condition of the enterprise, especially the formation and use of its financial resources, cash flows, as it is a prerequisite or a consequence of the settlement relations of the enterprise with its counterparties (Chornenka, 2017).

It is an objective opinion that it is impossible to imagine any sphere of activity of the enterprise without making calculations. They arise in the process of buying and selling goods, providing services, as well as fulfilling various obligations. The state of these calculations at a certain moment is revealed through the amounts of receivables and payables, which has a great impact on the financial results of the enterprise and on economic activity in general. Thus, significant amounts of receivables lead to a decrease in the working capital of the enterprise, and this, in turn, leads to an increase in payables to suppliers, arrears for taxes and other payments (Myshko, 2022).

Scientists rightly point out that the occurrence of accounts receivable leads to the partial withdrawal of the company's current assets (and in some cases, when paying an advance, directly funds), which can lead to a lack of them for further operational activities – the purchase of material resources, the payment of wages, the payment of taxes and making other mandatory payments. In this case, the

¹ Podolianchuk O.A.

continuation of operational activity is impossible without the occurrence of accounts payable - to suppliers for the goods and material values received (works, services), employees, the budget, etc. On the other hand, the main source of repayment of operational payables (provided there is insufficient amount of cash) is monetary receivables, the liquidation of which makes it possible to release working capital for further business activities (Chornenka, 2017).

The development of business relations in market conditions significantly expands the number of users of accounting and reporting information. They are not only management employees directly related to entrepreneurship, but also external users of information who have a direct financial interest: banks – when making a decision on granting loans; suppliers – when concluding contracts for the supply of goods and material values; investors, founders, shareholders who are interested in the profitability of invested capital and the possibility of receiving profits (dividends). Funds are necessary to ensure the unity of production and circulation, mediate the change in the forms of movement of advanced capital from monetary to commodity, and from commodity to monetary. Cash in the cash register of the enterprise is formed from cash receipts for services rendered, goods sold or from other legal sources and available funds received from the bank for wages of a social nature and other needs, in cases established by law (Chornenka, 2017).

Settlements with debtors and creditors are related to incoming and outgoing financial flows. In connection with the existence of the problem of non-payments, the successful operation of the enterprise is possible under the condition of clear accounting of calculations (Chornenka, 2017).

The analysis of general and special literature shows that today there is no unambiguous interpretation of the term "calculations". The study of settlement relations in the historical aspect and from the perspective of the positions of various authors allows to get as close as possible to their economic essence and to single out specific proposals regarding the choice of optimal forms and methods of settlement with business partners, improvement of their accounting.

We support the opinion that settlements as the main tool for regulating market relations are important and require thorough research and clarification of the concept of "settlement" from various

points of view: economic, accounting, tax, banking, legal (Zharnikova, 2018).

After analyzing the legislative framework on issues of terminological apparatus, scientists will note that neither the Law of Ukraine "On Accounting and Financial Reporting in Ukraine" nor the Regulations (Standards) of Accounting (P(S)BO) specify the definition of the term "calculations". This situation is incomprehensible, because only in the Plan of accounts of assets, capital, liabilities and economic operations of enterprises and organizations there are 25 specialized accounts "Calculations with ...", located in two classes: class 3 "Funds, settlements and other assets" and class 6 "Current liabilities". It follows from this that calculations are one of the chief objects of accounting, and therefore, in our opinion, it is appropriate and necessary to regulate both the very term "calculations" and the criteria for their recognition, evaluation and display of a complete, true, and unbiased information about them (Zharnikova, 2018).

The Law of Ukraine "On Consumer Cooperation" (On Consumer Cooperation) provides for only cash settlement.

In contrast to this regulatory document, the Tax Code of Ukraine provides for the possibility of conducting barter operations and interprets the following definition: a barter (goods exchange) operation is an economic operation that provides for payments for goods (works, services) in non-monetary form... (Tax Code of Ukraine).

In the banking sphere, the concept of "settlement" is considered as a settlement system, which is a payment organization, participants of the settlement system and the relationships that arise between them regarding the settlement of currency values and financial instruments (Zharnikova, 2018).

However, a number of other legal acts such as the Civil Code (Article 1087), the Law of Ukraine "On Payment Systems and Fund Transfers in Ukraine" (Article 4.1), the Law of Ukraine "On Banks and Banking Activities" (Article 51) regulate only two forms of settlement: cash and non-cash.

The ambiguity of the use of the term "calculations" in the legislation of Ukraine is due, according to scientists, to the fact that the definition of calculations is quite often limited exclusively to the

monetary sphere, which cannot be considered correct.

The company's ability to fulfill all its obligations to counterparties in full is a guarantee of creating trusting and efficient partnership relations with them. The display of information about calculations in the reporting makes it possible to determine the degree of liquidity of the enterprise as of the reporting date, indicators of solvency, the degree of effectiveness of the credit policy implemented by the enterprise, indicators of financial stability of enterprises, which characterize the independence of the enterprise from external sources of financing (Spitsyna, Momot, Akimova, 2019).

The scientists opinion that the term "calculations" should be considered from two sides is important. On the one hand, these are settlements according to the agreement, according to which the parties repay their obligations using various means of payment, on the other hand, there are relations regarding money transfers through credit and banking institutions. As a rule, transfers of funds with the help of financial and credit institutions are separated into a separate sphere (Spitsyna, Momot, Akimova, 2019).

The objective opinion is that calculations are based on the movement of economic resources between different entities (Berzhanir, Berzhanir, Yaschuk, 2020).

If we characterize the interpretation of the concept of "calculations" from the standpoint of the system of relationships between legal entities and individuals, then, according to scientists, it involves the occurrence of calculations at the moment of practical fulfillment of legally formalized financial obligations during the implementation of commercial and non-commercial transactions (Dolbneva, Spodaryk, 2020).

At the same time, it is rightly stated in the studies that settlements between legal entities and individuals involve the emergence of obligations to pay taxes. According to clause 44.1 of Art. 44 of this Tax Code, for the purposes of taxation, taxpayers are required to keep records of income, expenses and other indicators related to the determination of objects of taxation and/or tax liabilities, based on primary documents, accounting registers, financial statements, other documents related to the calculation and payment of taxes and fees, the maintenance of which is provided for by legislation (Dolbneva, Spodaryk, 2020).

Studying the norms of tax legislation (Tax Code of Ukraine, 2010), the object of tax calculations in general should be the base and/or object of taxation and the taxpayer's tax obligations. The subject subject to tax is called the object of taxation.

Objects of taxation and objects related to taxation are property and actions in connection with which the taxpayer has obligations to pay taxes and fees. Such objects for each type of tax and fee are recognized in accordance with the relevant section of the Tax Code (Zharnikova, 2018).

Tax settlements are part of the sources of economic assets and form current liabilities, as they are expected to be repaid within one operating cycle or within twelve months from the date of drawing up the balance sheet (Zharnikova, 2018).

Relations between enterprises, organizations and institutions, as well as between them and the population, determined by the action of the market, have the character of monetary settlements. These relations are based on the use of money in its functions – means of circulation and means of payment. At the same time, the enterprise is a supplier for some and a buyer for others (Berzhanir, Berzhanir, Yashchuk, 2020).

In the legal category, the concept of “settlement” turns into the term “settlement legal relationship”, which details the circle of participants, their rights and obligations. Settlement legal relations are carried out between all participants and are aimed at achieving the fulfillment of certain obligations: first, for the debtor to pay the obligations; secondly, for the creditor – to receive funds in a timely manner and in full; thirdly, for the bank – to ensure the transfer of funds (Zharnikova, 2018).

From a legal point of view, the authors consider the calculation as a legal action, which is an element of the obligation of one of the parties to the contract, and can also be an element of a unilateral transaction (action of the issuing bank to make a payment under a letter of credit). The authors distinguish two main functions of calculations: carrying out a calculation and paying a creditor a certain amount of money to a specified account, it is also stated that calculations can be carried out for the purpose of crediting counterclaims, or can be directed to the transfer of funds (Zharnikova, 2018).

The settlement legal relationship arises as a result of the payer taking actions aimed at making a payment to the recipient, while the settlement legal relationship is characterized by the following features:

- the object is money, as a means of payment, that is, these legal relations are of a monetary nature;
- calculations are carried out when funds are available on the payer’s account or credit funds are available;
- mandatory participation of the banking institution, the payer and the recipient of funds;
- appear in the form of obligations that are fulfilled by implementing interconnected actions (Zharnikova, 2018).

Based on the research conducted on the economic, accounting, banking, and legal aspects of the theoretical foundations of calculations, scientists have classified and compared them according to the criteria of the essence of the concept, forms of manifestation, and forms of implementation, which are listed in Table 1.1.

Table 1.1

Comparison of the essence of “calculation” from different points of view

The criterion	Economic essence	Accounting entity	Tax essence	Banking essence	Legal essence
Essence of the concept	The payment	Determination of terms of payment	Accounting procedures are strictly regulated by the government	Payment for the purpose of full or partial repayment of a monetary liability	Cash flow
Manifestation forms	Relationships regarding repayment of obligations	Display of accounts receivable and accounts payable	Provision of information on assessment and payment of taxes to tax authorities	Carrying out calculations for currency values and financial instruments	Occurrence and repayment of obligations
Implementation forms		Accounting for the movement of financial flows	Base of taxation	Making payments only on the account owner’s instructions	Normative regulation of the form of settlements, securities

Source: (Zharnikova, 2018)

The data presented in the table represent the relationship between the demarcation and approaches to the economic interpretation of the

concept of “calculations” and the form of manifestation for the purposes of accounting and taxation, law, and banking. This requires a direct or indirect reflection in the accounting system of all component calculations relating to the object, subjects, forms of implementation and additional consequences of the implementation of calculations (Zharnikova, 2018).

A complex system of settlements between business entities leads to the emergence of two consolidated areas of settlements, which form the essence of the concept of “mutual settlements”: settlements with buyers and customers and settlements with suppliers and contractors.

Note that, in addition to the sale (consumption) of goods and services, the enterprise engages in economic relations with the state, staff and owners (Fig. 1.1).

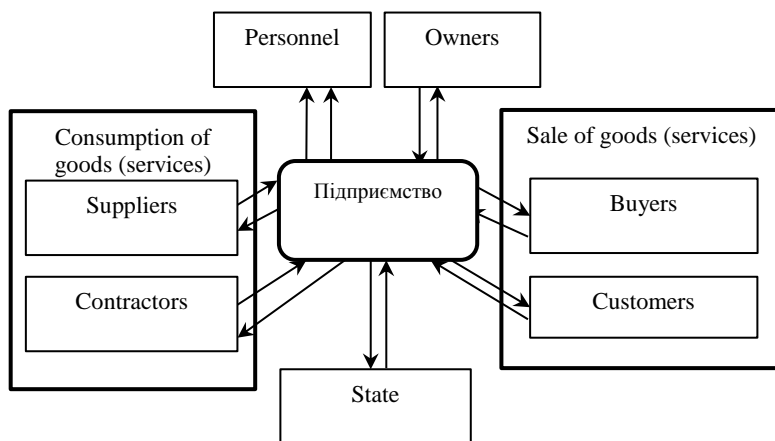


Fig. 1.1. The system of agency relations, which forms the essence of mutual settlements of the enterprise

Source: (Ruzhytskyy, Tomchyshen, 2012)

Let’s briefly present the essence of each of the components of the system of mutual settlements of the enterprise, which is characterized by scientists.

Buyers are individuals or legal entities who will purchase goods (works, services). Customers are parties to a contract based on whose order specific products are manufactured, services are provided, and work is performed by another party to the contract (Ishchenko, Podolianchuk, Koval, 2020).

A customer is a subject of contractual relations who pre-orders assets/services, enters into a written contract for their production/delivery, monitors the execution of the order and acquires ownership of the assets/services on the terms specified in the contract (Kruchak, 2016) .

Suppliers are economic units and individuals that provide the firm and its competitors with material resources necessary for the production of specific goods and services (Belozertsev, Khudyakova, 2019).

Contractors are specialized enterprises or natural persons who perform construction and installation work during the construction of objects on the basis of subcontracts for capital construction (Gaydarzhyska, Popovich, Krombet, 2018.).

According to scientists, the approach to the concept of “settlement” should be considered as the state of monetary relations in terms of “debtor-creditor”, which is more justified, since when considering the concept of “settlement with buyers and conspirators” as the process of receiving payment for works or services by the enterprise, the duration calculations is equal to the duration of the settlement operation, at the same time, for example, the concept of a problem in mutual settlements is used in the literature not in the sense of problems in the settlement operation, but in the sense of obtaining the counterparty’s consent to the specified operation. Therefore, with the first of the two above-mentioned approaches to the essence of the concept of “calculations”, it is more appropriate to use the term “implementation of settlement operations” (Ruzhytsky, Tomchyshen, 2022).

National regulation (standard) of accounting (NR(S)A) 10 “Accounts receivable” interprets the content of accounts receivable as the amount owed by debtors to the enterprise on a certain date. At the same time, debtors are legal entities and individuals who, as a result of past events, owe the company certain amounts of cash, their equivalents, or other assets. According to (NR(S)A), receivables are determined by an asset if its amount can be reliably determined and there is a probability of receiving future economic benefits (National accounting regulation (standard) 10 “Receivables”).

As for accounts payable, it is considered as a liability. According to the Law of Ukraine “On Accounting and Financial Reporting in Ukraine”, a liability is an enterprise’s debt that arose as a result of past

events and the repayment of which in the future is expected to lead to a decrease in the enterprise's resources, embodying economic benefits (About accounting and financial reporting in Ukraine: Law of Ukraine).

According to accounting regulation (standard) 11 "Liabilities", current liabilities are liabilities that will be repaid during the operating cycle of the enterprise or must be repaid within twelve months starting from the balance sheet date (National regulation (standard) of accounting accounting 15 "Income").

Due to the fact that scientists use different categories, concepts and terms, namely: obligations, debt, calculations; short-term and current liabilities, etc., scientists propose to distinguish the categories of "liabilities", "debts", "accounts" and consider them from three points of view – on legal, economic, accounting grounds (Berzhanir, Berzhanir, Yashchuk, 2020).

First, from a legal standpoint: obligations are civil legal relations where one party (the debtor) is obliged to perform a certain action or refrain from this action for the benefit of the other party (the creditor), and the creditor has the right to demand from the debtor the fulfillment of his obligations 'Yazan; indebtedness – debt obligations; settlements are a type of civil relations that arise as a result of the payer taking actions aimed at making a payment for the benefit of another person (Berzhanir, Berzhanir, Yashchuk, 2020).

Secondly, according to the economic essence: liabilities – the organization's obligations to counterparties should be considered as items of its income, and the obligations of counterparties to the organization – as items of its expenses; debt – monetary sums that are due but not paid; settlements – monetary relations that arise between organizations for commercial and non-commercial transactions (Berzhanir, Berzhanir, Yashchuk, 2020).

Thirdly, according to the accounting essence: liabilities are debts of the enterprise that arose as a result of past events, the repayment of which in the future is expected to lead to a decrease in the resources of the enterprise, embodying economic benefits; debt – the amount of debts belonging to the firm (society, company, etc.), from individuals or legal entities, which arose in the course of economic relations with them; settlements – settlements for commodity transactions – non-cash settlements for commodity values, works performed and services

provided by checks, letters of credit or other settlement documents; and settlements for non-commodity transactions – non-cash settlements related to the budget and social and state insurance bodies, etc. (Berzhanir, Berzhanir, Yaschuk, 2020).

If we consider the definition of “liability” given in the Law of Ukraine “On Accounting and Financial Reporting in Ukraine”, a liability is an enterprise’s debt that arose as a result of past events and the repayment of which in the future is expected to lead to a decrease in resources enterprises embodying economic benefits, then this definition in terms of content reveals the essence of the economic and legal category under study. Given the fact that accounting (when evaluating and recognizing objects in accounting) is based on legal, namely contractual norms, accounting and legal interpretation should be taken into account when building an accounting system (Kudlaeva, Flora, 2018).

In this case, in order to increase the relevance of the information system data of the enterprise, the following definition of the economic category “liability of the enterprise” can be singled out based on the symbiosis of existing interpretations: a liability is a debt recognized by the debtor, which will be repaid to the creditor as a result of taking a number of actions to reduce assets or an increase in liabilities and has a temporal determination for reporting periods (Kudlaeva, Flora, 2018).

The legal interpretation of the company’s obligations makes it possible to determine the parties interacting as a debtor and a creditor, and most importantly – the conditions for the implementation of legal relations, which in accounting will be reflected in the monetary meter for the performed economic transactions. A positive phenomenon is the regulation of giving such legal force legal force in the form of a contract. However, the information system of the enterprise, which would be based only on the legal interpretation of the obligations of the ball, would be limited to data on the periods of their occurrence and repayment (because information on the actual receipt of assets and obligations that arise in such a case is valuable). That is, in the accounting system, the concluded contract is not an economic transaction, but only a fact of economic life, which can become an economic transaction in the event of an impact on the composition of economic resources and sources of their formation (Kudlaeva, Flora,

2018).

The desire of enterprises to increase sales volume and expand the circle of buyers and customers leads to the need to sell goods, products, works or services on credit. An increase in the terms of deferred payment leads to an increase in sales volumes and, as a result, an increase in the amount of profit. But along with an increase in profits, there is an increase in the probability of bad debt growth, a deficit of working capital and an increase in the cost of attracting funds to finance current operating activities, which causes a decrease in profits.

Insufficient systematization of the large number and variety of types of company calculations prevent a clear determination of their impact on changes in the structure and composition of the balance sheet, which, in turn, will affect the results of the company's activities. Therefore, the scientifically based allocation of classification features is an important step towards obtaining sufficient analytical information, since each type of accounting operations corresponds to its own system of accounting display, methods of evaluation, provision, economic analysis, the need (or not) of discounting, economic control and management, etc. (Vasilieva, Chepets, 2013).

Scientists rightly point out that the occurrence of accounts receivable leads to the partial withdrawal of the company's current assets (and in some cases, when paying an advance, directly funds), which can lead to a lack of them for further operational activities – the purchase of material resources, the payment of wages, the payment of taxes and making other mandatory payments. In this case, the continuation of operational activity is impossible without the occurrence of accounts payable – to suppliers for the goods and material values received (works, services), employees, the budget, etc. On the other hand, the main source of repayment of operational payables (provided there is insufficient amount of funds) is monetary receivables, the liquidation of which makes it possible to release working capital for further business activities (Chornenka, 2017).

The development of business relations in market conditions significantly expands the circle of users of accounting and reporting information. They are not only managerial employees who are directly related to entrepreneurship, but also external users of information who have a direct financial interest: banks – when making a decision on

granting loans; suppliers – when concluding contracts for the supply of goods; investors, founders, shareholders who are interested in the profitability of invested capital and the possibility of obtaining profit (dividends). Funds are necessary to ensure the unity of production and circulation, they mediate the change in the forms of movement of advanced capital from monetary to commodity, from commodity to monetary. Cash in the company’s cash register is formed due to cash receipts for services provided, goods sold or from other legal sources and free funds received from the bank for payment of labor of a social nature and other needs, in cases established by legislation (Chornenka, 2017).

Settlements with debtors and creditors are related to incoming and outgoing financial flows. In connection with the existence of the problem of non-payments, the successful operation of the enterprise is possible under the condition of clear accounting (Chornenka, 2017).

Settlements with debtors and creditors are related to incoming and outgoing financial flows. The state of these calculations at a certain moment in time is revealed through the amounts of receivables and payables at that moment. Thus, the accounting of settlements with debtors and creditors consists in determining the amounts of receivables and payables of the enterprise, evaluating and classifying them for reflection in financial statements (Ovchynnikova, 2020).

The most general classification of receivables and payables by maturity is their division into long-term and current. Table 1.2 shows the classification of settlements with counterparties.

Table 1.2

Classification of settlements with counterparties

A classification feature	Type of calculations
According to the method of economic grouping in accounting	with buyers and customers
	with suppliers and contractors
	3 with different debtors and creditors
According to the form	monetary (cash, non-cash)
	non-monetary (reciprocal settlement)
According to the category of counterparties	with individuals
	with legal entities
	with the state

Source: (Ovchynnikova, 2020)

Another classification of calculations as an object of accounting, analysis and audit is presented in Table 1.3.

Table 1.3

Classification of calculations as an object of accounting, analysis and audit

A classification feature	Species
Depending on the participants in the settlement relationship	- accounts receivable; - creditor's office
According to the maturity date	- long-term; - short-term (current); - the current part of long-term debt
According to national characteristics	- debt of domestic debtors and creditors; - debts of foreign debtors and creditors
According to the probability of repayment	- normal; - questionable; - hopeless.
According to the terms of payment	- debt, the due date of which has not arrived; - past due debt; - deferred debt
By insurance	- secured (insurance contract, pledge, guarantee, promissory note); - unsecured

Source: (Liubar, 2020)

The variety of settlement transactions of a business entity makes it necessary to classify them according to the following features:

1. Depending on the focus of calculations:
 - internal;
 - external
2. Depending on the settlement counterparty:
 - settlements with suppliers and contractors;
 - settlements with buyers and customers;
 - settlements with various debtors and creditors;
 - settlements with the budget and extrabudgetary funds;
 - settlement of loans;
 - settlements with personnel (from wages and other operations);
 - settlements with accountable persons;
 - settlements with participants and founders;
 - intra-household calculations.
3. Depending on the form of settlement:
 - cash;
 - non-cash.
4. Depending on the nature of the operations for which calculations

are made:

- settlements for commodity transactions;
- calculations for non-commodity transactions (Berzhanir, Berzhanir, Yashchuk, 2020).

For accounting purposes, we must take into account the following classification of settlements: depending on the participants of the settlement operations, according to the terms of repayment, according to the national character, according to the probability of repayment, according to the terms of payment, according to security (Fig. 1.2).

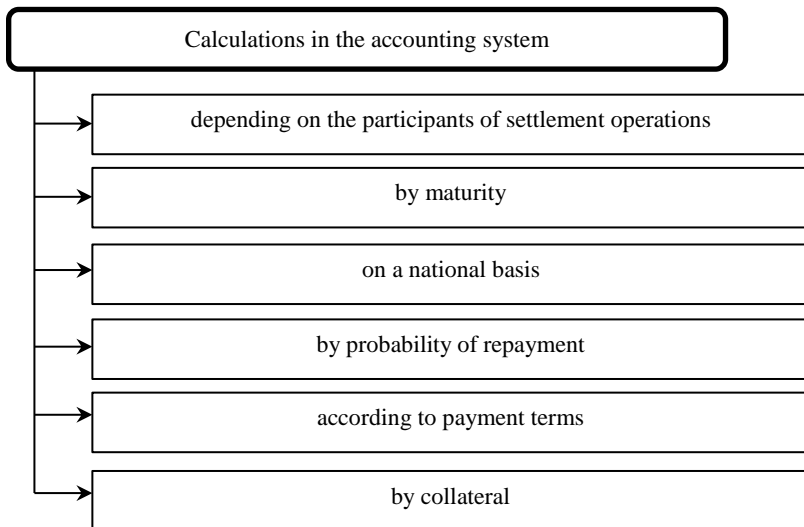


Fig. 1.2. Classification of calculations for accounting purposes

Source: author's interpretation

This approach makes it possible to clearly outline the accounting objects according to the company's calculations.

Among all the variety of subjects of settlement relationships, a special place in terms of the size, frequency and complexity of debt obligations belongs to economic subjects, namely organizations, enterprises, banks, investment, insurance companies and other institutions that carry out entrepreneurial activities (Potrivaeva, Parakonna, 2016).

The external environment of enterprises is becoming more and more complex: it is characterized by tough competitive pressure, rapid

pace of innovative development and growing consumer demands. It is appropriate to state that the external environment is changing rapidly and this dynamic is becoming more and more difficult to take into account (Batchenko, Honchar, Pasichnyk, 2022).

The emergence of receivables and payables is an objective process. Its presence, size and composition ambiguously affect the results of the enterprise's economic activity, as they have both positive and negative features (Table 1.4).

Table 1.4

Advantages and disadvantages of receivables and payables of the enterprise

The direction of impact	Accounts receivable	Creditors' debt
Positive impact on the company's activities	<ul style="list-style-type: none"> - stimulation of volume increase sales; - establishment of stable and long-term relationships with buyers; - formation of a competitive assortment of goods; - accelerating the sale of stocks and a corresponding reduction in costs from them maintenance, etc. 	<ul style="list-style-type: none"> - additional financing of working capital and increasing economic potential; - obtaining additional profit; - reduction of engagement costs capital; - reducing the risk of losses from inflation etc.
Negative impact on the company's activities	<ul style="list-style-type: none"> - withdrawal of funds from circulation; - occurrence of management costs accounts receivable; - the occurrence of the risk of non-return, losses from inflation and decrease in profit, etc. 	<ul style="list-style-type: none"> - increasing the amount of liabilities; - the occurrence of losses from not receiving discounts on products, purchased goods and services; - risk of loss of solvency and financial stability, etc.

Source: (Khokhlov, Kornienko, 2017)

It is a valid opinion that a high share of receivables in assets and payables in liabilities affects the financial condition, level of solvency and financial stability of the enterprise, which determines the necessity and significance of their management (Khokhlov, Kornienko, 2017).

Unfortunately, most domestic enterprises “intuitively” make decisions regarding the creation and repayment of debt, and there are cases when the enterprise lacks a permanent and well-founded policy on this issue. This can lead to financial losses or not receiving part of the profit. The largest part of accounts receivable is the debt of buyers

for goods shipped to them and services provided, and accounts payable accounts for settlements with suppliers and contractors. That is why the settlement management policy should first of all be aimed at optimizing the size and expanding the volume of sales of products and services and their timely repayment (Spitsyna, Momot, Akimova, 2019).

Products shipped to customers, services provided and work performed to customers whose payment deadline has not arrived or advance payment for the supply of goods (performance of work, provision of services) has not arrived are ordinary receivables (with a high level of probability of repayment).) (Chornenka, 2017).

At the same time, as stated in scientific studies, the receivables of the enterprise due to providing buyers with the possibility of delaying payment, on the one hand, enables its managers to implement an effective marketing policy, expand sales of products, increase the volume of its sales, and on the other hand, it causes the withdrawal of part of the funds from circulation and the occurrence of risks of receiving losses in connection with the occurrence of bad debts. A significant specific weight of doubtful and hopeless receivables indicates a deterioration of its quality, leads to a decrease in liquidity, financial stability and increases the risk of financial losses of the enterprise, reduces the level of its economic security (Chornenka, 2017).

As for accounts payable, it is a source of temporary free raising of working capital of other subjects of the market economy, but it is also a source of some financial risks for the enterprise:

- the postponement of repayment of payables may have negative consequences in the form of financial sanctions imposed on the enterprise in accordance with regulatory and legal documents (in case of arrears in payment of taxes or other mandatory payments) or in accordance with the terms of contractual relations;

- an increase in the amount of payables leads to a decrease in the level of financial independence of the enterprise and worsens its economic security (Chornenka, 2017).

We support the opinion of scientists that debt has both a negative and a positive effect on the activity of the enterprise and its financial and property status. Therefore, the main goal of enterprise debt management is not to avoid it (this, by the way, is impossible), but to

reduce its value to the optimal level, which is determined by the features of the enterprise's operating environment, its financial and property structure. the state and strategy of further development, as well as achieving the balance of receivables and payables and the maximum level of their turnover to ensure profitable operation of the enterprise.

It is well established in the economic literature that the management of receivables and payables involves:

- 1) substantiation of the possibility of receivables and payables;
- 2) determination of the policy of granting credit and collection for different groups of buyers (suppliers) and types of products;
- 3) analysis and ranking of buyers (suppliers) depending on the volume of purchases, history of credit relations and proposed terms of payment;
- 4) control of settlements with debtors (creditors) for deferred or overdue debt and study of reasons for non-compliance with contractual discipline;
- 5) timely determination of techniques for accelerating the circulation of current assets and reducing bad debts;
- 6) provision of sales conditions that guarantee the receipt of funds;
- 7) forecast of cash receipts from debtors based on collection ratios (Khokhlov, Kornienko, 2017).

Taking into account the set goal and based on the processed materials of scientific sources, the following main tasks of enterprise debt management can be distinguished:

- 1) promoting the growth of sales volumes. Undoubtedly, giving buyers the possibility to postpone payment or commercial credit has a positive effect on the growth of the company's sales volume, as it makes it possible to attract not only those buyers who can pay for the purchased products, but also those who at a specific moment in time do not have a sufficient amount of working capital for purchase of the company's products, but demand for them is detected;
- 2) increasing the level of competitiveness of the enterprise. Considering the limitation of financial resources, which is inherent both to each individual business entity and to the economy in general, providing buyers with the possibility of delaying payment is a significant competitive advantage for the seller company;

3) satisfaction of the needs of material and technical support of the company's activities in conditions of shortage of working capital. If there is not the required amount of money for the purchase of resources necessary for production and economic activity, the management has to provide material and technical support on the terms of post-payment, the consequence of which is the appearance of accounts payable;

4) ensuring timely debt repayment. Thanks to the timely repayment of the debt, you can avoid the risks of its transformation into dubious and hopeless;

5) minimization of financial risks of the enterprise. Effective debt management will make it possible to avoid such negative phenomena as the occurrence of bad debts, the increase in the level of financial dependence of the enterprise, the appearance of a shortage of funds in connection with the withdrawal from circulation of a significant share of current assets in the form of receivables, fines for late payments, etc.;

6) minimization of profit losses due to withdrawal from circulation of funds accumulated in receivables. This is due both to the fact that funds in receivables do not participate in economic turnover and do not bring profit, and to the possibility of obtaining profit from their alternative investment;

7) minimization of losses from inflationary processes. In the conditions of inflation, the value of monetary debt decreases, while non-monetary debt makes it possible to protect the company's assets from depreciation. Under such conditions, it is advisable for the management of the enterprise to take measures to minimize monetary receivables and non-monetary payables;

8) ensuring the balance of receivables and payables, normal levels of their turnover, etc. The excess of receivables leads to a decrease in the financial stability of the enterprise and requires the involvement of additional sources of financing. In case of exceeding payables, the threat of insolvency of the enterprise is created (Chornenka, 2017).

According to the results of the conducted research of receivables and payables, scientists suggest:

1) constantly monitor the ratio of receivables and payables. A significant excess of payables creates a threat of the presence of large debts of the enterprise, its insolvency;

2) monitor the status of payments for overdue debts. In the conditions of inflation, any delay in payment leads to the fact that the company actually receives only a part of the cost of the work performed. Therefore, it is necessary to expand the system of advance payments;

3) timely identify unacceptable types of receivables and payables, which, first of all, include overdue debts to suppliers, overdue debts to buyers for more than three months, overdue debts for wages and payments to the budget, extrabudgetary funds (Kostenko, Savchenko, Skoryk, 2022).

The main methods of managing receivables and payables are:

1) analysis of orders, execution of calculations and determination of the nature of receivables and payables;

2) analysis of debt by types of products to determine unprofitable goods from the point of view of collection;

3) assessment of the real value of existing receivables and payables;

4) reduction of receivables by the amount of bad debts;

5) control over the ratio of receivables and payables;

6) determination of specific amounts of discounts for early payment;

7) assessment of the possibility of factoring – sale of receivables (Khokhlov, Kornienko, 2017).

Organization of accounting, analysis and, on their basis, effective management of settlements with debtors and creditors is of strategic importance for business entities. The results of this process affect the financial stability, the tax base of the enterprise, the formation of income and expenses and, as a result, the achievement of strategic goals of its development in market conditions and ensuring competitiveness and profitability of economic activity (Kostenko, Savchenko, Skoryk, 2022).

Accounting and analysis of receivables and payables is one of the key tasks in solving problems occurring in the current management of the enterprise, including from the standpoint of the optimal ratio between liquidity and profitability. The current stage of the country's economic development is characterized by a significant slowdown in payment turnover, which causes an increase in the amount of receivables and payables at enterprises (Kostenko, Savchenko,

Skoryk, 2022).

In connection with the aggression of the Russian Federation against Ukraine, settlements with many counterparties for operations started and not completed until February 24, 2022, turned out to be problematic. Some economic entities suspended their activities because they found themselves in the zone of active hostilities or in the occupied territory, lost personnel and means of production, others have a difficult financial situation due to changes in market needs. In addition, relations with business entities residing in Russia and Belarus have generally become illegitimate.

In accordance with the Law of Ukraine “On Ensuring the Rights and Freedoms of Citizens and the Legal Regime in the Temporarily Occupied Territory of Ukraine”, economic activity by legal entities, natural persons-entrepreneurs or self-employed persons who have a registered location or place of residence in the occupied territory is permitted only under the conditions changing their location (place of residence) to another territory of Ukraine. Moreover, all transactions involving such persons before the change of address are null and void, that is, they have no legal force from the moment of their execution (On ensuring the rights and freedoms of citizens and the legal regime in the temporarily occupied territory of Ukraine: Law of Ukraine).

In other words, it is not possible to conduct business with such business entities. Any responsibility in the form of fines or what is not established. At the same time, during a tax audit, such business operations may be recognized as tax-free with all the following consequences regarding additional taxes and fines for non-payment.

Thus, if a potential counterparty is located in the occupied territory, require its re-registration before entering into contracts. If the contract has already been concluded, demand this before signing the acts of completed works, deliveries, etc.

To date, state registrars have resumed work, so changing the location should not cause problems. Similarly, natural persons-entrepreneurs can change their tax address to the address of an internally displaced person without the requirement to register their place of residence.

It is also practically impossible to cooperate with Ukrainian legal entities, beneficiaries, members or participants of which are the Russian Federation, its citizens or legal entities.

The criteria used to establish a person's connection with Russia are as follows:

- a natural person who is a citizen of the Russian Federation (the exception is those who live in Ukraine, having legal grounds for this);
- a legal entity of the Russian Federation, that is, those created under the legislation of the Russian Federation, for example, enterprises from the aggressor country;
- a legal entity of Ukraine, but its ultimate beneficiary, owner, member (shareholder) is a person from the Russian Federation (individual, legal entity, state of the Russian Federation) who has a share in the authorized capital of 10% or more.

Thus, the concept of a person related to the aggressor state, i.e. Russia, can include various counterparties with whom economic transactions have been conducted or are still being conducted, for example, the purchase and sale of goods, the rental of premises, the provision of certain services.

A certain gap for cooperation remains only for those Ukrainian legal entities in which citizens or legal entities from the Russian Federation own a share (shares) in the authorized capital of less than 10% (On ensuring the protection of national interests in future lawsuits of the state of Ukraine in connection with aggression of the Russian Federation: Resolution of the Cabinet of Ministers).

Therefore, when concluding contracts with counterparties, it is necessary to take into account who are their participants (shareholders). If such participants (shareholders) are citizens or legal entities from the Russian Federation, such cooperation is possible only if their share (shares) in the authorized capital is less than 10%. At the same time, it is necessary to take into account when it comes to beneficial ownership of a legal entity, i.e. when subjects of the Russian Federation do not directly own shares (shares) in the authorized capital of a Ukrainian legal entity, but at the same time are the ultimate beneficial owner, then to cooperate with such a Ukrainian company prohibited.

As for the Republic of Belarus, it is not considered an aggressor state, therefore restrictions and prohibitions against it exist only in the field of currency transactions. For example, it is a ban on currency transactions using Belarusian rubles and Belarusian payment cards. It turns out that the restrictions in Belarus, although not so strict, but

having concluded a direct contract with a counterparty from Belarus, it will be difficult to settle on it – direct settlements are not possible. In addition, there are international bans on SWIFT payments, Western Union, etc. Unless between certain intermediaries, but this increases the cost of such transactions. At the same time, such cooperation will cost Ukrainian business entities their reputation.

1.2. Accounting and taxation of settlements with debtors and creditors

Indebtedness is an objective phenomenon in the economy that arises in the course of business relations between its subjects. Given the limited financial resources, it has a direct impact on the financial and property status of the enterprise and the results of its operation (Belozertsev, Khudyakova, 2019).

When shipping manufactured products (goods, works, services), enterprises, as a rule, do not receive payment immediately, that is, crediting the buyer takes place. During the period from the moment of shipment of products to the moment of receipt of payment, the company's assets are in the form of accounts receivable. Accounts receivable for products, goods, works, services in accordance with national regulation (standard) of accounting 10 are credited to the balance sheet (recognized in the accounting) simultaneously with the recognition of income. Thus, in order to recognize current receivables for products, it is necessary that the following criteria for recognition of income be met (item 8): the risks and benefits associated with the ownership of products (goods, other asset) have been transferred to the buyer; the enterprise does not continue to manage and control the products sold (goods, other assets); the amount of income (revenue) can be reliably determined; there is certainty that as a result of the transaction there will be an increase in the economic benefits of the enterprise, and the costs associated with this transaction can be reliably determined (National accounting regulation (standard) 10 "Accounts receivable").

Given the lack of a single approach to defining the essence of the concept of "receivables", it is appropriate to provide its interpretation (Table 1.5).

The classification of receivables according to the National Regulation (standard) of accounting 10 is presented in Fig. 1.3.

Table 1.5

Interpretation of the concept of “receivables” by different scientists

No.	Author	Interpretation of the concept of “receivable arrears”	Keywords
1	Matitsyna N.O.	The extent of the inability of the subject of entrepreneurial activity to fulfill monetary obligations to the enterprise after the deadline established by the contract.	Inability to fulfill monetary obligations to the enterprise
2	Bilyk M.D.	Material resources not paid by counterparties or cash withdrawn from the enterprise	Material resources not paid by counterparties
3	Gunya V.O.	One of the most important components of the enterprise’s credit activity, one of the elements for calculating its performance indicators	The most important component of credit activity
4	Ivanov E.O.	Debt rights of buyers	Debt rights of buyers
5	Bilyk I.	A financial asset that is a contractual right to receive cash or securities from another enterprise is recognized as an asset when the enterprise becomes a party to the contract and, as a result, has the legal right to receive cash	Financial asset
6	Khokhlov M.P., Kornienko O.S.	The amount of funds accrued to the enterprise from buyers for goods or services sold on credit.	Cash

Source: (Khokhlov, Kornienko, 2017)

Accounts receivable are reflected in the financial statements as part of the company’s assets, because it is a component of all the company’s property and belongs to it, but it is owned by other business entities and in the future such debt must be repaid by debtors with cash or the supply of goods according to the terms determined by the agreements contracts (National Regulation (standard) of accounting 10).

Accounts receivable for goods, works, and services is recognized as an asset at the same time as income from sales is recognized and is valued at the initial cost, which is equal to the fair value (contract value) (NR(S)A 10).

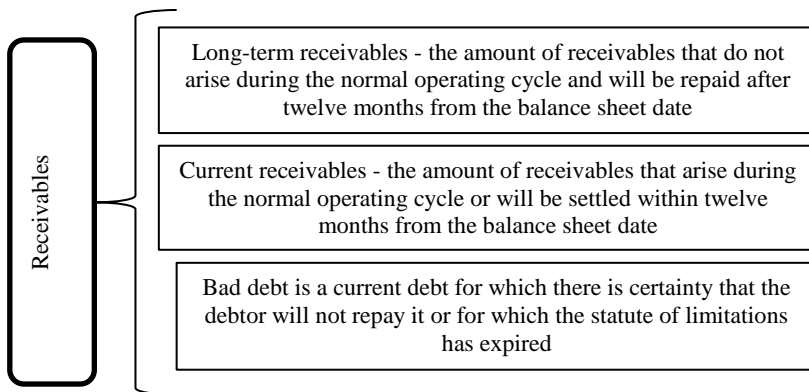


Fig. 1.3. Classification of receivables in accordance with the National Regulation (standard) of accounting 10 “Receivables”

Source: formed according to (National regulation (standard) of accounting 10)

The current assessment of receivables is carried out at net realizable value, which is defined as the difference between the original cost and the reserve for doubtful debts. The reserve is determined on the basis of the solvency of individual debtors or on the basis of the classification of receivables (NR(S)A 10).

Long-term receivables, on which interest is accrued, are reflected in the balance sheet at their present value, which is defined as the discounted amount of future payments (minus the amount of expected reimbursement), which is expected to be necessary to repay the obligation in the ordinary course of business (NR(S)A 10).

Long-term receivables are valued at the discounted value of future payments expected to repay this debt (NR(S)A 10).

Accounts receivable are reflected in the financial statements as part of the company’s assets, because it is a component of all the company’s property and belongs to it, but it is owned by other business entities and in the future such debt must be repaid by debtors with cash or the supply of goods according to the terms determined by the agreements contracts.

In accounting as an information system for managing a business entity, obligations do not arise at the time of concluding a contract, but after one of the parties performs the actions (or inaction) provided for in the contract, as a result of which the receivables of one party to the

other arise – the obligation to repay this debt, which is called payable.

As a legal category, accounts payable is a special part of the enterprise’s property, which is the subject of binding legal relations between the enterprise and its creditors. An enterprise that owns and uses accounts payable is obliged to return or pay this part of the property to creditors who have claims on it (Gaidarzhyska, Popovych, Crombet, 2018).

Accounts payable has a dual legal nature: as part of the property, it belongs to the enterprise with the right of ownership or even the right of ownership in respect of the received loan money or things determined by generic features; as an object of binding legal relations are the company’s debts to creditors, i.e. persons authorized to claim or recover from it the specified part of the property. Taking into account the above, each enterprise is both a creditor and a debtor at the same time, and in each settlement operation, receivables may arise in one enterprise and creditors in another. Thus, each calculation operation creates different, mostly contradictory goals of its subjects (Gaydarzhyska, Popovich, Krombet, 2018).

As a result of the study of educational literature and scientific works, it was found that among specialists in the fields of accounting, finance and economics, there is no unanimity regarding the definition of the essence of the concept of “creditor debt” (Table 1.6).

Table 1.6

Interpretation of the concept of “creditor debt” by various scientists

No.	Author	Interpretation of the concept of “creditor arrears”	Keywords
1	2	3	4
1	Tsal-Tsalko Y.S.	Involvement of assets in the economic activity of the enterprise at the expense of temporarily free acquisition of property of other business entities.	Attracting assets
2	Kramarenko G.O., Chorna O.E.	The consequence of the company’s untimely fulfillment of its payment obligations according to calculations for products, works, services; from salary; according to calculations with the budget; with other creditors, etc.	Untimely fulfillment of payment obligations by the enterprise

Continuation of table 1.6

1	2	3	4
3	Borisov A.B.	Funds temporarily subordinated to the enterprise, firm, subject to return to the legal entity or individual from whom they were borrowed and to whom they have not been paid.	Borrowed money
4	Partyn G.O., Zagorodnii A.H.	The enterprise's debt to other legal entities and individuals, which arose as a result of previously performed actions (events), is estimated in hryvnias, for which the enterprise has obligations to repay it within a certain period.	Debt of the enterprise, in respect of which the enterprise has obligations to repay it within a certain period
5	Tkachenko N.M.	Funds temporarily raised by the entity for its own use, which are subject to return to a legal entity or individual	Temporary funds collected
6	Khokhlov M.P., Kornienko O.S.	Money borrowed by the company from other legal entities and individuals, valued in hryvnias, for which the company has repayment obligations within a certain period	Cash

Source: (Khokhlov, Kornienko, 2017)

For accounting purposes, accounts payable as a liability is divided into four groups (Fig. 1.4).

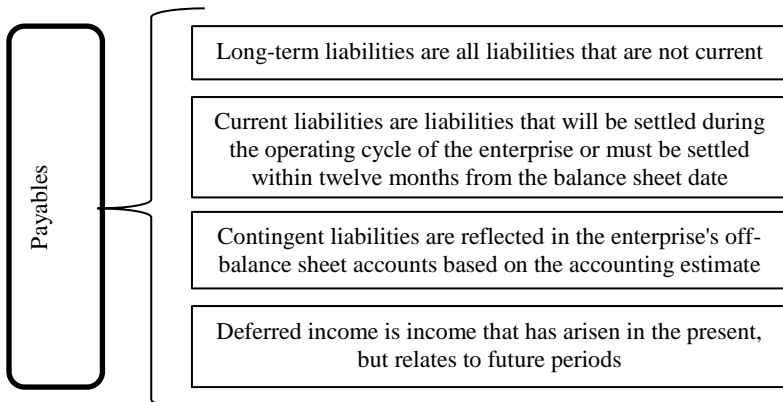


Fig. 1.4. Classification of obligations

Source: formed according (NR(S)A 10).

Long-term liabilities are shown in the balance sheet at their present value. The determination of the present value depends on the conditions and type of obligation.

Current liabilities are shown in the balance sheet according to the repayment amount.

Contingent liabilities are reflected in the enterprise's off-balance sheet accounts according to accounting estimates.

The main tasks of the accounting of settlement transactions are to comply with the established rules of settlement relations; timely documentation of settlement transactions; timely and reliable maintenance of analytical and synthetic accounting of calculations (Fig. 1.5).

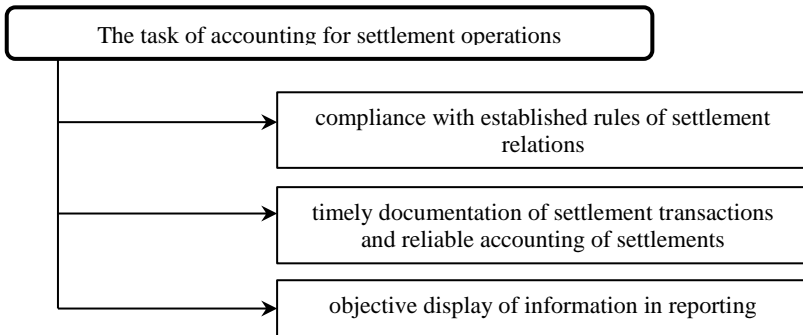


Fig. 1.5. The main tasks of the accounting of settlements for commodity transactions

Source: generated by the author

The components of the accounting of receivables and payables, which arise as a result of settlements between business entities, are primary, current and summary accounting (Table 1.7).

Thus, the accounting of receivables and payables for commodity transactions in the enterprise management system is carried out from the moment of signing the agreement, which specifies the essence and terms of the agreement, the obligations of the parties to fulfill the terms of the agreement and the liability of the parties in case of violation of such obligations. Accounting records are formed at the time of transfer of ownership of goods (works, services), the basis for which are primary documents. On the basis of primary documents, chronological and systematic mapping of economic transactions in accounting

registers is carried out.

Table 1.7

Components of the accounting process of calculations for commodity transactions

Types of accounting	The process of providing information
Primary accounting	Documentary registration of business operations
Current accounting	Orderly systematization of economic transactions in journals and information
General accounting	Formation of financial statements

Source: formed according to (Ishchenko, Podolyanchuk, Koval, 2020; Ishchenko, Podolyanchuk, Koval, 2021)

Business operations are reflected in accounting by the method of their continuous and continuous documentation. Entries in accounting registers regarding the accounting of settlements by counterparties are made on the basis of primary documents created in accordance with the requirements of the Regulation on Documentary Support of Accounting Entries.

Documentary confirmation of the amount of debt will be presented grouped in the section of accounting accounts (Table 1.8).

Table 1.8

Amounts of merchandise debt in terms of accounting accounts

Account	Documents confirming indebtedness
36 "Settlements with buyers and customers"	Agreements with suppliers, contractors, buyers, customers, lease agreements, brokerage agreements, primary accounting documents (bills of sale, deeds), bank statements, etc.
37 "Settlements with various debtors"	
63 "Settlements with suppliers and contractors"	Loan and credit agreements, bank statements, accounting certificates, consignment notes, etc
64 "Calculations for taxes and payments"	Tax declarations and calculations, bank statements
67 "Settlements with participants"	Income and expense cash orders, advance reports, compensation agreements for the use of personal property, bank statements, invoices, etc.
68 "Settlements with other creditors"	
18 "Long-term receivables and other non-defensive assets"	Agreements with suppliers, contractors, buyers, customers, lease agreements, brokerage agreements, primary accounting documents (bill of lading, deeds), bank statements, etc.
1 "Long-term bills issued"	Promissory note

Source: according to (Ishchenko, Podolyanchuk, Koval, 2020; Ishchenko, Podolyanchuk, Koval, 2021)

It is worth noting that purchase transactions are accompanied by tax calculations for value added tax (VAT) and excise tax (AP).

The Tax Code of Ukraine (TAC) emphasizes the fact that VAT is an indirect tax that is calculated and paid in accordance with the norms of Chapter V of the Tax Code of Ukraine. That is, this tax is paid not by producers, but by the final consumer of products (goods, works, services) and is a kind of surcharge to the price of products (goods, works, services) consumed in the customs territory of Ukraine, it is part of the newly created value of products (goods, works, services). Such a concise definition does not reveal the economic essence of the studied concept and, moreover, does not determine the content of VAT for accounting purposes.

We believe that the accounting definition of VAT should take into account the object of accounting – VAT calculations of enterprises. Therefore, we propose an improved interpretation of the content of the researched concept, which was proposed by us in previous studies: 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), a tax credit for supply of goods (services) and settlements with the VAT budget. This approach reveals all components of VAT that are reflected in the accounting system and that affect the implementation of tax calculations and reporting (Podolianchuk, 2020).

The object of taxation, in accordance with the TCU, is the operations of taxpayers with:

- supply of goods, the place of supply of which is located in the customs territory of Ukraine, including operations on the free transfer and on the transfer of ownership of collateral items to the borrower (creditor), in relation to goods transferred under the terms of a commodity credit, as well as on the transfer of object of financial leasing for the use of the lessee/lessee;

- supply of services, the place of supply of which is located in the customs territory of Ukraine, in accordance with Article 186 of this Code;

- import of goods into the customs territory of Ukraine;
- export of goods outside the customs territory of Ukraine;
- provision of services for international transportation of passengers and luggage and cargo by rail, road, sea and river and air

transport (Tax Code of Ukraine).

The tax base of operations for the supply of goods (services) is determined based on their contractual value, taking into account national taxes and fees (except for the excise tax on the sale of excisable goods by business entities in the retail trade, the fee for mandatory state pension insurance, which covers the cost of services cellular mobile communication, value added tax and excise tax on ethyl alcohol, which is used by manufacturers - business entities for the production of medicinal products, including blood components and preparations made from them (except for medicinal products in the form of balms and elixirs) (Tax Code of Ukraine).

The main tasks of accounting for VAT payments are:

- correct and timely formation of tax invoices;
- analysis of registered and unregistered tax invoices in URTI;
- objective display in the VAT calculation system of “substitutes” of tax invoices;
- reliable and truthful display of VAT-taxable transactions in the accounting system;
- timely formation of registers of synthetic and analytical accounting and tax reporting (Podolyanchuk, 2020).

When purchasing goods, products, services, non-current assets, the firm receives a VAT tax credit (Tax Code of Ukraine).

Tax credit - the amount by which a business entity has the right to reduce the tax liability of the reporting (tax) period.

The tax credit is formed by operations:

- purchase or production goods and services;
- acquisition of non-current assets;
- receipt of taxable services from a non-resident;
- importation of non-current assets into the customs territory of Ukraine under operational or financial leasing contracts;
- import of goods or non-current assets into the customs territory of Ukraine (Tax Code of Ukraine).

When selling goods and receiving income, a business entity incurs a tax liability.

The tax liability is defined as the total amount of tax received (charged) in the reporting period.

The main primary document that will certify the right to a tax credit for the buyer, and the tax liability for the seller, is the tax invoice.

Tax invoices are subject to registration in the unified register of tax invoices within the terms specified by the TCU (Tax Code of Ukraine):

- for tax invoices (calculations of adjustments to tax invoices) drawn up from the 1st to the 15th calendar day (inclusive) of the calendar month, until the last day (inclusive) of the calendar month in which they were drawn up;

- for tax invoices (calculations of adjustments to tax invoices) drawn up from the 16th to the last calendar day (inclusive) of the calendar month, until the 15th calendar day (inclusive) of the calendar month following the month in which they were drawn up.

In the formation of a tax credit, the fact of registration of a tax invoice in the Unified Register of Tax Invoices (URTI) is important, which is a mandatory condition for its recognition, except for transactions, in accordance with clause 201.11 of the TCU.

In accordance with the Plan of Accounts of Accounting Assets, Capital, Liabilities and Business Operations of Enterprises and Organizations, the following sub-accounts are provided for accounting of VAT payments:

- 641 “Calculations for taxes”;
- 643 “Tax liabilities”;
- 644 “Tax credit” (Instructions on the application of the chart of accounts for accounting of assets, capital, liabilities and economic operations of enterprises and organizations).

For these accounts, can open analytical accounts of the second and third order (Table 1.9).

Accounts of the third, fourth or even fifth order can be opened in addition to the proposed sub-accounts and analytical accounts in the part of accounting for “subsidy transactions”.

The positive difference between the tax liability and the tax credit is payable to the budget, and the negative difference is, in fact, an overpaid tax that is subject to reimbursement from the state budget (i.e. budget reimbursement) (Tax Code of Ukraine).

With a negative value of the sum:

- a) is taken into account in the reduction of the amount of tax debt from the tax incurred for previous reporting (tax) periods, and in case of no tax debt;

Table 1.9

**Characteristics of sub-accounts and analytical accounts
for accounting of VAT payments**

Account, subaccount, analytical account	Characteristic
VAT Calculations	
641/1 or 641/5 “VAT Calculations”	is intended for accounting for value added tax is intended for accounting for value added tax
641/2 “VAT calculations in the electronic VAT administration system”	to display the amount of VAT transferred to the budget by the Treasury
641/3 “VAT calculations for budget subsidy transactions”	for analytical accounting of obligations and VAT tax credit for "subsidy" operations, in the field of agriculture
Tax liability	
643 “Tax liabilities”	for accounting of the amount of VAT, determined based on the amount of advances (advance payment) received for finished products, goods, other tangible assets and intangible assets, works, services subject to shipment (performance)
643/1 “VAT tax liability confirmed”	used for accounting for taxable transactions related to prepayment in the case of registration of a tax invoice in URTI
643/2 “VAT tax liability is unconfirmed”	used for accounting for taxable transactions related to prepayment at the time of the obligation under primary documents or in the case of blocking a tax invoice
643/3 “Tax liability subject to adjustment”	to reflect the accrual of tax liabilities for the purchase price of goods, works, services, non-current assets that will be used in transactions not subject to VAT or in non-economic activities
Tax credit	
644 “Tax credit”	to account for the amount of VAT for which the company has acquired the right to reduce the tax liability
644/1 “The VAT tax credit is confirmed”	for accounting of tax credit in case of transfer of advance payment for goods, works, services and receipt of tax invoice from counterparty registered in URTI
644/2 “Tax credit from VAT is not confirmed”	for the accounting of input VAT amounts on the basis of primary documents that are not confirmed by tax invoices registered in the EPIIH, or in case of blocking or non-receipt of tax invoices

Source: author's development (Podoliyanchuk, 2020)

b) or is subject to budgetary reimbursement at the request of the taxpayer to the current account of the taxpayer, or at the expense of payment of monetary obligations or repayment of the tax debt of such a taxpayer from other payments paid to the state budget;

c) or is included in the tax credit of the next reporting (tax) period (Tax Code of Ukraine).

The movement of funds according to VAT calculations is carried out to sub-account 315 “Special accounts in national currency” of account 31 “Bank accounts” (Instructions on the application of the plan of accounts for accounting of assets, capital, liabilities and business operations of enterprises and organizations: Order of the Ministry of Finance of Ukraine).

In the Tax Code of Ukraine, excise tax is defined as “an indirect tax on the consumption of certain types of goods (products), defined by the PKU as subject to excise duty, which is included in the price of such goods (products)” (Tax Code of Ukraine).

In particular, excise goods in Ukraine include: ethyl alcohol and other alcohol distillates, alcoholic beverages, beer (except kvass of ‘live’ fermentation); tobacco products, tobacco and industrial tobacco substitutes; liquids used in electronic cigarettes; fuel, including goods (products) used as fuel for refueling vehicles, equipment or devices with internal combustion engines with compression ignition, with internal combustion engines with spark ignition, with internal combustion engines with a crank mechanism and codes which, according to the UPC of the Economic and Commercial Code of Ukraine, are not specified in subsection 215.3.4 of paragraph 215.3 of Article 215 of the Code of Ukraine (except for natural gas in a gaseous state under code 2711 21 00 00 according to the UPC of the Economic and Commercial Code of the Ukrainian); passenger cars, their bodies, trailers and semi-trailers, motorcycles, vehicles intended for the transportation of 10 people and more, vehicles for the transportation of goods; electricity (Tax Code of Ukraine).

At the current stage, the list of domestic excisable products in general corresponds to the classical principles of excise taxation, including:

– “socially harmful” goods – all types of alcohol and alcoholic products, a wide range of tobacco products (smoking tobacco, cigarillos, cigarettes);

- “luxury items” – motorcycles, cars;
- certain types of mineral raw materials and their processing products – some types of fuel and lubricants (Semenchenko, Roschina, Bordanova, 2020).

From 01.03.2016, all persons involved in the sale, transshipment, storage, donation and other operations with fuel are required to register in the system of electronic administration of the sale of fuel (SEASF).

As of November 23, 2018, amendments were made to the Tax Code of Ukraine and the mandatory electronic administration of ethyl alcohol was determined.

The taxpayer is obliged to draw up an excise invoice for volumes of fuel or ethyl alcohol (Tax Code of Ukraine):

- used for own consumption;
- sold or used for the production of non-excisable products under conditions;
- lost both within and above established loss norms;
- damaged, destroyed, including as a result of an accident, fire, flood, other force majeure circumstances or for another reason related to a natural result, as well as due to evaporation in the process of production, processing, processing, storage or transportation of such fuel or ethyl alcohol, as well as when carrying out operations that are not subject to taxation or are exempt from taxation.

In accounting, subaccount 641 “Tax settlements” / Excise tax is used to display excise tax.

1.3. The accounting policy of the enterprise as a tool for improving the organization of accounting for merchandise debt

The importance of accounting is due to the fact that it is a unique, one-of-a-kind and socially recognized methodological tool for the economic and legal coordination of the economic interests of all business participants regarding the fair distribution of income at the level of individual economic entities (Pravdyuk, Koval, Koval, 2020).

Studies have proven that accounting, as a source of information, is aimed at performing many tasks in the enterprise management system, but the most important ones 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 (Podolianchuk 2020).

Accounting is an information map that reflects all the processes that took place during the enterprise's activities for a certain period of time. With the help of an accounting system organized at the macro level, information flows are formed, summarized and transmitted, which contribute to the adoption of effective management decisions, and also provide an opportunity to provide reverse information communication, implementing preventive controls and investigating the economic consequences of previously made decisions. So, based on the above, we come to the conclusion that the product of the accounting system is information. Accordingly, potential consumers of such a product determine its relevant content, and the introduced organizational and methodical aspects of accounting will contribute to the formation of such content of information that would satisfy the existing cellars as much as possible (Holovai, Sysoieva, 2021).

Thus, it can be argued that one of the defined management tasks at the enterprise, which will have a significant impact on management decisions, is a properly organized process of keeping records and choosing its form.

Due to the unstable situation in the country, the majority of Ukrainian enterprises are currently on the verge of financial crisis. One of the most significant problems is the crisis of mutual non-payments, which is associated with a large amount of debt that exists between Ukrainian enterprises. In unstable market conditions, it is very difficult to ensure a high level of product sales and timely payment by buyers. The crisis state of the economy forces enterprises to provide their products with the condition of deferred payment. Non-payment leads to the emergence of receivables, effective accounting, internal control and management of which becomes one of the primary tasks of the enterprise.

Accounting for payments is one of the most important and most researched areas of accounting work, since the main part of the company's income and cash receipts is formed at this stage, as well as payments for purchased goods and services. However, today there are a number of problems related to this issue.

A reduction in receivables is assessed positively if it occurs at the expense of shortening the period of its repayment. If the accounts

receivable decreases in connection with a decrease in the shipment of products, then this indicates a decrease in the business activity of the enterprise (Koval, Razborska, 2021).

The efficiency of the enterprise's activity is directly ensured by the availability of free working capital, which in turn supports current activities. The receivables available at the enterprise cause a decrease in the amount of working capital, so its decrease contributes to an increase in solvency. Under such conditions, the issue of analyzing receivables, their timely repayment, and preventing the occurrence of bad debt becomes relevant. Such an analysis is the basis for making effective decisions (Koval, Razborska, 2021).

The increase in payables undermines the financial stability of the company, negatively affects the image of the debtor company, reduces its creditworthiness and investment attractiveness. The negative consequences of deepening problems with accounts payable are, first of all, associated with the risk of growth of overdue accounts payable, which determines the possibility of imposing fines on the company, creating an image of an unreliable partner, and breaking partnership relations (Burlan, Valentova, 2021).

Enterprises are obliged to settle their obligations on time. They have to pay fines and penalties for late payments. However, practice shows that the possibility of avoiding property liability for non-fulfillment of their own contractual obligations enables them to evade mutual settlements with partners. Untimely payments cause financial complications for creditor enterprises, negatively affect their economic activity, and ultimately the economy of the country in general (Konovalova, Makarova, 2018).

An important area of work for an accountant is managing receivables and payables, which involves:

- substantiating the possibility of receivables and payables;
- optimal determination of the policy of providing credit for different groups of suppliers and types of products;
- mandatory control of settlements with debtors and creditors for deferred or overdue debt and study of reasons for non-compliance with contractual discipline;
- comparison of receivables and payables, since a significant excess of receivables poses a threat to the financial stability of the enterprise;

– development of measures to find opportunities to increase the number of buyers and customers of the enterprise in order to reduce the scale of the risk of non-payment of debts and, accordingly, create an information base that will make it possible to monitor potential debtors, assess their financial condition for solvency, market reputation, etc.;

– timely determination of techniques for accelerating the circulation of current assets and reducing bad debts;

– provision of sales conditions that guarantee the receipt of funds;

– forecast of cash receipts from creditors.

– systematic debt inventory, which will make it possible to check the reliability of the receivables reflected in the company’s accounting (Yastrubskiy, Levkovych, 2022).

The study of literary sources shows the proposals of scientists regarding the complex management of the company’s debts using appropriate techniques (Table 1.10).

Table 1.10

Algorithm of complex management of debts of the enterprise

Main management stages	The main techniques of management
1	2
Justification of the probability of the occurrence of receivables and payables	Analysis of orders, observation of the financial condition of debtors and creditors, assessment of their relationship to the fulfillment of contractual obligations in the past; Analysis of the dynamics, structure and turnover of debt
Analysis and ranking of buyers (suppliers) by the degree of risk of doubtful and bad debts	Development of a scale for establishing a rating of buyers (suppliers) depending on the volume of purchases, the history of credit relations and the proposed terms of payment
Development of credit policy and its diversification for different groups of buyers and types of products	The choice of the type of credit policy (aggressive, conservative, moderate) taking into account the rating of debtors
Provision of sales conditions that guarantee cash flow	Adaptation of the document flow to the credit policy of the enterprise, competent drafting of contractual relations, taking into account the appropriate penalties for violation of the terms of payment (delivery) of products
Control of settlements with debtors (creditors)	Control over the ratio of receivables and payables; assessment of the real value of existing debt; detection of deferred, doubtful or overdue debt and establishment of reasons for non-compliance with contractual discipline

Continuation of table 1.10

1	2
Optimization of receivables and payables	Forecasting cash receipts from debtors based on collection ratios, ensuring the balance of receivables and payables by volume and synchronizing them over time
Application of measures to accelerate debt turnover and reduce bad debts	Application of a system of flexible discounts for prompt payment of products and fines for late payment, use of modern debt refinancing methods; distribution of responsibility for the formation of accounts payable and the creation of a motivation mechanism and stimulation of its reduction

Source: (Dorohova, Kurovska, 2018)

Taking into account the work of scientists, we propose to carry out the classification of current debt for the rational organization of its accounting and to carry out an analytical assessment of the state of settlements with counterparties (Table 1.11).

Table 1.11

Proposals for the classification of debt

Terms of repayment	Indebtedness
Up to 1 month	Current debt
From 1 month to 3 months	
From 3 months to 6 months	
From 6 months to 9 months	
From 9 months to 12 months	
More than 12 months	Long-term debt

Source: suggestions of the author

Accordingly, in the system of accounting accounts of receivables and payables, it is advisable to allocate an analytical section that will characterize the state of debt: “Normal debt”; “Overdue doubtful debt”; “Bad debt” (Fig. 1.6).

Accordingly: a normal debt is one that will be repaid in accordance with the terms of the contract, and regarding which there are no doubts about its repayment; overdue doubtful - the one in respect of which there is uncertainty in its repayment; bad debt - a debt in respect of which there is certainty that it will not be returned, or the statute of limitations has expired.

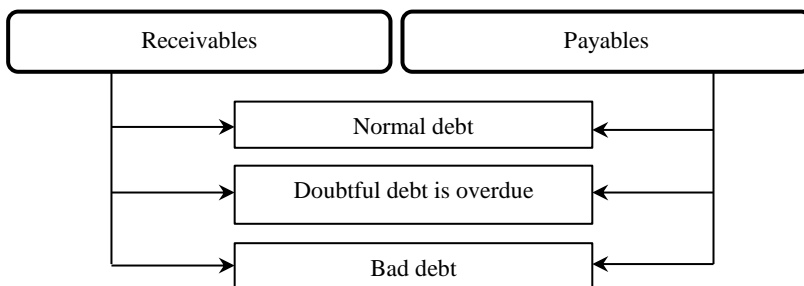


Fig. 1.6. Analytical accounting of settlements with counterparties according to the probability of repayment

Source: suggestions of the author

The use of analytical accounts enables the company's management to more accurately analyze existing debt and plan its repayment in accordance with the company's financial capabilities.

Formed on the basis of the proposed innovations in the organization and maintenance of analytical accounting of receivables and payables, the information support allows to synchronize the receipt of funds (repayment of receivables) and their expenditure (repayment of payables) in the context of ensuring an acceptable level of solvency of the business entity.

Being an element of the system of regulatory regulation of accounting, the accounting policy combines state regulation and a certain independence of the enterprise on accounting issues. At the same time, the degree of freedom of the enterprise in the formation of the accounting policy is limited by the state regulation of accounting, which provides methods and accounting procedures, among which alternative options are acceptable. The freedom of the enterprise consists in the possibility of choosing specific methods of assessment, calculation, list of accounting accounts, etc.

At the legislative level, it is determined that the accounting policy is a set of principles, methods and procedures used by the enterprise for the preparation and presentation of financial statements.

The accounting policy at the enterprise should be formed in three stages:

1. Organizational stage – the head of the enterprise appoints a group of specialists who necessarily participate in the preparation of

the draft accounting policy and justify the form of accounting at the enterprise;

2. Technological stage – specialists should conduct a review and propose the construction of a new accounting service, the type of structure of the accounting apparatus, the form of organization of accounting and analytical processes according to technical features that are basic in every enterprise. It is also necessary to organize the accounting process at each site, to give an assessment of general and specific principles and methods of organization of accounting and analysis depending on the industry and specifics of the activity of this enterprise. When making effective management decisions, we suggest considering the chosen methods together with indicators of the company's financial and economic activity and evaluating their advantages in the future;

3. The final stage – specialists prepare and discuss in detail the draft of the company's accounting policy organization, and only after taking into account all proposals and features, the draft is approved by the manager (Syrtseva, Shcherbak, 2016).

The formation of the accounting policy of the enterprise depends on the interests of various groups of users of accounting information and is one of the important stages of the functioning of the enterprise in market economic conditions, because the adopted accounting policy depends not only on the financial result, but also on the financial condition of the enterprise. The complete and truthful presentation of information about the financial results and financial condition of the enterprise in the reporting largely depends on the level of formation and application of the accounting policy, which would take into account the conditions of the enterprise's activity, organizational and technological features, etc. The efficiency of managing the financial and economic activities of an enterprise and its long-term development strategy depend on a skillfully formed accounting policy (Tesak, 2018).

The enterprise independently determines the parameters and directions of the accounting policy, chooses the form of accounting as a certain system of accounting registers, the order and method of registration and summarization of information in them in accordance with the uniform methodological principles and taking into account the peculiarities of economic activity and the availability of

technology for processing accounting data. The enterprise develops a system and forms of management accounting, reporting and control of economic operations, determines the rights of employees to sign accounting documents; approves the rules of document circulation and accounting information processing technology, additional system of accounts and analytical accounting registers; can allocate on a separate balance sheet branches, representative offices, departments and other separate units that are required to keep accounting, with the subsequent inclusion of their indicators in the financial statements of the enterprise (Tesak, 2018).

The general principles of organization and accounting at the enterprise are determined by a special organizational and management document (order, order, regulation). The accounting policy adopted at the enterprise can be disclosed both by a separate order and as an element of a general organizational and management document. The administrative document is drawn up and approved in accordance with the established requirements of record keeping. The quality of the formed accounting policy is determined by such criteria as economic expediency, completeness, impartiality of the accounting policy, consistency of the legal framework, rationality of accounting methods, compliance with the goals of the enterprise and accounting automation.

So, the accounting policy is the foundation on which the entire accounting of the enterprise is based. And the order on the accounting policy is the first and main document in the enterprise, which regulates the procedure of accounting. Therefore, it is not surprising that it is important for every accountant to understand well what accounting policy is.

An analysis of the orders on the accounting policy of many enterprises indicates the presence of certain shortcomings in them, namely: the order lacks basic information about the enterprise and the limit of materiality; the content of most orders is not structured, the elements of the accounting policy are given without their systematization, in an arbitrary order; in many orders, the main attention is focused on the method of accounting of assets, liabilities, expenses, income and financial results, and such important sections as the technique and organization of accounting are missing; the most typical shortcoming of the orders is that during the formation of the

accounting policy, the management of the enterprise mainly cites laws, regulations, instructions, etc., which relate to the accounting methodology, while its main task is to choose one method of accounting from several prescribed by legislative acts and regulatory documents; quite rarely in the orders there are references to the working chart of accounts, primary documents, accounting registers, document flow schedules, etc.

It should be noted that an important element of the accounting policy of enterprises is the creation of approaches to accounting for receivables and payables and their reflection in financial statements. At the same time, it should be taken into account that the accounting policy formed by the company regarding settlements with counterparties has a rather significant effect on the value of the indicators of the financial condition and the results of the business entities.

In order to avoid unpaid debt, it is recommended to specify the periodicity and term of reconciliations when concluding a contract.

The terms of conducting an inventory of settlements with debtors and creditors should also be determined to identify bad debts and potential liabilities, the need for reserves of bad debts.

Optimally formed accounting policy includes not only methodical, but also organizational component, management and tax aspects of accounting.

Studies show that the accounting policy of business entities is usually formed at the level of quoting legal norms and does not contain alternative options for accounting for settlements with debtors and creditors. We believe that in this section of accounting it is appropriate to single out the issue of accounting for value added tax. Currently, in the conditions of martial law, a number of benefits have been identified at the legislative level, which cause the reduction of the tax base.

If we consider the professional, methodical and educational literature in the area of taxation, the accounting policy has an ambiguous interpretation of the terms related to the accounting policy from the tax aspect.

The formation of the accounting policy in terms of calculations with the budget for taxes and payments must be carried out taking into account the general principles of the organization of accounting in

taxation and financial accounting, its tasks and quality assessment criteria, procedures for adjusting accounting data for the purpose of taxation and determining bases, methods of determining and paying taxes and payments to the budget and extrabudgetary funds. At the same time, aspects of the accounting policy related to the optimization of tax payments and tax planning should also be taken into account.

During the formation of the accounting policy, it is necessary to lay the foundations of tax planning, to formulate mandatory elements of the accounting policy for taxation purposes (Pravdyuk, Koval, Koval, 2020).

The accounting policy for taxation is regulated by the basic provisions of the relevant laws and provides for the selection of alternative options.

Accordingly, at the level of economic entities, it is now appropriate to review the accounting policy and make specific changes. We consider it necessary to develop a regulation on accounting policy for taxation purposes.

Such regulation of accounting policy for taxation purposes is a document in which the taxpayer must prescribe all the rules and methods that he intends to follow when calculating and paying taxes and fees. An enterprise may choose one of two options for drawing up a regulation on accounting tax policy: to display separate issues for each tax paid by the enterprise in the relevant sections of a single order on accounting tax policy; or draw up a separate accounting policy for each tax and approve their list as appendices to the order on the accounting policy for taxation purposes.

The accounting policy of economic entities for taxation purposes should solve three main tasks (Fig. 1.7).

Solving the specified tasks is quite important for the company in the process of its further relations with fiscal authorities. Drawing up a balanced accounting policy for taxation purposes is a preventive measure to prevent many conflict situations in relations with fiscal authorities.

It is advisable to start the formation of an accounting policy regarding tax payment settlements by setting the goal and objectives of the accounting policy. However, first it is advisable to investigate the organizational and economic features of the enterprise. It should be noted that the interests of different groups of users are taken into

account during the development of the accounting policy. Therefore, the formation of accounting policy is influenced by internal (type of activity; legal and organizational status (form of ownership); organizational structure; current and prospective development plans; personnel and material and technical support of the accounting service) and external (taxation system; subordination (degree of freedom of action)); the enterprise's information support system) factors (Butkevich, 2021).

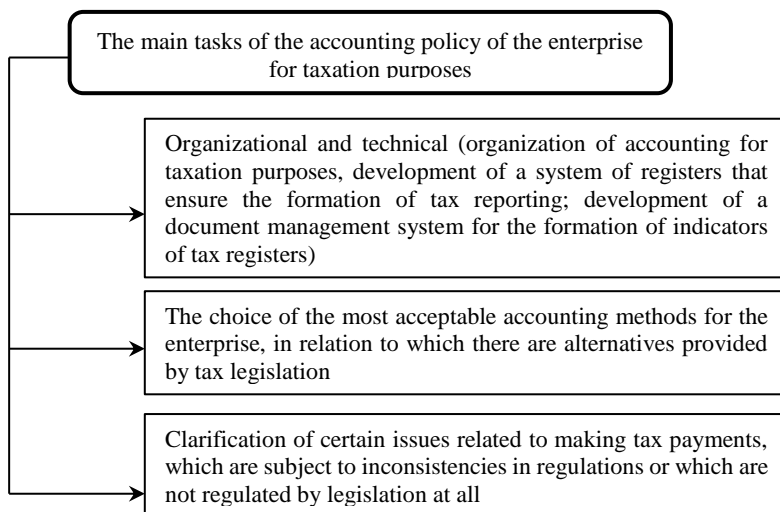


Fig. 1.7. Assignment of the accounting policy of the enterprise for taxation purposes

Source: based on (Ishchenko, Podolianchuk, Koval, 2020)

Effective and rational organization of accounting for tax payments requires the selection of the optimal taxation system, methodological techniques, methods and procedures for organizing and keeping records of tax payments, therefore it is advisable for the enterprise to form a separate section to the Order on accounting policy “Organization of accounting for calculations with the budget for tax payments”.

Along with this, for the effective formation of the tax accounting policy, the taxpayer must comply with the following rules:

- the company chooses one of several methods that regulate the procedure for determining the tax base and calculating tax payments

from among those provided by the current tax legislation;

- the selected accounting methods are established for the enterprise as a whole, they are uniform for all its structural units (including those with a separate balance sheet) regardless of their location;

- these accounting methods are established for a long time, as a rule, for the reporting year;

- the selected options of tax accounting must be fixed by the relevant organizational and administrative document.

The general rules of the organization and the procedure for keeping records of calculations for taxes and payments are determined by the NR(S)A and the Tax Code of Ukraine.

The provisions defined in the Order on accounting policy in the part of accounting for tax settlements according to the TCU are mandatory for accountants. Within the limits of accounting for tax calculations in accordance with tax legislation and the preparation of tax reporting, it is not possible to deviate from the assessment methods and specific aspects of tax policy established therein. The effectiveness of the activity as a whole depends on the correct understanding, disclosure and implementation of the accounting policy at the enterprise, in particular the organization of accounting for tax payments.

In the section “Organization of accounting of settlements with the budget for tax payments” of the Order on accounting policy, scientists are suggested to prescribe the following:

- a list of normative documents of the national, branch and departmental levels, which regulate the procedure for calculating and paying taxes to the budget;

- the algorithm for determining the calculation of liabilities to the budget separately for each tax in accordance with the current legislation (Butkevich, 2021).

In the Order on the accounting policy of business entities, the provisions on the accounting of tax calculations, in particular, VAT, must be fixed. The accounting policy of VAT payments should be understood as the way of organizing and maintaining accounting records of VAT payments.

The object of the accounting policy of VAT calculations is VAT calculations directly. Instead, the elements of the accounting policy of VAT calculations should be considered in terms of the components of

the accounting organization: technical, organizational and methodical. From the point of view of directly ensuring the correctness of the display of VAT calculations on accounting accounts, the methodological component is of the greatest importance. Taking into account the undefined by legislation and variable aspects of the accounting of VAT payments, the Order on the accounting policy of the enterprise should contain the elements listed in Table 1.12.

Table 1.12

Provisions of the accounting policy regarding the methodical component of VAT calculations

Accounting policy elements	Alternative options
VAT calculation method	- the first event
The method of keeping separate records of VAT calculations	- in separate accounting registers; - in the relevant analytical sections of accounting accounts
The procedure for assigning tax liability and credit amounts between transactions subject to VAT and not subject to VAT	- on the initial cost of non-current assets or stocks; - for expenses (subaccount 949)

Source: generated by the author

The TCU defines that the “first event” method, when the basis for the occurrence of the object of taxation is the fact of the first event in chronological order, while all subsequent events within the framework of the relevant economic operation are not subject to accounting. For example, if, according to the sales contract, the goods are shipped from the beginning, and then paid for, then the fact of the object of accounting is the shipment. The first event method is only for VAT payers.

Thus, a clear regulation of the procedure for the formation and use of the tax accounting policy, which should be understood as the totality of the tax accounting methods chosen by the taxpayer and the procedure for calculating tax payments, will allow to reduce the level of the tax burden of the enterprise and prevent tax risks.

CONCLUSIONS TO CHAPTER 1

In modern business conditions and an unstable internal and external economic environment, debt relationships between business entities have become significantly more complicated. Management of

settlements with debtors and creditors occupies one of the most important places in the company's management system, since the solvency of the company as a whole depends on the timeliness of cash receipts from debtors, and timely settlements with creditors will indicate business reputation.

The management system of the enterprise requires reporting on the progress of business processes in general and process sections. The participants of the business process need operational information about the business operations that belong to the business process. Suppliers and consumers located at the entrance and exit of the business process need summary information based on the result of the business process or their analytical component. The information support of business processes is formed by the accounting system, and analytical information is the result of processing the accounting and information support of the business process. Therefore, the accounting system of the enterprise is the source of creating accounting and analytical support for the enterprise's activities. It allows you to get operational, summary, reporting or information grouped according to individual characteristics, necessary for making management decisions, and therefore requires proper organization.

Inadequate level of information support for users of accounting information can lead to significant losses for them. In view of this, the problem of proper information provision between users of accounting information requires a clear accounting system.

Supporting the opinions of scientists, we believe that for accounting purposes, calculations should be interpreted as an operation between entities that, in order to fulfill obligations by making payments, lead to a change in the composition and structure of economic resources.

The paper examines settlements with debtors and creditors, defines the content of receivables and payables, and provides a classification for accounting purposes.

According to the results of the research, it was found that the management of receivables and payables is a process of developing and implementing management decisions regarding the consistency of their size and speed of movement in time, which ensure the necessary profit and the optimal amount of free funds. At the same time, effective management of receivables and payables of enterprises in

conditions of shortage of working capital, taking into account aspects of its strategic development and specific tactical goals, is a holistic process that involves the modification and application of alternative concepts of capital management of the enterprise in general, as well as methods of assessing the effectiveness of its functioning, adequate to the conditions transformational market economy of Ukraine. In order to build the economic and financial tools of the company's receivables management system, it is important to develop effective mechanisms for managing them, aimed primarily at optimizing the volume and structure of receivables. As well as the formation of effective principles and standards of credit and advance policy, aimed at improving the efficiency of the use of the company's capital invested in receivables, building an effective management system for the collection of receivables with the optimal speed of its repayment, minimal risks and the maximum result of the functioning of the industrial enterprise.

Taking into account the work of scientists and their own observations, new approaches to the classification of current debt are proposed for the rational organization of its accounting and analytical assessment of the state of settlements. The need to develop a regulation on accounting policy for taxation purposes is also substantiated.

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SECTION 2 ²

ACCOUNTING OF COSTS FOR THE REPAIR AND IMPROVEMENT OF FIXED EQUIPMENT IN THE ELECTRICAL ENERGY INDUSTRY

2.1. Costs for repair, restoration and improvement of fixed assets as an economic category and object of accounting

Electricity is the basis of our high-tech and digital world. It provides progress and makes our life comfortable.

On February 24, 2022, our entire country began to live in a new reality caused by the full-scale military aggression of the Russian Federation. 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

² Ishchenko Ya.P.

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.

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, 2007). 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 work is devoted to the study of the use of bioenergy crops to solve energy problems H.M. Kaletnik, D.M. Tokarchuk (Kaletnik, Tokarchuk, 2021), I.V. Honcharuk (Honcharuk, 2020), N.H. Zdyrko. (Zdyrko, 2018).

However, in relation to the scientific and applied issues of work accounting and restoration of the domestic energy system under martial law conditions and its joining to the EU energy system, there are practically no achievements. Accounting and control of costs for repairs of fixed assets are studied in the works of V.V. Kirichenko (Kyrychenko, 2013), R.L. Tseben (Tseben, 2009) and others.

However, it should be noted that in the vast majority of the studies of the mentioned authors, they are aimed at the development of general methodological support, accounting and control, and do not take into account the specific conditions of the functioning of the energy system of Ukraine in modern conditions. Therefore, a number of problems of the organization and methods of accounting and control of costs for the repair of fixed assets in the conditions of martial law and joining the EU energy system require further research and scientific

development.

Fixed assets play a special role in the electric power industry of Ukraine, as they form the basis of the economy of electric power enterprises and the assessment of the efficiency of the energy system.

The key criterion for identifying fixed assets as accounting objects and displaying them as assets is the receipt of future economic benefits from their use, in connection with which it is recommended to clarify the definition of fixed assets given in NP(S)BO 7 “Fixed Assets”. After all, the definition of the term “fixed assets” in this NP(S)BO differs from its interpretation in IAS 16 “Fixed Assets” and does not fully take into account the scope and purposes of using the object of fixed assets to obtain added value, that is, its ability to bring economic benefits to the enterprise (income) in the future.

According to NP(S)BO 7, fixed assets are tangible assets that the company holds for the purpose of using them in the process of production or supply of goods and services, leasing to other persons or for the performance of administrative functions, the expected period of useful use (exploitation) of which is more than one year (or operating cycle if it is longer than one year).

Along with that, International Accounting Standard 16 “Fixed Assets” contains a definition: fixed assets are tangible objects that are held for use in the production or supply of goods or services, for leasing to others or for administrative purposes; expected to be used for more than one reporting period.

The Tax Code of Ukraine defines fixed assets as tangible assets, including reserves of minerals provided for the use of subsoil plots (except for the value of land, unfinished capital investments, library and archival funds, tangible assets, public roads, the value of which does not exceed 20,000 hryvnias, non-productive fixed assets and intangible assets) designated by the taxpayer for use in the taxpayer’s economic activity, the value of which exceeds 20,000 hryvnias and gradually decreases due to physical or moral wear and tear and the expected period of useful use (exploitation) of which from the date of entry into operation is more than one year (or the operating cycle, if it is longer than one year).

The system of accounting support for the management of fixed assets is a component of the general system of enterprise management.

In Fig. 2.1 shows the main functions of the information support for the management of fixed assets.

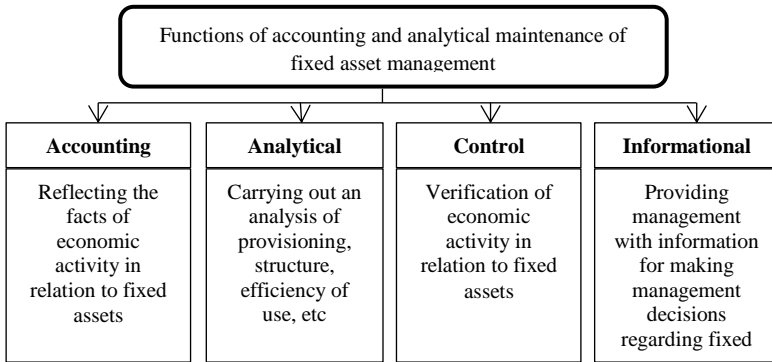


Fig. 2.1. Functions of information management of fixed assets

Source: generated by the author

The accounting system acts as a source of economic information, which is necessary for the management chain of the enterprise to respond in a timely manner to the influence of the external environment. Fixed assets occupy an important place in the assets of energy supply companies, and their leading objects – electric networks – differ in the specificity of operation and are characteristic in the vast majority only for these enterprises. Effective use of fixed assets necessitates the introduction of a scientifically based fixed asset accounting system at the enterprise, which would meet management requirements.

In the conditions of the economic crisis, the role and importance of accounting is increasing as a significant lever of economic activity management. For the production, transmission, supply, use of electric energy or the performance of other functions, energy enterprises own basic means. The conducted analysis of the share of fixed assets in the total value of assets of energy companies of Ukraine shows that fixed assets in some enterprises of the electric power industry of Ukraine make up 92.8%, which indicates their dominant share in the assets of these enterprises. Fixed assets are the basis of the material and technical base of electric power enterprises and the electric power industry as a whole. The place, composition and structure of the fixed assets of

energy supply companies in the production process of the electric power industry are of particular importance.

The totality of power plants, electric networks, and other electric power facilities 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 (hereinafter referred to as the producer) is 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 electric energy, taking into account the requirements for environmental protection and ensuring energy efficiency (On the electricity market: Law of Ukraine dated 04/13/2017. No. 2019-VIII).

Local (local) electrical networks are connected electrical networks designed to transmit electrical energy from the main electrical network to the consumer. Local (local) electric networks are the object of accounting for fixed assets in energy supply companies of Ukraine (Fig. 2.2).

In the system of regulatory regulation of accounting at the enterprise, the accounting policy occupies a significant place, since the choice of principles, methods and procedures should ensure the maximum effect of accounting. R.L. Tseben singles out the optimal accounting policy options for energy supply companies of Ukraine in terms of fixed assets (Table 2.1).

According to the study, 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 repairs, 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.

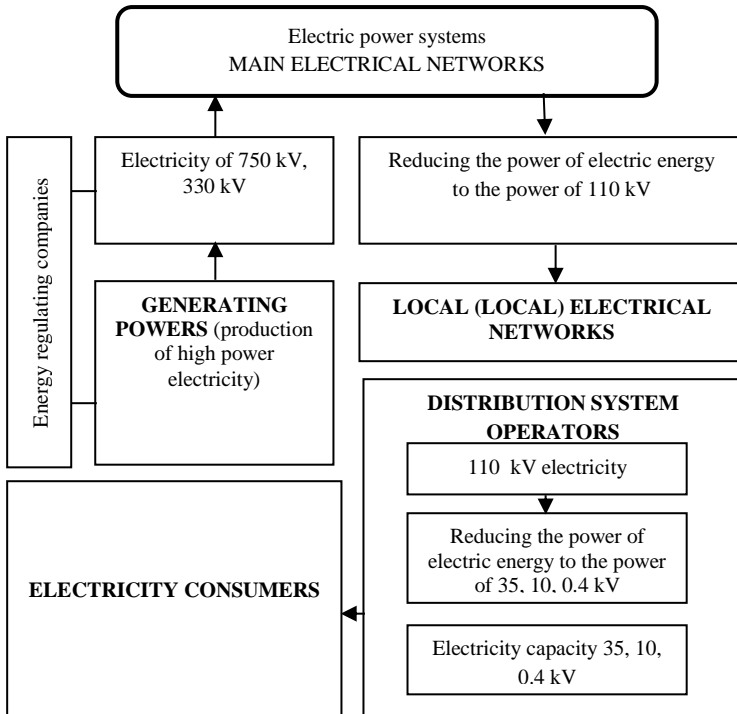


Fig. 2.2. The place of fixed assets in the production process of the electric power industry

Source: (Tseben, 2009)

The classification of fixed assets is important in the accounting of fixed assets, as it ensures the achievement of the final goal in the analysis, interpretation and provision of useful accounting information. The main assets of electric power enterprises are quite heterogeneous in their composition and structure. The current classification of fixed assets according to NP(S)BO 7 “Fixed assets” is typical for all enterprises and therefore cannot satisfy the

requirements for accounting information of the management of electric power enterprises of Ukraine. Thus, in the structure of fixed assets, objects of such a group as “Buildings, structures and transmission devices” reach 96.7%. We consider it expedient to allocate a separate group “Transmission devices” as part of this group for the accounting needs of electric power companies, which will allow obtaining more detailed information about the objects that form the basis of the means of activity of such entities.

Table 2.1

Elements of the accounting policy regarding fixed assets of energy supply companies of Ukraine

Element of accounting policy	The option that is used most often
Method of calculating depreciation of fixed assets	Rectilinear
Establishing the value limit of allocation to fixed assets	The price is higher than UAH 20,000. per unit
Materiality threshold for revaluation of fixed assets	Revaluation of fixed assets if the residual value of this object differs from its fair value on the balance sheet date by 10%

Source: (Tseben, 2009)

Therefore, we propose to set aside a separate section as part of the elements of the accounting policy of electric power enterprises to determine the classification of fixed assets. Accordingly, in the Working plan of the accounts of such enterprises, provide for the corresponding accounts of the third and fourth order for analytical accounting of operations with the specified objects (Table 2.2). 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 recorded as part of sub-account 109 “Other fixed assets”.

The use of these analytical accounts in the practical activities of electric power enterprises will increase the informativeness of accounting.

During the operation of fixed assets, they require certain costs for their maintenance (depreciation, current maintenance, technical inspections, current and major repairs, reconstruction, conversion,

completion, inventory, passporting, conservation, security and fire protection, insurance costs, etc.). Such costs, depending on their economic essence and purpose, can be divided into costs related to the use of fixed assets and costs related to the maintenance of fixed assets.

Table 2.2

A fragment of the working plan of accounts for displaying the fixed assets of electric power enterprises

Subaccount	Analytical account
102 Transmission devices	1021 Overhead power lines with a voltage of 0.4 kV 1022 Overhead power lines with a voltage of 10 kV 1023 Overhead power lines with a voltage of 35 kV 1024 Overhead power lines with a voltage of 110 kV 1025 Cable lines of power transmission with a voltage of 10 kV 1026 Cable power transmission lines with a voltage of 0.4 kV
103 Buildings and structures	1031 Industrial buildings 1032 Non-production buildings 1033 Production buildings 1034 Non-production buildings
104 Machines and equipment	1041 110/35/10 kV substations 1042 35/10 kV substations 1043 Distribution devices 1044 Means of relay protection and automation 1045 Means of dispatching and technological management

Source: formed by the author based on (Tseben, 2009)

An enterprise whose balance sheet includes objects of fixed assets in practice distinguishes the following types of work aimed at maintaining and restoring the functionality of objects of fixed assets, as well as improving their technical characteristics: maintenance, current repairs, capital repairs and improvements (completion, retrofitting, reconstruction, modernization, modification, etc.).

If we summarize all of the above, the following definitions can be derived:

- maintenance – work aimed at maintaining the operability of the fixed assets object (for example, changing the oil in a car);
- ongoing repair – works aimed at ensuring and restoring the functionality of the object of fixed assets by eliminating minor damages and malfunctions, replacing and/or updating individual parts of the object;
- overhaul – works aimed at the complete recovery of resources and characteristics of the object by replacing or renewing its main parts. In

the process of replacement, new parts of the fixed asset object can be more durable and more economical than the old ones. In this case, the capital repair will lead to an increase in future economic benefits from the use of the fixed asset object, and therefore, such repair should be considered an improvement and be reflected in the accounting records accordingly;

- improvement is work on modernization, modification, extension, retrofitting, reconstruction, etc., similar to an object of fixed assets, which lead to an increase in the future economic benefits originally expected from the use of the object (including an increase in the period of its useful operation) (para. 14 NP(S)BO 7).

In order to reveal the essence of repairs, it is necessary to consider their types, which, depending on the complexity, nature and periodicity of their implementation, have different purposes. When dividing repairs into types, different signs are taken as a basis. The classification of repairs of fixed assets, which makes it possible to raise the scientific level of the theoretical directions of the economic essence of repair production, is presented in Table 2.3.

Table 2.3

Classification of repair types

No	Classification sign	Types of repairs
1	Depending on the goal pursued by the enterprise	Technical inspection; repair; improvement
2	On technical grounds	Current repairs; average repairs; capital repairs
3	Depending on the method of implementation	Economic; subordinate; mixed
4	In relation to the plan	According to the plan; unpredictable
5	In relation to economic activity	Repairs of production assets; repairs of non-production fixed assets
6	Including repair costs	To the initial cost of fixed assets; to the cost structure
7	According to the ownership of fixed assets	Own; leased
8	By quality improvement of fixed assets	Reconstruction; modernization; modification; additional equipment; technical rearmament

Source: (Kuchirka, 2010)

According to the Order of the Ministry of Energy and Coal Industry of Ukraine “On Approval of the Methodology for Determining Fees for Access to the Infrastructure Elements of the Electric Power Plant”

dated 10.12.2018 No. 622, the concept of repair is defined as a set of operations to restore the facility to its working condition or operational capacity and restore resources entities or their constituent parts.

To determine the type of work, it is advisable:

- study the technical documentation for the object of fixed assets;
- if the works are related to real estate or cars – read List No. 150 or Regulation No. 102, respectively (these documents contain an approximate list of works of each type, you can use their provisions to defend your position regarding the display of one or the other type of repair costs in accounting);
- to involve specialists who have appropriate qualifications in determining the type of work (it is desirable to form a commission from them). In accounting, the following works are distinguished:
 - aimed at improving the technical and economic characteristics of the object (modernization, modification, completion, retrofitting, reconstruction), which will lead to an increase in the economic benefits from its use in the future (this is an improvement for us);
 - carried out to maintain the facility in a usable condition and the ability to receive a predetermined amount of future economic benefits from its use (this is maintenance and repairs).

Restoration of trunk networks is underway. In particular, repairs and restoration works are actively being carried out throughout the country. To restore the energy sector and ensure the stable operation of the energy system, Ukraine needs a large amount of various equipment: generators, transformers, cables, distribution devices, etc. Since the beginning of the war, the Ministry of Energy has agreed with international partners to obtain the necessary equipment for emergency repairs. In particular, the Ministry of Energy has started working with the Secretariat of the Energy Community and the European Commission. Permanent partners of Ukraine, in addition to the EU, are also the USA, Canada, Australia, Great Britain and other countries. Since the beginning of the full-scale war, 166 batches of various equipment with a total weight of thousands of tons have been delivered to Ukraine. As part of this aid, Ukraine received more than a thousand generators, hundreds of kilometers of cables and other equipment from Poland, the Baltic countries, Germany, France, and Austria. Thus, at the end of November, the Government of Lithuania decided to allocate an additional financial tranche to Ukraine for the

reconstruction of the energy sector, damaged as a result of Russian shelling (Repair of power grids, power outages and Western aid: how the restoration of Ukraine’s energy system is proceeding, 2022).

2.2. Organizational and technological features of the electric power industry and their influence on the formation of the accounting system of costs for repairs of fixed assets

In 2021, the volume of electricity production by power plants of Ukraine totaled 156,575.7 million kWh, which is 7,719.5 million kWh or 5.2% more than in 2020. The main share in the total production in 2021 is the production of nuclear power plants – 55.1%, thermal power plants and thermal power plants – 29.3%, and the production of hydroelectric power plants and hydroelectric power plants – 6.7%. In 2020, the share of production of nuclear power plants, thermal power plants and thermal power plants and hydroelectric power plants and gas power plants was 51.2%, 35.2% and 5.1%, respectively (Table 2.4).

Table 2.4

Structure of electricity production

Electricity production	2020 is the year		2021 is the year		Deviation	
	million kWh	%	million kWh	%	million kWh	%
In total	148856,2	100,0	156575,7	100,0	7719,5	5,2
TPP and CHP, of which:	52360,8	35,2	45834,0	29,3	-6526,8	-12,5
TPP GK	39562,4	26,6	37224,9	23,8	-2337,5	-5,9
CHP and cogeneration plants	12798,4	8,6	8609,1	5,5	-4189,3	-32,7
HPP	7583,9	5,1	10445,8	6,7	2861,9	37,7
nuclear power plant	76202,6	51,2	86205,4	55,1	10002,8	13,1
WHERE	10862,0	7,3	12519,7	8,0	1657,7	15,3
Block stations	1846,9	1,2	1570,8	1,0	-276,1	-14,9

Source: Electricity production in Ukraine in 2021

Since the beginning of the war, the electricity market has been most affected by the drop in electricity consumption due to the fact that about 3.5 million citizens were forced to leave Ukraine, and up to 7 million people became forced internal migrants and largely lost their ability to pay. Likewise, most of the citizens who remained in their

places of residence lost their income due to the shutdown of production facilities and also have difficulties with payment.

Considerable damage to the Ukrainian energy system was caused by the occupiers, who are deliberately destroying it through rocket and cannon fire. About 970 settlements in which more than 700,000 consumers live remain without power. During the shelling of the Zaporizhzhia Nuclear Power Plant (ZAEP), Russian terrorists damaged many objects on its territory. The total damage caused by the ZNPP exceeds UAH 18 billion.

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.

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. Electricity trading on other connections (Ukraine-Slovakia, Ukraine-Hungary and Moldova-Romania) is expected to start later.

Given the peculiarities of the electric power industry, the conclusion follows that the operational activity of energy supply enterprises also has its own peculiarities.

For a year now, the world has been watching how constant shelling by the Russian Federation destroys energy facilities and critical infrastructure of Ukraine. The actions of the aggressor encourage countries dependent on Russian energy carriers to accelerate the search for solutions for their own energy security. The European Commission has developed REPowerEU – an action plan based on the approaches of the European “green” course and includes increasing energy efficiency, increasing energy consumption from renewable energy sources, developing hydrogen and biomethane technologies, and switching from gas to electricity.

If the EU has time for a planned transition, then Ukraine is forced to respond quickly to the challenges of the war, because its energy sector functions in conditions of large-scale destruction of heat and electricity generation facilities. However, at the same time as current measures, the country is developing an action plan for the future reconstruction of the energy sector, and it is doing so according to the principles of maximum energy security and environmental protection.

The recovery of Ukraine has a focus on energy independence and the “Green” course, and requires significant funding. According to the calculations of the Ukrainian side, over the next 10 years, Ukraine will need 750 billion US dollars to restore the country. At the same time, about 130 billion US dollars will be needed to strengthen energy independence and implement the “Green” course. Specifying measures for the future “green” reconstruction in the Recovery Plan, the state proposes to build 3.5 GW of hydroelectric power plants and pumped hydroelectric power plants, to localize the production of RES equipment, such as wind towers, transformers, cables, electrolyzers, batteries. In addition, there are plans to build more than 30 GW of RES capacity for H2 production and develop biofuel production.

In general, since 2019, investments in new renewable energy projects in Ukraine have been consistently higher than in fossil fuel projects. In the last 10 years alone, leading international and Ukrainian RES investors have attracted more than USD 12 billion of foreign direct investment into the economy of Ukraine, and the share of foreign investors in the installed RES capacity as of the end of 2021 has reached more than 35%, which characterizes the Ukrainian RES sector as quite competitive and open. Today, the list of the largest international creditors and investors in the RES sector in Ukraine includes: the European Bank for Reconstruction and Development, the Black Sea Bank for Trade and Development, the American International Development Finance Corporation (DFC), the Federal Land Bank of Bavaria BayernLB, the Investment Fund for Developing Countries (IFU), the Northern Environmental Finance Corporation (NEFCO) and many others. Thus, the geography of investments in the construction of Ukrainian renewable energy power plants extends to organizations or individual investors from China, the USA, Great Britain, Germany, the Netherlands, Sweden, Denmark, Norway,

France, Luxembourg, Belgium, Spain, Canada, Turkey, etc.

In 2021, all RES power plants produced 12,804 million kWh of clean electricity, which was 1,941.9 million kWh or 17.8% higher than last year's figures:

- Ukrainian wind power plants produced 3,866 million kWh or 614.4 million kWh more than in 2020, which is 2.97% of total electricity production;

- SPPs produced 7,670 million kWh or 4.8%, which is 1,065.4 million kWh more than the amount of electricity produced in the same period of 2020;

- mHP generation increased by 56.1 million kWh, reaching 276 million kWh or 0.17% of the total balance;

- Ukrainian bioelectric power plants generated 992 million kWh or 0.6%, which is 206 million kWh more than the production level of the previous year.

From the very first hours after the invasion, Russian troops have been massively shelling not only Ukrainian cities and towns, but also trying to destroy critical energy infrastructure facilities: high-voltage networks, transformer substations, control centers, as well as directly power plants, including renewable energy facilities. In general, after nuclear power facilities and power lines, renewable energy power plants became the second priority of destruction for the Russian invaders.

As already mentioned, before the war in Ukraine, a number of regulatory documents and national strategies were adopted, which determine the future direction of the development of renewable energy sources in Ukraine during this and future decades. Thus, in particular, the Energy Strategy of Ukraine until 2035 “Security, energy efficiency, competitiveness” envisages the possibility of achieving a 25% share of RES in the total primary energy supply by 2035, since according to the text of the Energy Strategy “RES will develop at the most dynamic pace compared to other types of generation”. The Energy Strategy also substantiates the need for the development of distributed generation from RES, in particular the development and start of implementation of the plan for the implementation of “smart” energy networks (Smart Grids).

The economic strategy of Ukraine until 2030 also defines decarbonization, the development of RES and the circular economy in

accordance with the European Green Course, and increasing energy efficiency as one of the guidelines for the development of the national economy. According to the Economic Strategy of Ukraine, the share of RES in the total production of electricity should increase to 25% by 2030. The Economic Strategy also focuses on the need to increase the amount of energy storage capacity, consider the possibility of hydrogen production, and regulate the operation of localized generation from RES.

The concept of the “Green Energy Transition of Ukraine” until 2050, presented by the Government of Ukraine in 2020, states that “Ukraine is quite capable and economically expedient to achieve a 70% share of RES in electricity production by 2050. And a significant part (up to 15%) should be electricity production at the expense of rooftop solar power plants in households and businesses”.

The important role of renewable energy sources is also determined by the National Strategy for Low-Carbon Development of Ukraine until 2050 and the Second Nationally Determined Contribution to the Paris Agreement.

However, in the conditions of a full-scale war with the Russian Federation, the provisions of the Recovery Plan of Ukraine until 2032, presented by the Government of Ukraine in July 2022 at the international donors’ conference in Lugano, gained priority importance for the further development of RES. Taking into account the current trends, the post-war development of Ukraine’s economy will take place in accordance with this Plan, and the sector of renewable energy sources is no exception. Thus, by 2032, it is planned to build 5-7 GW of new solar and wind power plants to expand Ukraine’s export capacity, 30+ GW of RES facilities for the production of renewable hydrogen, and 3.5 GW of hydroelectric and pumped hydroelectric plants. Additionally, over the next 10 years, the Plan provides for the commissioning of 1.5-2 GW of peak power, 0.7-1 GW of batteries, and 15 GW of electrolysis capacity. The volume of future investments in the national program “Energy Independence and Green Course” is currently estimated at 130 billion dollars.

At the same time, it should be emphasized that the targets for expansion of RES generation presented by the aforementioned Plan do not take into account the full potential of renewable energy sources. So, for example, according to the Ukrainian Wind Energy Association,

the wind energy sector of Ukraine has the opportunity to add at least 7 GW of new wind turbines to the current installed capacity by 2030. This is explained by the fact that, firstly, as of the end of 2021, 4 GW of new wind energy projects had already received construction permits and most of them were to be commissioned by 2024-2026, and, secondly, the average unit capacity of wind turbines proposed for operation at new wind farms, starting in 2021, is 6 MW and above, which makes the possibility of achieving this goal quite real.

As for the further development of solar energy, under the current market realities in Ukraine and in accordance with the goals set in the RePowerEU Plan, the sector of small solar generation will gain active development, namely the installation of photovoltaic systems on the roofs of buildings and households.

In addition, the Recovery Plan of Ukraine until 2032 does not set specific goals for the development of offshore wind energy, i.e. offshore wind turbines. At the same time, it should be noted that according to the World Bank, Ukraine has one of the best technical potentials for the development of offshore wind energy in the Black Sea among all the countries of the Black Sea region. The theoretical technical potential of offshore wind energy in the Black Sea and in the shallow waters of Ukraine is as much as 250 GW, when the total theoretical potential of all Black Sea countries is 435 GW.

Taking into account the experience of EU and Energy Community member states that have access to the Black Sea and demonstrate high indicators of wind energy development and reduction of greenhouse gas emissions, the launch of the offshore wind energy market in Ukraine is one of the best options for accelerating the achievement of the goals of the European Green Course and RePowerEU. In addition, Ukraine should consider the possibility of building offshore wind farms, as it is a participant in regional cooperation in the context of the Joint Maritime Agenda for the Black Sea, which includes the stimulation and development of blue economy sectors, namely the development of offshore wind and wave technologies.

Operational activity is the main activity of the enterprise, which is related to the production and sale of products (works, services), provides the main share of income and is the main purpose of creating the enterprise.

The operational activity of distribution system operators is the

main type of activity and it is connected from the first to the last stage at the enterprise, i.e. from the receipt of electricity from the market to its distribution on power grids and provides the enterprise with a significant part of the income for its further functioning.

The operational activity of the enterprise is determined by the specifics of the economic sector to which it belongs, in our case it is the energy sector. The main priority of the company's activity is operational activity, so other auxiliary activities can have only secondary importance. The operational activities of energy enterprises focus their attention on the energy consumer market, the production and transmission of electricity by enterprises, which requires significant labor costs and regular business operations.

The main tasks of enterprises-operators of the electricity distribution system are determined by the specificity of the industry, the continuous process, the limited possibilities of creating reserves, the simultaneity of its production and consumption, and are reduced to the following (Regularities of planning, creation and effective use of the organization's operating system):

- obtaining the main types of energy for general industrial purposes (electricity, steam, etc.);
- transformation of energy voltage and its preparation for use;
- efficient distribution of energy between units and its supply to workplaces;
- supervision of the implementation of the rules of operation of energy equipment;
- carrying out repair works;
- ensuring functional connections between units.

NP(S)BO 16 states that the costs of operating activities are the costs of the main activity of the enterprise (except investment and financial). The following definition: costs of operational activity – costs of the enterprise related to its main (directed to the production or sale of products, goods, works, services, which is the main purpose of the creation of the enterprise and provides the main share of its income) activity, as well as operations, which provide it or are caused by it.

The classification of operating expenses of enterprises-operators of the electricity distribution system is presented in the Table 2.5.

Table 2.5

Classification of operating expenses of enterprises-operators of the electricity distribution system

No.	Signs of classification	Type of operating expenses
1	By type and volume	- general - one-time
2	By place of origin	- electricity supply costs - administrative expenses
3	By functional purpose	- operating expenses - expenses from financial activities - expenses from investment activity
4	By degree of homogeneity	- elemental - complex
5	By the method of transferring costs to the cost of production	- straight lines - indirect
6	According to the degree of dependence on the volume of production	- constant - variables
7	By content and purpose	- costs by economic elements - expenses according to costing items
8	By periods	- expenses of the current period – costs of future periods
9	According to the possibility of control	- controlled - uncontrolled
10	By target affiliation	- production - administrative
11	By degree of priority	- priority - secondary

Source: (Bokhonko, 2015)

Bohonko I.V. suggests that the operating expenses of enterprises-operators of electricity distribution systems should be allocated by purpose: production expenses are expenses for fuel, energy, contract work, raw materials and auxiliary materials; administrative expenses – expenses related to maintenance of administrative personnel, expenses for transport, business trips. According to the degree of priority: first priority – expenses for wages, expenses for repairs; secondary – utility payments.

Therefore, at enterprises-operators of the electricity distribution system, repair costs are the costs of operational activities, which are priority costs according to the degree of priority. According to the requirements of NP(S)BO 16 “Costs” and NP(S)BO 7 “Fixed Assets”,

repair costs are operational costs included in the cost of products, goods, works, and services.

On the basis of the well-known classification of costs of the company's operational activities, it is possible to consider the costs of enterprises-operators of the electricity distribution system in more detail. Classification of costs of production cost for energy supply enterprises:

1. Production services:
 - maintenance of air lines;
 - maintenance of relay protection and automation;
 - maintenance of computer equipment;
 - maintenance of measuring equipment;
 - the cost of the services of third-party organizations for the technical maintenance of motor vehicles and special mechanisms;
 - disposal of industrial waste.
2. Expenses for labor protection and safety equipment.
3. Raw materials and auxiliary materials.
4. Fuel from the side.
5. Energy from the side.
6. OP expenses.
7. Depreciation.
8. Other expenses:
 - business trips (maintenance, training);
 - traveling nature of works.

The cost structure of electricity distribution system operators that transmit and supply electricity shows that 90% of operating costs are related to electricity transmission, and only 10% of operating costs are related to supply (Bokhonko, 2015).

Operational costs of electricity transmission are costs related to the repair of power networks, reconstruction, modernization and technical re-equipment of networks, costs for technical personnel, depreciation of fixed assets.

Operating costs from the supply of electricity are costs related to commercial activities, costs for contractual work, printing bills for consumed electricity, wages for employees involved in commercial activities, and other operating costs (Fig. 2.3).

According to the Rules for the organization of maintenance and repair of equipment, buildings and structures of power plants and

networks, the system of maintenance and repair of electrical networks provides for the performance of a complex of works, which are carried out with a certain frequency and sequence, aimed at ensuring the working condition of electrical equipment, its reliable and economical operation at optimal labor and material costs.

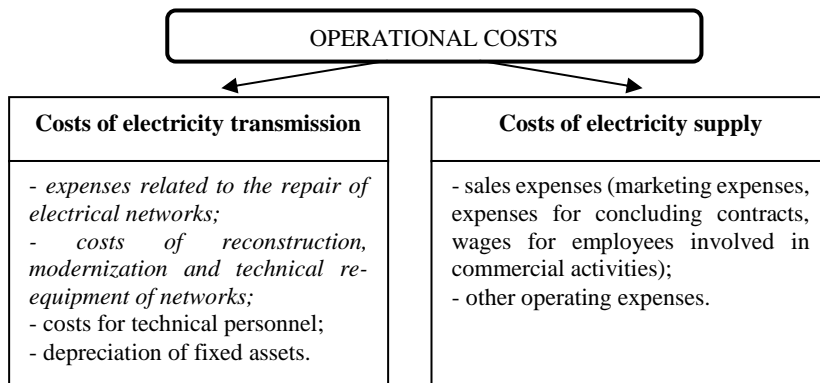


Fig. 2.3. The place of expenses for repairs and improvements of fixed assets in the operating expenses of enterprises-operators of the electricity distribution system

Source: generated by the author

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 (hereinafter referred to as maintenance) is a method of maintenance in which all necessary works of a set of works are performed, aimed at maintaining efficiency and preventing premature failure of elements of the electrical network

object, which is achieved by inspections, performing preventive checks and measurements and individual types works with replacement of malfunctioning parts and elements of electrical networks, repair of damages.

Overhaul of electrical networks (further – overhaul) 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 damaged parts and elements or replacing them with more reliable and economical ones, which in turn in turn, will significantly improve the operational characteristics of 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.

To ensure capital repairs and maintenance, it is advisable to create repair and production bases (RVB), repair and mechanical stations (RMS), repair and operation points (REP), as well as stocks of equipment and materials in case of emergency repair work (AVR).

It is advisable to carry out maintenance and repair of electrical network facilities using a comprehensive method their performance is grouped in a complex by nomenclature and periodicity. At the same time, the work is carried out by centralized service teams, which perform the full scope of work at the facility.

During the complex implementation of the works, mechanization means and personnel are concentrated on the repaired object. The method of complex performance of works in the operational maintenance of electrical networks allows:

1. To move from selective and seasonal work to planned and

orderly maintenance;

2. To increase the productivity of personnel by eliminating non-productive time spent on preparatory and final operations (preparation of tools and materials, organization of workplaces, switching off and on electrical installations), transitions and relocations, increasing the level of mechanization of work by concentrating mechanisms on the object;

3. To reduce the total time of repair and maintenance, including idling of power grid objects in the switched off state;

4. To raise the level of technical management, to improve the organization and working conditions of personnel, control over compliance with safety measures;

5. To ensure the quality of work, detection and elimination of defects in equipment, elements and structures of electrical networks;

6. Rationally use labor and material resources.

Centralized service teams must be provided with:

1. Vehicles, special mechanisms and machines, means of mechanization, protection, rigging, tools and inventory;

2. Means of communication;

3. Necessary technical documentation and instructions;

4. A complex of buildings (warehouses, workshops, garages, laboratories, etc.).

Special mechanisms, machines, devices and other equipment are attached to teams that constantly use these mechanisms. Responsible for their technical condition, timely repair and testing are the divisions of the power system. The choice of the method of repair and maintenance is made on the basis of technical and economic justification, taking into account local conditions, including the provision of material resources, means of mechanization, transport, qualification and number of personnel and other factors.

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”.

Long-term (perspective) and annual plans, schedules for the repair and maintenance of electrical network facilities with a voltage of 0.4-150 kV are developed by the relevant production services of REM and the production and operation services of Oblenergo, agreed and approved by their management, and for electrical networks with a voltage of 220- 800 kV – separate subdivisions 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.

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 regulatory documents “Standards for the emergency stock of equipment and materials for mainline electrical networks with a voltage of 220-750 kV” 34.10.383, “Standards for the emergency stock of electrical equipment, building structures and materials for high-voltage electrical networks 0.38-150 kV”. 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”.

For work not specified in the above-mentioned documents, estimates are made on the basis of state norms and estimates for construction, installation and repair work of electrical equipment or local norms of time and calculations. To determine the cost of repairs and maintenance of electrical networks, it is advisable to use an automated system for calculating budget and financial documentation based on the above-mentioned regulatory documents.

2.3. Accounting for the repair of fixed assets of enterprises-operators of the electricity distribution system

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)BO 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. As an example, let’s present the structure of fixed assets of JSCo “Vinnytsiaoblenergo” (Table 2.6).

This group of property 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 subjects.

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 assets. 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 recorded as part of sub-account 109 “Other fixed assets”.

Table 2.6

The structure of fixed assets of JSCo “Vinnytsiaoblenergo”

Group of fixed assets	2018 p.		2019 p.		2020 p.		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 JSCo “Vinnytsiaoblenergo”

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 an 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 for accounting of fixed assets”, the decision on the nature and signs of repair work 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 2.7).

Table 2.7

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

Type of repair	Definition
Rules for maintaining 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
Regulations on maintenance and repair of road vehicles of road 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, 2008)

The interpretation of current and capital repairs is also given in the Methodological recommendations for the formation of the cost of production (works, services) in industry, approved by the order of the Ministry of Industrial Policy of Ukraine dated 07.09.2007 No. 373. They define that current repairs are carried out to ensure or restore operational qualities equipment and consists in the performance of small works on the correction 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.

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 methodological 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.

Therefore, the methodological base for accounting for fixed assets does not contain a universal definition of the concepts "current repair" and "capital repair", and scientific approaches are characterized by multiplicity. The responsibility of identifying the type of repair rests with the head of the enterprise. Such a decision is made taking into account the results of the analysis of the existing situation and the materiality of such costs. However, in practice, not all managers have the appropriate skills for such an assessment. Therefore, the validity and expediency of the decision regarding the identification of the type of repair may be questioned. Without having the appropriate skills, the managers of the enterprise will be forced to attract third parties with technical qualifications and bear additional costs for payment of their services.

In order to ensure the reliability of the display in the accounting and reporting of repair costs, it is necessary to make additions to the methodological recommendations on the accounting of fixed assets in the part of the categorical apparatus, clarifying the concepts of "current repair" and "capital repair". The main feature for identifying the type of repair is its purpose: maintenance of the technical and operational characteristics of the object of fixed assets in working condition or improvement of operational indicators. During the current repair, maintenance or restoration of technical and operational characteristics of the object of fixed assets is carried out on a

systematic basis or in case of need and does not provide for the receipt of economic benefits in the future.

The purpose of major repairs is to improve the operational characteristics of the fixed asset object, which can be implemented by replacing or restoring any part of the fixed asset without changing the geometric dimensions, functional purpose and without improving technical and economic indicators. Otherwise, major repairs will have signs of improvement: reconstruction, modernization, retrofitting or additions. Overhaul should be carried out if necessary: in case of destruction, replacement of a part of the main asset, complete wear and tear of a part of the main asset, etc.

Thus, the signs that have an impact on the identification of the type of repair are the purpose, the systematicity of the work, and the change in geometric shapes.

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.

The process of forming the necessary accounting information in general, and information about the repair of fixed assets in particular, goes through several stages, namely: initial observation, generalization (i.e. data processing) and presentation of reporting data. The first and most important point in the accounting of fixed assets is the documentation of transactions with them. Primary documents must contain sufficient information characterizing the object and must be the basis for accounting records. At the same time, the documents must serve as a legal basis for proving the existence of objects and carrying out various operations with them.

Acceptance of completed repair works (current, capital) is formalized by the act of acceptance and delivery of repaired, reconstructed and modernized objects of form No. OZ-2 or its

modernized analogues, the forms of which were approved by the order of the Ministry of Finance dated 09/13/2016 No. 818 (para. 28 of methodological recommendations No. 561). At the same time, the enterprise can use other primary documents, the forms of which differ from those established by law, but which contain the necessary details for the primary document.

The act, signed by an employee of the enterprise, authorized to accept fixed assets, and a representative of the repair service of the enterprise that performed the repair or improvement, is transferred to the accounting department of the enterprise. After that, the act is signed by the chief accountant and approved by the head of the enterprise, organization or authorized persons.

If the repair is carried out by a third-party organization, the act is drawn up in two copies. Then the second copy is given to the company that performed the repair.

Information about repairs/improvements is entered in the inventory cards of fixed asset accounting.

If the repair work is performed by a contractor, when drawing up a statement of defects (during repair) or a statement of maintenance work (during maintenance), or another document provided for by the parties to the contract, the scope of work is agreed upon, the cost of which is also established in the relevant contract (art. 843 of the Civil Code of Ukraine). In practice, a cost estimate is most often made.

If the contract provides for the use of the customer's materials, then such materials are transferred to the contractor according to the act of acceptance and transfer, while form No. M-11 (approved by order No. 193) is drawn up for their transfer from the warehouse to the workshop where the equipment is repaired. There is no standard form of the act of acceptance and transfer drawn up between the customer and the contractor, but when developing "your" act, you can use the standard form No. M-23 "Act on consumption of delivery materials" as a template.

Documentary support for accounting for repairs of fixed assets at the stage of its organization is of fundamental importance in terms of cost control. The distribution of documents according to the method of carrying out repair work will allow the head of the enterprise to make alternative decisions based on the materiality of such costs (decisions such as: carrying out repairs to maintain the object in a usable condition or obtaining the desired amount of future economic benefits from its use). Due to the above, we propose to classify the

documents recording the recognition of expenses by economic and contractual method, by marking them with the mark “repair method” or adding the requisites (columns) “repair method”. We also suggest that the costs of repair of fixed assets be distributed according to the method of repair, by specifying in the names of the analytical accounts “Business method of repair” and “Contractual method of repair”.

Analytical accounting of repairs is carried out in sections defined at the enterprise level. The main feature of the organization of analytical accounting of repair costs is that the primary feature in them is not the approach to the division of fixed assets by groups, types and types, but the approach to the division of repair costs.

The order and features of displaying the mentioned operations on accounting accounts depends on the method of carrying out improvements: economic, contractual or mixed.

Performing repairs in the first way involves the implementation of construction and installation works or other improvement works with the help of direct forces (specialized repair units, teams created within the enterprise) and the funds of the organization, without the involvement of other contracting organizations. Under such conditions, design and estimate documentation for construction, repair and construction works, and reconstruction must be drawn up. In turn, with this method, the accounting of asset repair operations depends on the organization of its implementation: by the forces of repair and mechanical, repair and construction and other workshops or crews or individual workers of the same divisions where the facility of fixed assets is operated.

The next method of repair works is contracting, according to which the customer chooses a specialized construction and repair organization and concludes a contract with it. According to it, the general contractor undertakes to perform the works stipulated in the contract within the agreed time. The methods of conclusion of the contract are determined by the customer, taking into account the complexity of the operations, the features of the object.

Under the mixed method, contracting and economic methods are combined. At the same time, some works are performed by the forces of subcontractors, highly specialized in complex works, and others by the forces of the enterprise (mass simple operations). In order to prevent unnecessary costs for repair operations, in accordance with the developed and approved plans (schedules) and the established duration and periodicity, maintenance and repair of equipment should

be provided.

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 2.8.

Table 2.8

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

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

Source: generated by the author

If the enterprise keeps records according to national standards, then it must:

1) starting from the month following the month of transfer of the object of fixed assets for reconstruction, modernization, completion, retrofitting, stop charging depreciation;

2) renew the calculation of depreciation from the month following the month in which the object of fixed assets became suitable for use – put into operation after improvement. To calculate depreciation for the period after the improvement, the new original value of the object should be taken, that is, taking into account the costs of the improvement.

At the same time, if the work on the improvement of fixed assets

is carried out within one calendar month (the beginning and the end fall on the same month), then the accrual of depreciation is not stopped.

Also, in our opinion, if only a part of the fixed asset object will be improved and the object itself will not be decommissioned, then the depreciation of fixed assets should not be suspended. NP(S)BO 7 does not establish the obligation to suspend the accrual of depreciation or change its amount during the reconstruction of a part of the object.

When improving fixed assets, the period of useful use of objects can be revised upwards.

Depreciation of the fixed asset object, in respect of which the period of use has been changed, is already calculated based on the new period of useful use and the new residual value of the fixed assets. At the same time, accrual of depreciation according to the new rules begins with the month following the month of the change in the period of useful use of the improved object.

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. 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 Norms of emergency stock of equipment and materials for trunk and interstate electric networks, Norms of emergency stock of electrical equipment, building structures and materials for electrical networks with a voltage of 0.38-150 kV. 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”. 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)BO 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 2.9).

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.

Table 2.9

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

No	The content of the business transaction	Correspondence of accounts	
		debit	credit
1.	A reserve of costs for capital repairs and restoration of fixed assets has been created	23, 91	4741
		92	4742
		93	
2.	Costs for repair work are shown: - current repair - overhaul	233	13, 20, 23, 63, 65, 66,
		234	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		233
		23, 91	
		92	
		93	
4.	Capital repair costs were written off at the expense of the created reserve	4741	234
		4742	

Source: generated by the author

Planning and management of such complex processes requires proper information support. In P(S)BO 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 material 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.

CONCLUSIONS TO CHAPTER 2

On the basis of a theoretical study of the peculiarities of the organization of repair works and works related to the improvement of facilities of fixed assets of electric power enterprises in the conditions of war and integration into energy systems, we can generalize the following:

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. Given the peculiarities of the electric power industry, the conclusion follows that the operational activities of enterprises in the industry also have their peculiarities. The place and composition of costs for repair and improvement of fixed assets in the composition of operating costs of enterprises-operators of the electricity distribution system have been determined.

As a study, among the elements of the accounting policy, there are no standards that regulate the accounting of costs for repair, restoration and improvement of fixed assets. This reduces the efficiency 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.

As a study among the elements of the accounting policy, there are no rules governing the accounting of costs for repair, restoration and improvement of fixed assets to provide operators of electricity

distribution systems. This reduces the efficiency 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.

The current classification of fixed assets according to NP(C)BO 7 "Fixed Assets" is typical for all enterprises and therefore cannot satisfy the requirements for accounting information of the management of electric power enterprises of Ukraine. Thus, in the structure of fixed assets, objects of such a group as "Buildings, structures and transmission devices" reach 96.7%. We consider it expedient to allocate a separate group "Transmission devices" as part of this group for the accounting needs of electric power companies, which will allow obtaining more detailed information about the objects that form the basis of the means of activity of such entities.

It is proposed to allocate a separate section as part of the elements of the accounting policy of electric power enterprises, where to determine the classification of fixed assets. We suggest that in the Working plan of accounts of such enterprises, appropriate accounts of the third and fourth order should be provided 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 recorded as part of sub-account 109 "Other fixed assets".

On the basis of the generalization of the theoretical research, the classification of operations on the use and maintenance of fixed assets as objects of accounting and control at electric power enterprises is proposed according to the criterion of change in economic benefits.

Documentary support for accounting for repairs of fixed assets at the stage of its organization is of fundamental importance in terms of cost control. The distribution of documents according to the method of carrying out repair work (commercial, contract) will allow the head of the enterprise to make alternative decisions based on the materiality of such costs. We suggest adding the details (column) "repair method" in the documents recording the recognition of expenses.

Taking into account the significant amount of expenses for capital repairs, the long-term nature of the works and the negative consequences of martial law, we consider it necessary to create a reserve for capital repairs and restoration of damaged objects. Since the costs of major repairs under P(S)BO 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 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.

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SECTION 3³

THEORETICAL AND PRACTICAL ASPECTS OF ENTERPRISE INCOME ACCOUNTING: TODAY'S REQUIREMENTS

3.1. Theoretical aspects of the economic essence and classification of the company's income as an accounting object

In connection with the full-scale aggression of the Russian Federation against Ukraine, domestic business entities faced severe challenges. If earlier the main orientation of the business was profit making, cost minimization, then after February 24, 2022, the owners and managers of enterprises took responsibility for saving the lives and health of employees, preserving the material and technical base, and, rather, restoring the normal operation of the enterprise.

In the conditions of martial law, the main goal of every enterprise is to obtain the largest possible amount of income and profit. It is important to introduce such systems for obtaining information about income, determining the financial result, methods of income analysis, as well as, based on the received data, effective management decisions that would be adequate for Ukraine on the way to overcoming the consequences of military aggression inflicted by the Russian Federation.

Economic transformations associated with full-scale aggression require constant improvement of management functions, the performance of which primarily depends on the effectiveness of using reliable and high-quality accounting information. The problem of its quality and reliability in the modern conditions of accounting according to national regulations (standards) of accounting has become particularly acute (Ishchenko, Podolyanchuk, Koval 2021).

Profit is the result of the multidirectional movement of cash flows, which is characterized by the income and expenses of the enterprise. Income and expenses, as interrelated factors of the formation of the company's profit, should be studied at all stages of their formation. In a generalized form, profit can be considered as the difference between the income received by the enterprise for the corresponding period as a result of its activity, and the expenses incurred in the same period as

³ Koval N.I.

a result of its activity.

The author is N. Koval notes that state policy should be aimed at stimulating and developing small and medium-sized businesses: increasing the volume of state guarantees of loans or a share of the guarantee, expanding the rights of enterprises; credit intermediation; special guarantees and loans; subsidizing interest rates (Koval, 2015).

The works of scientists and specialists are devoted to the study of the economic essence, income classification and their formation: R. Brukhanskyi (2016), Ya. Ishchenko (2021), H. Kaletnik (2020), N. Koval (2022), O. Konovalova (2018), T. Mulyk (2017), O. Podolyanchuk (2009, 2021), N. Pravdyuk (2015), O. Radchenko (2013), A. Reznichenko and others (2016).

In the general definition, income is an increase in economic benefits in the form of an inflow of assets or a decrease in liabilities, which leads to capital growth (except for growth due to owners' contributions to the authorized capital). This definition meets the requirements for the recognition and classification of income from the ordinary activities of the enterprise, which are contained in the National accounting regulation (standard) 15 "Income".

According to NR(S)A 15, income is determined during an increase in an asset or a decrease in a liability, which leads to an increase in equity (with the exception of an increase in capital due to the contributions of the participants of the enterprise), provided that the assessment of income can be reliably determined (NR(S)A 15 Income, 1999).

Therefore, NR(S)A 15 applies to all business entities – legal entities, regardless of whether they aim to make a profit or not (including non-profit organizations). Although the accounting of income of non-profit organizations has its own peculiarities (Legislation news, 2021)

It should be noted that the norms of NR(S)A 15 do not apply to income related to:

- lease agreements – NR(S)A 14 works here;
- dividends, which belong to the results of financial investments and are accounted for by the method of equity participation. These revenues are accounted for in accordance with NR(S)A 12;
- insurance activities (insurers prepare financial statements according to international standards in accordance with Part 2 of

Article 12-1 of the Law on Accounting and Financial Reporting in Ukraine) (Law of Ukraine On accounting and financial reporting in Ukraine, 1999);

- changes in the fair value of financial assets and financial liabilities, as well as liquidation (sale, repayment) of said assets and liabilities (this is the prerogative of NR(S)A 13);

- hanges in the value of other current assets (in particular, exchange rate differences for assets expressed in currency (NR(S)A 21);

- initial recognition and change in fair value of biological assets related to agricultural activities and initial recognition of agricultural products – these issues are regulated by NR(S)A 30;

- extraction of minerals – these operations are regulated by NR(S)A 33.

According to NR(S)A 1 “General requirements for financial reporting”, income is an increase in economic benefits in the form of an increase in assets or a decrease in liabilities, which leads to an increase in equity (with the exception of an increase in capital at the expense of owners contributions) Table 3.1. (NR(S)A 1 General requirements for financial reporting, 2013).

Table 3.1

Definition of terms according to NR(S)A 1 “General requirements for financial reporting”

Deadlines	Definition of terms
Costs	decrease in economic benefits in the form of disposal of assets or increase in liabilities, which lead to a decrease in equity (with the exception of a decrease in capital due to its withdrawal or distribution by owners)
Income	an increase in economic benefits in the form of an inflow of assets or a decrease in liabilities that lead to an increase in equity (except for an increase in capital due to owners’ contributions)
Profit	the amount by which revenues exceed related expenses
Loss	excess of the amount of expenses over the amount of income for which these expenses were incurred

Source: (Ishchenko, Podolanchuk, Koval 2021)

Ehe objective necessity of obtaining income by enterprises and ensuring stable profit based on them is measured by the economic laws of commodity production and conducting activities on the basis of self-financing. In today’s conditions, the efficiency of the management of agricultural enterprises depends on their independent

provision of resources necessary to cover costs and generate profit.

The inconsistency of the essence of the concept of “income” in the provisions of accounting, other regulatory documents, and the views of scientists determined the need to conduct research related to clarifying the economic nature of the studied category (Ishchenko, Podolyanchuk, Koval 2021).

For the purposes of the conducted research, the delineation of the position of modern scientists in the part of the formation of the economic entity “income” is justified, and the actual definition of the studied concept has been formed.

Therefore, income according to the accounting and tax accounting system means the receipt of financial benefits of the reporting period, arising as a result of the enterprise’s activities in the form of proceeds from the sale of products (goods, works, services), rewards, interest, dividends (Koval, 2022).

Normative information on the company’s income by areas of use is intended, first of all, to provide such management functions as analysis, control and forecasting of income. Special attention should be paid to the appropriate regulatory provision of accounting for the income of enterprises, since accounting and analytical information is also formed in the process of disclosure of information contained in financial statements, and economic analysis ensures qualitative and quantitative disclosure of such information.

The main legislative acts of regulatory regulation of income recognition and accounting are shown in Table 3.2.

Table 3.2

Basic legal acts on accounting of income and expenses

Normative acts	Date of acceptance and number
National regulation (standard) of accounting 1 “General requirements for financial reporting”	Law of Ukraine dated February 7, 2013 No. 73
National regulation (standard) of accounting 15 “Incom”	Law of Ukraine dated November 29, 1999 No. 290
Tax Code of Ukraine	Law of Ukraine dated December 2, 2010 No. 2755-VI

Source: (Ishchenko, Podolianchuk, Koval 2021)

The analysis of the main provisions of regulatory and legal documents showed that it is worth paying more detailed attention to the issue of income classification.

Recognized income is classified in accounting according to the following groups:

- income (revenue) from the sale of products (goods, works, services);
- net income from the sale of products (goods, works, services);
- other operating income;
- financial income;
- other incomes (Legislation news, 2021).

Income (revenue) from the sale of products (goods, works, services) – total income (revenue) from the sale of products, goods, works or services without deducting the discounts provided, the return of previously sold goods and indirect taxes and fees (value added tax, excise collection etc).

Net income from the sale of products (goods, works, services) is determined by deducting from the income from the sale of products, goods, works, services the discounts provided, the value of returned goods previously sold, the income that belongs to the principals (principals, etc.) according to the contracts, and taxes and meetings.

The composition of other operating income includes amounts of other income from the company's operational activities, except for net income from the sale of products (goods, works, services), in particular: income from operating lease of assets; income from operational exchange rate differences; reimbursement of previously written-off assets; income from royalties, interest received on balances of funds in current accounts in banks, income from the sale of current assets (except financial investments), non-current assets held for sale, and disposal groups, etc.

Financial income includes dividends, interest and other income received from financial investments (except for income accounted for by the equity method).

Other income includes, in particular, income from the realization of financial investments; income from non-operational exchange rate differences and other incomes that arise in the course of economic activity, but are not related to the operational activities of the enterprise.

Since incomes arise in the course of the enterprise's activity, their classification is carried out in accordance with the types of activity, as a result of which they arose.

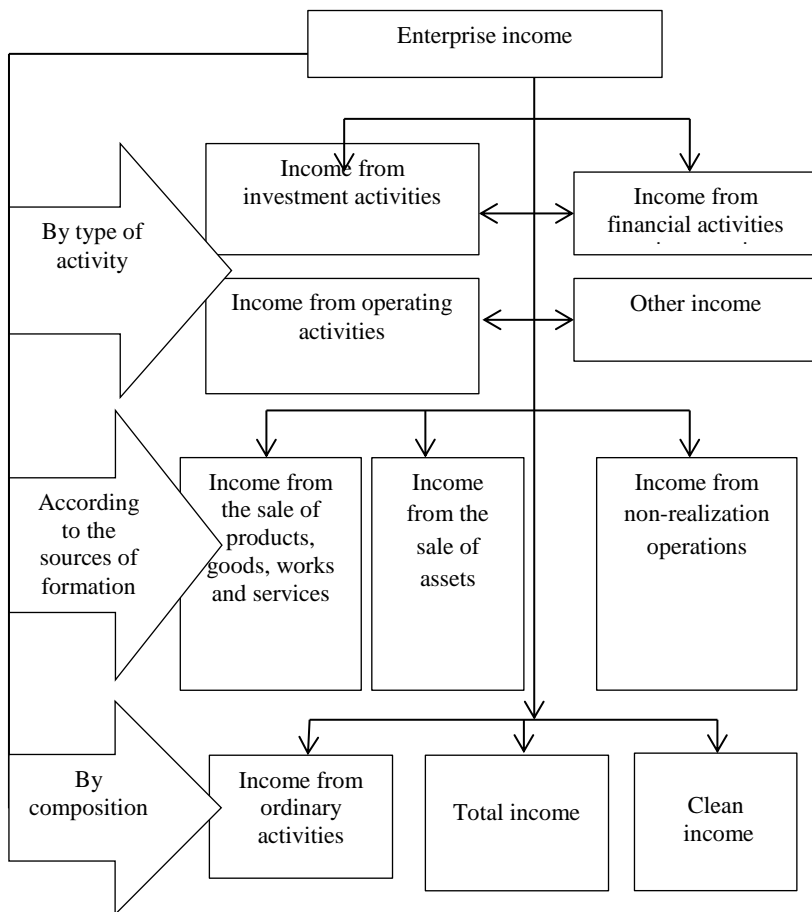


Fig. 3.1. Classification and components of the company's income

Source: (Voloshyna, 2019)

It should also be remembered that the National Regulation (standard) of accounting 15 “Income” defines the methodological principles of the formation in accounting of information about the company's income and its disclosure in financial reporting and defines the following terms (Ishchenko, Podolyanchuk, Koval 2021).

Interest is a fee for the use of cash, their equivalents or sums owed to the enterprise.

Royalty – any payment received as a reward for the use or for

granting the right to use any copyright and related right in literary works, works of art or science, including computer programs, other recordings on information carriers, video – or audio tapes, cinematographic films or films for radio or television broadcasting, any patent, registered trade mark or trademark, design, secret drawing, model, formula, process, right to information relating to industrial, commercial or scientific experience (know-how) (Podolianchuk, 2010).

The exchange rate difference is the difference between the valuations (that is, the book value) of the same number of foreign currency units at different exchange rates.

Income classification for accounting purposes is shown in Fig. 3.2.

The introduction of market management mechanisms, the reform of economic relations, the variety of forms of ownership, transformational processes in the agrarian economy led to the formation of new institutional units that participate in the economic process, and therefore use accounting information. Recognition of the importance of the mission of agricultural production in ensuring the economic and food security of the state requires a review of the general purpose of the agricultural enterprise. Along with the financial and economic, the social, biological, ecological components of the effectiveness of agricultural activity are growing. This leads to the appearance of new, atypical requests for accounting information about the company's performance (Podolianchuk, 2010).

The analysis of the main provisions of regulatory and legal documents showed that it is worth paying more detailed attention to the issue of income classification.

R. Brukhansky classifies income by the following groups: income from operating activities; income from financial activities; other incomes. T. Davidyuk, O. Manoilenko, T. Lomachenko, A.Reznichenko classifies income according to the following groups: income (revenue) from the sale of products (goods, works, services); net income from the sale of products (goods, works, services); Other operating income; financial income; other income (Brukhansky, 2016).

N. Gurina offers the following classification of enterprise income, namely:

– by the form of receiving income (tangible, intangible (non-monetary));

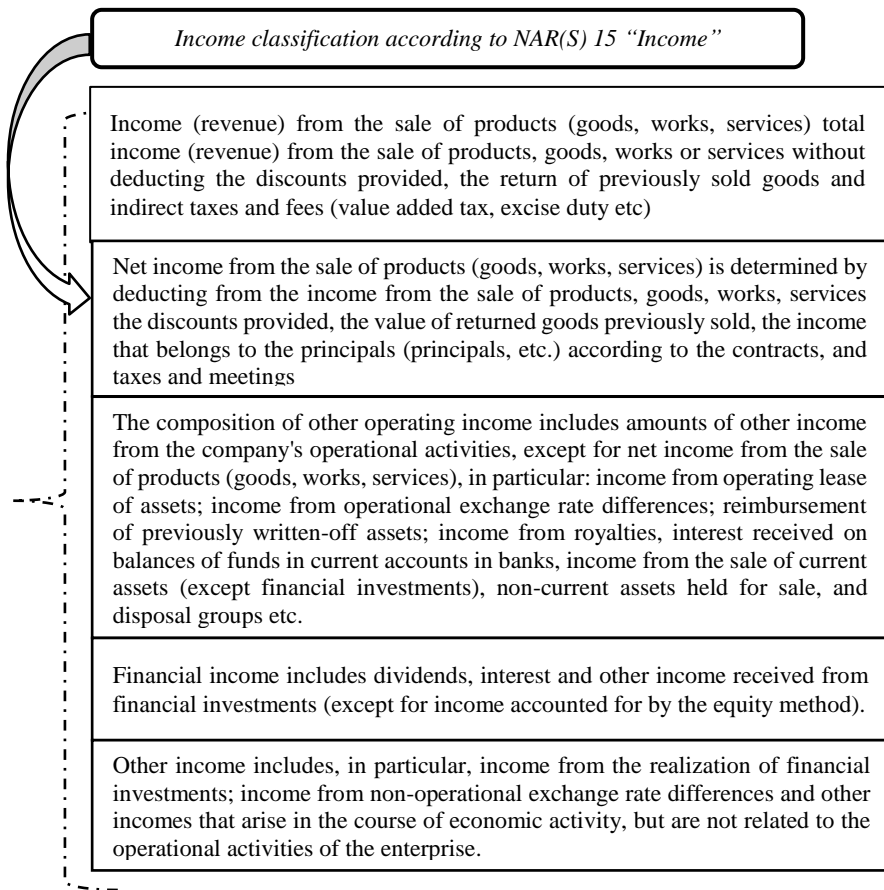


Fig. 3.2. Income classification according to NR(S)A 15 "Income"

Source: (formed by the author on the basis of NR(S)A 15 Income, 1999)

- by recognition (planned, received (actual));
- by periodicity (current, future periods);
- according to the degree of materiality (material, non-material);
- by revenue centers (main production revenue center, auxiliary production revenue center);
 - by geographic segment (this classification feature is typical for enterprises that include subsidiaries or separate divisions);
 - in view of the object of implementation (implemented, manufactured) (Gurina, 2015).

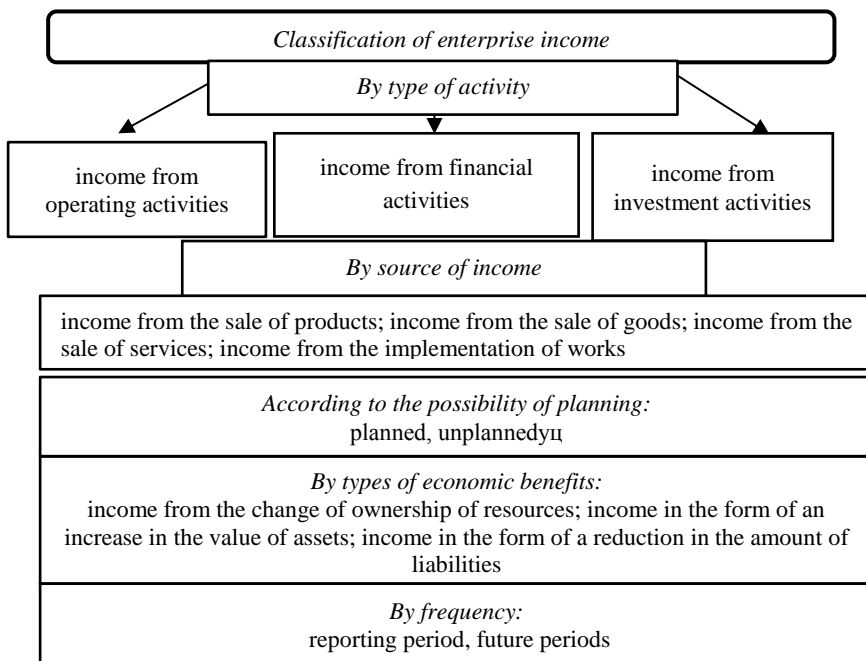


Fig. 3.3. Classification of enterprise income

Source: (Poslavska, 2016)

We agree with L. Poslavska proposal regarding income classification, which proposes to classify income as:

- by type of activity;
- degree of controllability;
- income structure under the construction contract;
- relation to budget indicators;
- type of production.

The proposed approach to the classification of income will ensure their reliable accounting, will allow obtaining information on the composition of income by types of activity of the responsibility center, establish deviations from the specified parameters and their causes, will provide an opportunity to track the movement of cash and their equivalents (Poslavska, 2016). It should also be noted that International Financial Reporting Standard 15 “Revenue from contracts with customers” defines: income is an increase in economic

benefits during the reporting period in the form of income or improvement of assets or reduction of liabilities, which leads to an increase in equity, in addition to an increase in equity capital associated with receiving contributions from equity participants (International Financial Reporting Standard 15 “Revenue from Contracts with Customers”, 2017).

Our research on scientific approaches related to the classification of incomes revealed that the incomes of enterprises are grouped only by types of activities and their accounting classification. The information collected on the basis of this classification meets the needs of external users, but it is not sufficient to meet the needs of the management and owners of the enterprise. Income is presented as an object not only of accounting, but also of control and management is neglected (Ishchenko, Podolianchuk, Koval 2021).

The income classification given in Table 3.3 is used for the needs that arise in the process of managing the enterprise. The management department considers each individual case of the enterprise’s economic activity. Consequently, it enables him to control the revenue accounting function, to make management decisions on which areas need to be paid more attention to, and which are the most vulnerable areas in entrepreneurial activity. Combining the analysis of sources of income generation, ways of implementation, terms of payment for products (goods, works, services) ultimately leads to cooperation with the most useful buyers, creditors, investors.

It should be noted that the modern management of agricultural enterprises directly depends on the clear organization of accounting. Income assessment is carried out in the presence of appropriately executed primary documents: acts of acceptance and transfer; invoices; goods transport invoices; bank statement; court decisions and other documents confirming the fact of increased income (Ishchenko, Podolianchuk, Koval 2021).

The definition of income in the National accounting regulation (standard) 1 “General requirements for financial reporting” is similar to the interpretation of income proposed in the International Financial Reporting Standard 15 “Income from contracts with customers”.

According to NAR(S) 1, income is interpreted as an increase in economic benefits in the form of an inflow of assets or a decrease in liabilities, leading to an increase in equity (with the exception of an

increase in capital at the expense of owners' contributions (NR(S)A 1 General requirements for financial reporting, 2013).

Table 3.3

Income classification for enterprise management needs

No.	Signs of classification	Classification
1	Upon receipt	Real, possible
2	By recognition method	Accrued, received
3	According to the possibility of management	Subject to management, not subject to management
4	By methods of receipt	Permanent, random
5	By planning	Planned, unplanned
6	In essence	Essential, non-essential
7	By source of receipt	Internal, external
8	By type of economic operations	From sales, from financial operations, from investment activities, other incomes
9	By economic segments	Type of products (goods, works, services), category of buyers and risks that are characteristic of this activity, income generation
10	By degree of manageability	Relevant, irrelevant.

Source: (formed by the author based on Podolianchuk, 2010)

A certain difference is that in NAR(S) 1 it is noted that an increase in economic benefits occurs in the form of an inflow of assets or a decrease in liabilities, whereas in IFRS 15, an increase in economic benefits also includes an improvement in assets. According to Accounting Regulation (standard) 15 "Income" dated November 29, 1999, No. 290, income is determined when an asset increases or liabilities decrease, which lead to an increase in equity (with the exception of an increase in capital due to the contributions of the founders of the enterprise), provided that the income estimate can be reliably determined.

Therefore, the definition of income according to international and national accounting standards is related to the receipt of economic benefits. In dictionaries and encyclopedic editions, the term «benefit» is interpreted as: satisfaction received from the consumption (use) of material goods and services, benefit, profit, profit; obtaining certain advantages, additional income, profit (Podolianchuk, 2018).

3.2. The main aspects of the recognition and assessment of the company's income in relation to the needs of financial reporting

All wars are primarily economic wars. Therefore, the economy and business should work. For this, the state must adapt the tax burden and tax rules to wartime conditions, in order to facilitate the survival of business in wartime conditions. In this material, we will briefly consider what changes the tax legislation for business underwent under the influence of the military aggression of the Russian Federation.

Determining the efficiency of an enterprise is often not easy. Various parameters and complex calculation tools are used for this purpose. However, when planning and analyzing current activities, the main financial indicators are always used: revenue, income and profit. To apply them to obtain important information and prepare financial statements, it is worth remembering the basic sequence: revenue/revenue/gross profit/operating profit/profit before tax/net profit. The ability to operate these indicators significantly facilitates the formation of financial results of the enterprise.

According to the section "Revenue estimation" of NR(S)A 15 "Income", income is reflected in accounting in the amount of the fair value of assets received or to be received (NR(S)A 15 Income, 1999).

If an asset received free of charge provides the receipt of economic benefits during several accounting periods, then the income is recognized on a systematic basis (for example, in the amount of accrued depreciation) during those accounting periods when the corresponding economic benefits are received.

In case of delay in payment, as a result of which there is a difference between the fair value and the nominal amount of cash or their equivalents to be received for the products (goods, works, services and other assets), such difference is recognized as income in the form of interest (Ishchenko, Podolyanchuk, Koval 2021).

The amount of income under a barter contract is determined by the fair value of assets, works, services received or to be received by the enterprise, reduced or increased, respectively, by the amount of transferred or received cash and their equivalents.

If the fair value of assets, works, services received or to be received under a barter contract cannot be reliably determined, then income is determined based on the fair value of assets, works, services (except

cash and their equivalents) transferred under this barter contract (Podolyanchuk, 2010).

In today's realities, most business entities are in great need of any kind of help (funds, fixed assets, stocks).

The basic principles of charitable activities in Ukraine are regulated by the Law of Ukraine dated July 5, 2012 No. 5073-VI "On Charitable Activities and Charitable Organizations", as amended (Law About Charitable Activities and Charitable Organizations, 2012).

Article 1 of Law No. 5073 defines that charitable activity is voluntary personal or property assistance to achieve the goals defined by this Law, which does not involve the benefactor receiving a profit, as well as the payment of any remuneration or compensation to the benefactor on behalf of or on behalf of the beneficiary.

It should be noted that a philanthropist is an able-bodied individual or a legal entity under private law who voluntarily carries out one or more types of charitable activities (Law About Charitable Activities and Charitable Organizations, 2012).

The accounting of charitable aid is affected by the targeted or non-targeted nature, the form of receipt – cash, stocks, fixed assets, works, services.

Relations with a benefactor must begin with a written confirmation of the desire of both parties to participate in a charity event.

Legal entities seal the transfer of assistance with a gift or donation contract (Article 717 of the Civil Code of Ukraine). The donation contract provides for the intended use of the property, which is transferred by the benefactor to the recipient-beneficiary.

The gift contract does not make such a claim. The subject of a gift (donation) contract can be both movable properties, including cash and securities, and real estate (Article 718 of the Civil Code of Ukraine). Contracts must be concluded in writing, except for transactions that are fully performed by the parties at the time of their conclusion (Article 206 of the Civil Code of Ukraine). Notarize the real estate transfer agreement (Law of Ukraine Civil Code of Ukraine, 2003).

The receipt of assistance from a natural person shall be formalized by an act of arbitrary form, but with all the mandatory details of the primary document (Article 9 of the Law of Ukraine "On Accounting and Financial Reporting in Ukraine" dated 07.16.1999 No. 996-XIV).

The act is drawn up by a commission appointed by order of the head of the enterprise in the presence of the benefactor. Stocks and fixed assets received as a gift without supporting documents are assessed by the commission at their fair value (clause 12 National Regulation (standard) of accounting 9 “Inventories”; clause 10 National Regulation (standard) of accounting 7 “Fixed Assets”) (Law of Ukraine “On accounting and financial reporting in Ukraine”, 1999; NR(S)A 7 “Fixed assets”, 2000; NR(S)A 9 “Inventories”, 1999).

Obtaining assistance from the legal entity is carried out with the help of the following documents, depending on the type of assistance, Table 3.4.

Table 3.4

Documentation of the received legend from the legal chamber

Document	Help Source
Act of acceptance and transfer (internal movement) of fixed assets (form No. Fixed assets – 1)	Fixed assets
Bank statement	Non-cash funds
Profitable cash order (form No. Cash order-1)	Cash
Invoice	Reserves
Act of completed works, act of rendered services	Works, services

Source: (Headmaster, 2022)

Charitable aid accounting is affected by: targeted or non-targeted nature of the aid; form of receipt – cash, stocks, fixed assets, works, services. We will consider the specifics of accounting for targeted and non-targeted charitable assistance in point 2.3 of this section.

Financial accounting should provide users with information about income from various types of activities of the business entity, in which directions the profit will be distributed and the procedure for forming the financial result for the reporting period. In order to reliably determine the financial result, it is necessary to correctly observe the conditions of revenue recognition. In our legislation, this issue is regulated by NR(S)A 15 “Income”.

Financial accounting provides data, thanks to which it is possible to analyze the structure of income from various types of activity of the business entity (in particular, the main one) and identify which factors influenced their change, analysis of profitability and factors that affect it, analysis of profitability in order to find reserves for increasing profits (Vyazovchenko, 2019).

Table 3.5

The procedure for recognition and assessment of the company's income

The main factors	Characteristic
Recognition criteria	an increase in equity due to a decrease in liabilities or an increase in assets (unless such capital comes from the founders); it is possible to reliably determine the estimate.
Specifics of accounting	display when appears regardless of the time of arrival or receipt of money
The rules by which they are recognized are applied	separately for each type of performed operations; separately to certain items of operations (one or more) based on the essence of their implementation.

Source:(formed by the author based on Ishchenko, Podolianchuk, Koval 2021)

A business entity receives various types of income depending on the activity it performs. During the implementation of the main activity, he receives income from the sale of products and income from the provision of certain services, which are recognized in the presence of a number of conditions. These conditions can be presented in the form of Fig. 3.4.

Income from services provided is determined based on the stage of completion of such operation as of the balance sheet date, if its final outcome can be reliably estimated. The conditions for recognizing such income are presented in Fig. 3.5.

Assessment of the degree of completion of such operations is carried out based on these provisions: – informing about the number of completed works; – delineation of the specific weight of the volume of such services that were provided on a certain date in comparison with the entire volume of services that were to be provided; – determine the specific weight of costs incurred by the enterprise during the implementation of such activities, in the amount of costs that were expected.

The total of expenses incurred on a certain date will include only expenses corresponding to the volume of services provided on such date (Ishchenko, Podolianchuk, Koval 2021).

When performing services with an unknown number of operations for the time period that was determined, the income is determined based on the uniform accrual for the given period.

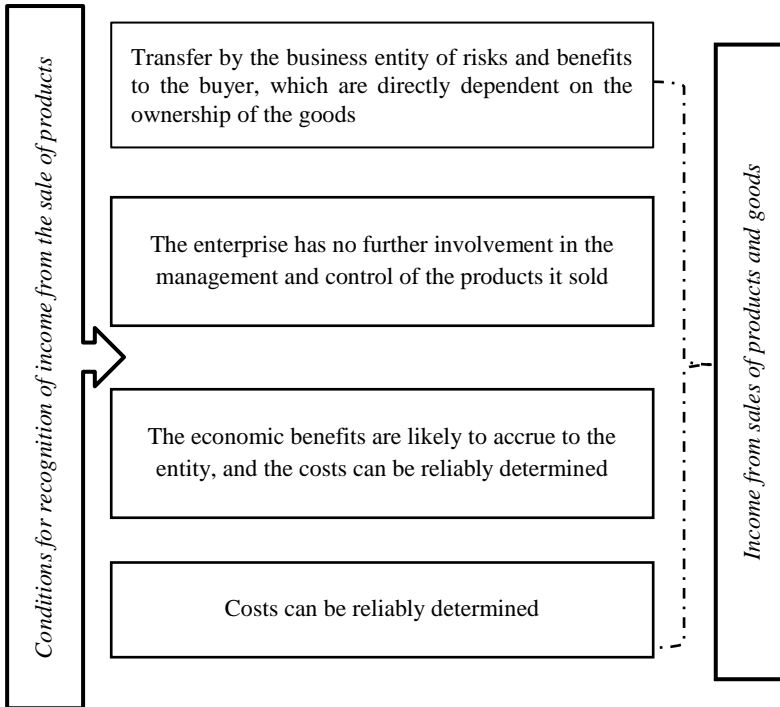


Fig. 3.4. Conditions for recognizing income from the sale of the company's products

Source: (formed by the author based on Ishchenko, Podolyanchuk, Koval 2021, Vyazovchenko, 2019)

However, when it is impossible to reliably determine the revenue from the provision of services, it is reflected in the amount of expenses that have been determined and that must be reimbursed.

In the event that the revenue cannot be reliably estimated and there is no possibility to reimburse the expenses that were incurred, the income is not recognized at all, and the incurred expenses should be recognized as expenses of the reporting period. In the future, if the amount of income can be estimated, the income will be recognized according to this estimate.

Income in accounting is reflected in the amount of the fair value of assets that have been received or such that should be received. The amount of income resulting from such actions is determined by means

of an agreement between the buyer and the business entity. It is assessed at the fair value of the compensation that has been received or that which can be received taking into account the amount of discounts (trade) that the enterprise can provide.

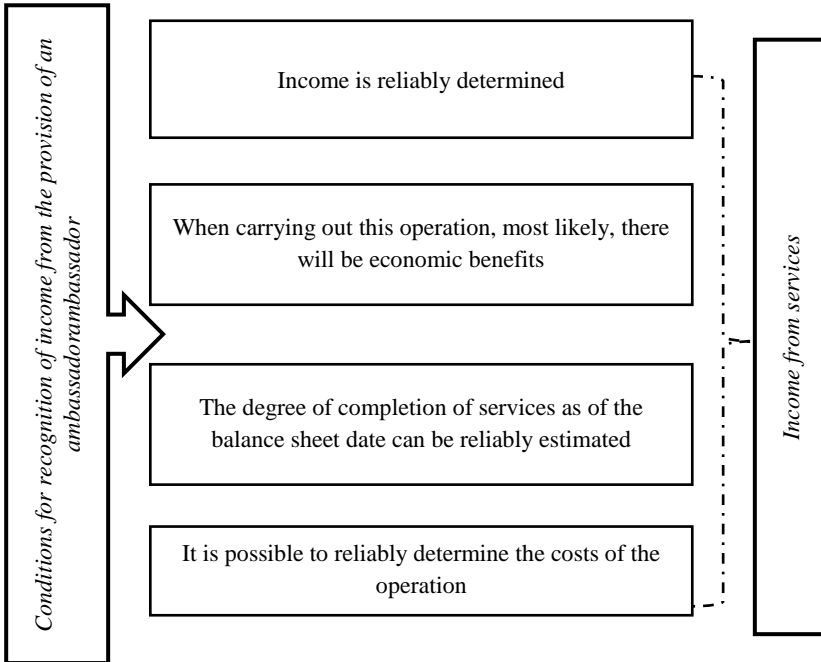


Fig. 3.5. Conditions for recognizing income from the provision of enterprise services

Source: (formed by the author based on Ishchenko, Podolianchuk, Koval 2021)

When assessing income, it is important to distinguish between the concepts of gross and net income, since gross income is considered to be the economic benefit received by the enterprise. And net income is gross income minus some economic elements that have been determined by law. Net income does not include amounts received from third parties, taxes, discounts, etc

One of the principles on which accounting and financial reporting are based is the accrual principle, when 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 (Law

of Ukraine On accounting and financial reporting in Ukraine, 1999).

Taking into account the principles of accrual and correspondence of income and expenses in their inextricable relationship is quite important when recording and reporting income.

The first principle means that the results of business operations should be recognized at the time they occurred (and not at the time of payment of funds), therefore they are included in accounting and reporting to those periods in which the event occurred.

This principle should operate together with the matching principle, according to which expenses are recognized based on their direct relationship with revenues in the “Report on financial results” (Law of Ukraine On accounting and financial reporting in Ukraine, 1999).

The use of these principles at the time when revenues are recognized as components of financial statements will have the form presented in Fig. 3.6. Incomes are reflected in the accounting records and given in the financial statements of those periods to which they belong.

According to clause 5 of NR(S)A 15, in accounting, income is recognized when an asset increases or a liability decreases, which leads to an increase in equity (with the exception of an increase in capital due to the contributions of enterprise participants), provided that the assessment of income can be reliably determined. The income recognition criteria given in NR(S)A 15 are applied separately to each transaction.

However, these criteria must be applied to individual elements of one operation or to two or more operations together, if it follows from the essence of such economic operation (NR(S)A 15 Income, 1999).

Income assessment is carried out as follows:

- a) the total fair value of received (or to be received) assets shows received (or to be received) income;
- b) for the incident of delayed payment, in connection with which we received the difference between the fair value and the nominal sum of funds that should have been paid for the products, we have the difference, which will be considered as income in the form of interest;
- c) in the case of barter contracts: income is determined based on the fair value of the assets received or to be received, adjusted accordingly for the amount of cash transferred or received and their equivalents (at the expense of increase or decrease) (NR(S)A 15 Income, 1999).

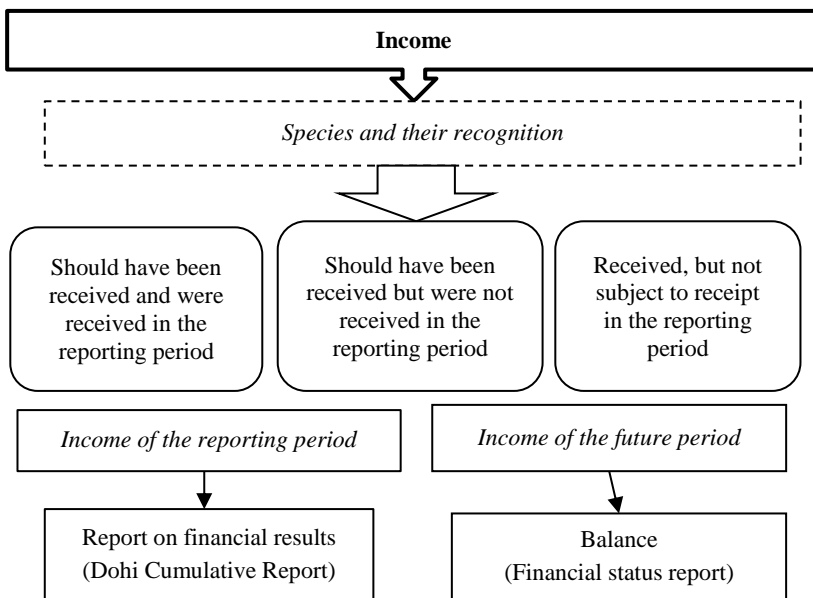


Fig. 3.6. Conditions for recognizing income from the provision of enterprise services

Source: (formed by the author based on Ishchenko, Podolianchuk, Koval, 2021)

The main recognition criteria are: increase in equity due to a decrease in liabilities or an increase in assets; the assessment can be reliably determined (Ishchenko, Podolyanchuk, Koval 2021).

Income is reflected in accounting in the aggregate of the fair value of assets received or to be received. In the case of delayed payment and under a barter contract, the assessment of income is carried out in accordance with the requirements of the law (Podolianchuk, Koval, Gudzenko, 2019).

Let's consider the main examples of operations that result in income:

- increase in the asset – receivables of the buyer when goods, works, services and other current assets are shipped to him: Dt 36 Kt 70, 712, 713. At the same time, income (revenue) from the sale of products (goods, works, services) is not adjusted for the amount of doubtful and hopeless receivables related to him. The amount of such debt is recognized as enterprise expenses in accordance with NR(S)A 10 (see item 15 of NR(S)A 15);

– increase in the asset – other receivables when calculating income in the form of amounts that should come from debtors: Dt 37 Kt 715, 732, 733 etc;

– increase in assets as a result of their free receipt: Dt 20, 22, 28 etc., Ct 718;

– increase in assets as a result of reimbursement of previously written-off assets, the value of which has already been attributed to expenses: Dt 30, 31, 20, 22, 28 etc. Kt 716;

– reduction of liabilities as a result of write-off of payables: Dt 63, 68 etc., Ct 717. This is also explicitly stated in item 15 of NR(S)A 15.

According to clause 6 of NR(S)A 15, the following receipts from other persons are not recognized as income:

– the amount of VAT, excise duties, other taxes and mandatory payments subject to transfer to the budget and extra-budgetary funds. In practice, this is most often VAT and «retail» excise tax at a rate of 5%, as well as a tourist tax and a tax to the PF on the cost of cellular mobile communication services at a rate of 7,5%;

– the amount of income under the commission contract, agency and other similar contracts in favor of the principal, principal etc;

– amount of advance payment for products (goods, works, services);

– the amount of the advance for the payment of products (goods, works, services);

– the amount of a security deposit or in repayment of a loan, if it is stipulated by the relevant contract;

– income belonging to other persons;

– proceeds from the initial placement of securities;

– the amount of the book value of the currency (NR(S)A 15 Income, 1999).

According to clause 7 of NR(S)A 15, the recognized incomes are classified in accounting according to the groups shown in Table 3.6.

The issue of recognition and assessment of income is very important because the correctness of accounting of a business entity and determination of its financial result depends on compliance with its requirements. Having analyzed the above mentioned, it can be said that the recognition of income from the main activity is carried out taking into account certain criteria, the specifics of the reflection in accounting and the factor of how the rules of recognition are applied in relation to each operation.

Table 3.6

Classification of income and their display in accounting and in section I of the Report on financial results (Report on total income)

Articles of the Report on the financial results (Report on the cumulative income) f. 2, tips of income	Line code f.2	Account turnover or method of calculation of line 2 of the form	Information in accounting
Income (revenue) from the sale of products (goods, works, services)	X*	Sales revenue includes value added tax, excise duty, pension, tourist tax and excluding discounts and refunds	Whole turnover per credit 70
Net income from the sale of products (goods, works, services)	2000	Account 70 without value-added tax, excise duty, tourist and pension fees minus turnover under sub-account 704 (discounts, refunds)	Debit 70 credit 791
Other operating income	2120	71	Debit 70 credit 791
Other financial income	2220	73	Debit 73 credit 792
Other incomes	2240	74	Debit 74 credit 793

* *this indicator is not reflected in the financial statements*

Source: (International Financial Reporting Standard 15 «Revenue from Contracts with Customers», 2017)

3.3. The method of synthetic and analytical accounting of the income of the enterprise

Reforming the accounting system in accordance with international financial reporting standards gives economic entities more independence in the organization of accounting and the choice of methods and methods of accounting. Such independence is manifested in the formation of the company's accounting policy, which is carried out on the basis of the provisions of current legislation. The degree of freedom of the enterprise in the formation of the accounting policy is limited by the state regulation of accounting, however, among the existing list of methods and accounting procedures, alternative options are permissible. Today, there is a considerable number of variations in

the approaches and methods of accounting for certain objects (Law of Ukraine On accounting and financial reporting in Ukraine, 1999).

At the state legislative level, the Law of Ukraine “On Accounting and Financial Reporting in Ukraine” establishes that accounting policy is a set of principles, methods and procedures used by an enterprise to prepare and submit financial statements.

Regarding item 3 of section I NR(S)A 1 “General requirements for financial reporting”, the accounting policy is a set of principles, methods and procedures used by the enterprise for accounting, preparation and submission of financial statements. Its main goal is to create an accounting system for a specific enterprise based on uniform principles and rules for providing information in financial reporting that meets the quality characteristics listed in Chapter III of the NR(S)A 1 (NR(S)A 1 General requirements for financial reporting, 2013)

International Accounting Standard 8 “Accounting Policies, Changes in Accounting Estimates and Errors” interprets accounting policies as specific principles, bases, agreements, rules and practices applied by an economic entity in the preparation and presentation of financial statements (IAS 8 Accounting Policies, 2017).

Income is reflected in accounting in the amount of fair value of assets received or to be received.

In accordance with Methodological recommendations No. 635, the administrative document on the accounting policy specifies the principles, methods and procedures used by the enterprise for accounting, preparation and submission of financial statements. Traditionally, such an executive document is an order approving the provision on the accounting policy of the enterprise. It is impractical to envisage in its single-variant methods of assessment, accounting and procedures (Official website of UTEKA, 2020).

Table 3.7 will consider possible options for choosing elements of the accounting policy regarding the accounting of income, expenses, and financial results of enterprises.

As evidenced by the data in Table 3.7, the following elements are provided for in the methodological recommendations regarding the enterprise’s accounting policy:

Table 3.7

Variants of elements of the accounting policy regarding the accounting of income, expenses and financial results of enterprises

Element of accounting policy	Selection options	Enterprise strategy
1	2	3
1. Methods of assessing the degree of completion of a service operation	<ul style="list-style-type: none"> - study of completed works; - determination of the specific weight of the volume of services provided on a certain date in the total volume of services to be provided; - determination of the specific weight of costs incurred by the enterprise in connection with the provision of services in the total expected cost of such costs. 	When choosing a strategy of "profit maximization", the administrative document on the accounting policy should provide elements of the accounting policy that ensure the "reduction" of the company's expenses and the "maximization" of the company's income.
2. Methods of calculating the production cost of products (works, services)	The company chooses independently	In particular, the calculation of costs using the method that ensures their "smallest" size, a universal method in this case cannot be determined, since it is not known whether the company will reflect the incurred costs in the inventory products or the accumulated amount of costs will be "accumulated" in the form of the cost of finished products in the warehouse. The use of other elements of the cost accounting policy also depends on the strategy chosen by the company and other factors. An "increase" in income for a specific date can be achieved by "inflating" the amount of work performed.
3. List and composition of articles for calculating the production cost of products (works, services)	The company chooses independently	
4. List and composition of variable and permanent general production costs	The company chooses independently	
5. The basis for the distribution of general production variables and distributed permanent general production costs by actual capacity	<ul style="list-style-type: none"> - hours of work; - salary; - volume of activity; - direct costs etc 	

Continuation of table 3.7

1	2	3
6. Methods of determining the degree of completion of works under a construction contract	<ul style="list-style-type: none"> - measurement and assessment of work performed; - the ratio of the volume of the completed part of the works and their total volume according to the construction contract in real terms; - the ratio of actual costs from the beginning of the execution of the construction contract to the balance sheet date and the expected (estimated) amount of total costs under the contract 	Value-oriented management aimed at “increasing” enterprise costs and “decrease” revenues. In each specific case, these methods are determined independently in the administrative document on the accounting policy of the enterprise.
7. The basis for the distribution of general production costs at normal capacity	<ul style="list-style-type: none"> - direct costs; - volumes of income; - direct labor costs; - time worked by construction machines and mechanisms etc 	
8. Cost accounting scheme	With the use of accounts for accounting expenses: 8th grade; 9th grade; 8th and 9th grades at the same time	

Source: (Brik, Tsitska, Poverlyak, 2018)

1) in relation to income: the procedure for assessing the degree of completion of operations for the provision of services; the procedure for determining the degree of completion of works under the construction contract;

2) regarding costs: the procedure for accounting and distribution of transport and procurement costs, maintaining a separate sub-account for accounting for transport and procurement costs; application of class 8 and/or 9 of the Chart of Accounts for accounting of assets, capital, liabilities and business operations of enterprises and organizations; the list and composition of variable and permanent general production costs, the bases of their distribution; the list and composition of articles for calculating the production cost of products (works, services); basis of distribution of costs for operations with equity instruments;

3) in relation to financial results: approaches to the periodicity of the inclusion of revaluation amounts of non-current assets to retained

earnings; the procedure for payments made at the expense of profit (for state and communal enterprises); the date of attraction of ordinary shares, the issue of which is registered, for the calculation of the average annual number of ordinary shares in circulation

3) in relation to financial results: approaches to the periodicity of the inclusion of revaluation amounts of non-current assets to retained earnings; the procedure for payments made at the expense of profit (for state and communal enterprises); the date of attraction of ordinary shares, the issue of which is registered, for the calculation of the average annual number of ordinary shares in circulation (Brik, Tsitska, Poverlyak, 2018).

The accounting policy can work to the benefit of the company during tax audits: provided it is properly processed. Let's talk about the key aspects of accounting policy under martial law.

According to the current legislation, business entities independently determine the main provisions of the accounting policy, but at the same time they must take into account the basic principles of accounting. The accounting policy should illustrate only those dominants of the accounting process that have several higher alternative application options permitted by regulatory acts. Unambiguous rules of laws, regulations, instructions used in accounting practice should not be duplicated in the order on accounting policy

In order to provide complete, reliable and timely information for the needs of management and optimization of the process of preparation of the accounting policy document, it is proposed to form it according to organizational, technical, methodical and final stages.

The organizational model of the display in the accounting policy of the income of enterprises is presented in Fig. 3.7.

The conducted research makes it possible to form the conclusion that the accounting policy in terms of income is of great importance for the effective organization of accounting, because the expediency, reasonableness and detailing of the income accounting process for making management decisions, determining the results of the enterprise's activities, performing certain tasks by structural units, determining the actual the effectiveness of organizational measures regarding the development and improvement of the enterprise's economic activity.

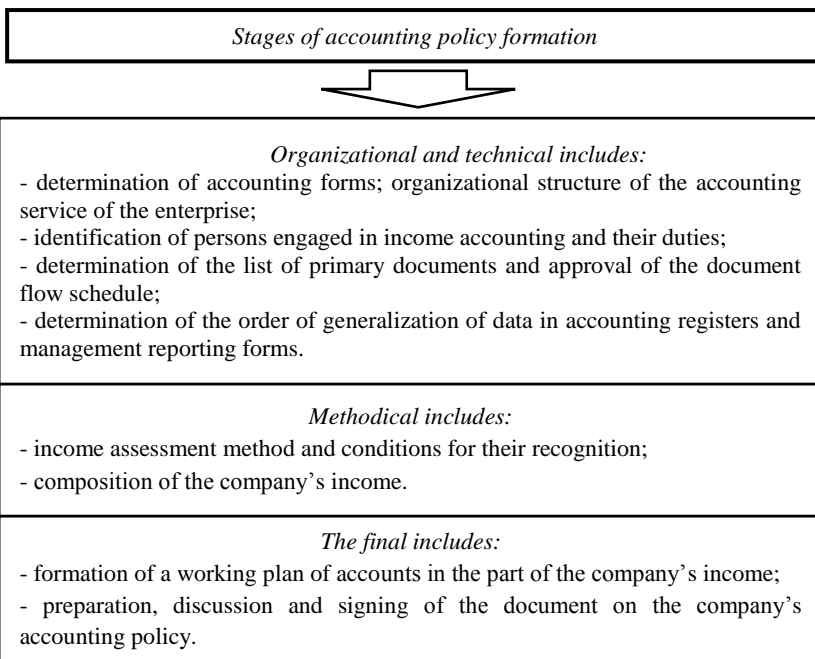


Fig. 3.7. Organizational model of reflection in the accounting policy of the income of enterprises

Source: (formed by the author based on UTEKA, 2020)

The head of the enterprise should remember that there are several categories of accounting solutions: alternative (when the enterprise chooses an accounting approach), non-alternative and independent (when the enterprise develops something independently)

Accounting legislation quite often provides several options for methods of assessment, accounting and procedures. For example, there are several methods of calculating depreciation of fixed assets.

In the accounting policy, we fix the accounting option chosen by the company from the alternative options provided by the law.

In the accounting policy, it is absolutely necessary to fix those valuation principles and accounting methods that provide for several options for the enterprise to choose from or for which there is uncertainty.

One of the common mistakes of taxpayers, which is used by tax

officials, is that the actual accounting at the enterprise does not correspond to the provisions laid down in the accounting policy (Accounting, 2022).

After all, it is necessary for the tax authorities to justify all the chosen accounting approaches and applied estimates. For example, in the order on the accounting policy of the enterprise, the straight-line method of depreciation was fixed for all fixed assets.

Another typical mistake is to set the liquidation value absolutely for all fixed assets at the same level (let's say zero).

The liquidation value is important for the calculation of depreciation, that is, it affects the amount of depreciation expenses. And in practice, there are cases when tax officials found it unreasonable to establish a zero-liquidation value, for example, in relation to vehicles. And they believed that in this case the company overestimated the amount of depreciation.

The liquidation value for each specific object of fixed assets is established separately by the commission when the object is put into operation.

The fact that the liquidation value is determined by the commission should be formalized by an act of arbitrary form, which can be an appendix to the act of acceptance-transfer (internal movement) of fixed assets. So here you need to approach individually (Podolyanchuk, Koval, Gudzenko, 2019; Accounting, 2022).

Therefore, in the enterprise's accounting policy, it is necessary to establish approaches to establishing the liquidation value of fixed assets: how it is calculated, when it can be revised, etc.

The proposed recommendations on the formation of the components of the accounting policy in terms of the above elements contribute to the creation of a proper mechanism for managing the accounting processes of expenses, income and financial results of the business unit.

In order to provide the management with complete and comprehensive information about the financial result of the main activity, it is necessary to organize the process of collecting such information. This will be facilitated by a properly adjusted accounting system, the main tasks of which will be the following: – organization of accounting and control over the production of the enterprise in terms of the entire assortment, as well as in terms of volume and

quality; – organization of accounting for production costs and control over the implementation of the cost estimate; – cost calculation and control over the execution of the cost plan; –detection of hidden reserves, prevention of losses due to shortages or other non-productive expenses; – organization of accounting of the company’s income in terms of types of products sold and names of buyers etc.

Class 7 accounts are required to be used when displaying the company’s income. Their general characteristics are shown in Fig. 3.8.

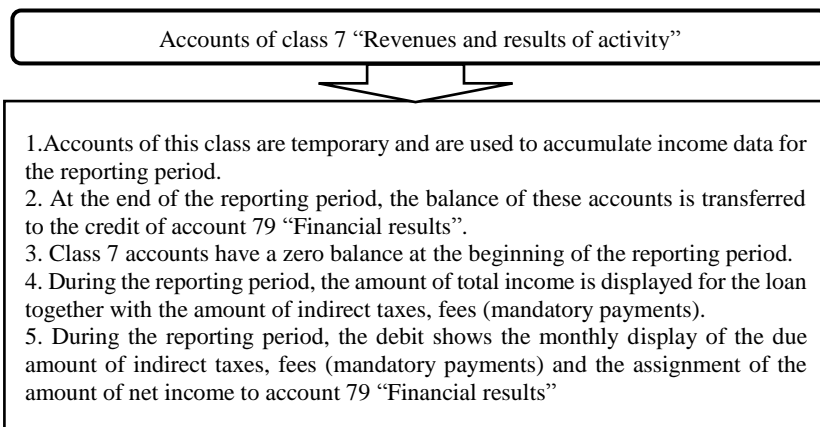


Fig. 3.8. General characteristics of class 7 accounts “Revenues and results of activity”

Source: (formed by the author based on Ishchenko, Podolianchuk, Koval, 2021)

The main source of income of the enterprise is its main operational activity, aimed at the production of products and their sale. According to NR(S)A 1, the main activity of the enterprise, as well as other types of activities related to the implementation of any operations (except investment and financial) are recognized as operational. Therefore, the operational activity of the business entity is divided into the main and other operational activities, Fig. 3.9.

The main activity is operations related to the production or sale of products (goods, works, services), which is the main purpose of creating an enterprise and a way to ensure the main share of its income (Podolyanchuk, 2009).

Income (revenue) from the sale of products (goods, other assets) is recognized in the presence of all the conditions specified in clause 8

of NR(S)A 15: the risks and benefits associated with the ownership of products (goods, other assets) are transferred to the buyer); the enterprise does not continue to manage and control the products sold (goods, other assets); the amount of income (revenue) can be reliably determined; there is certainty that the operation will result in an increase in the company’s economic benefits, and the costs associated with this operation can be reliably determined (NR(S)A 15 Income, 1999).

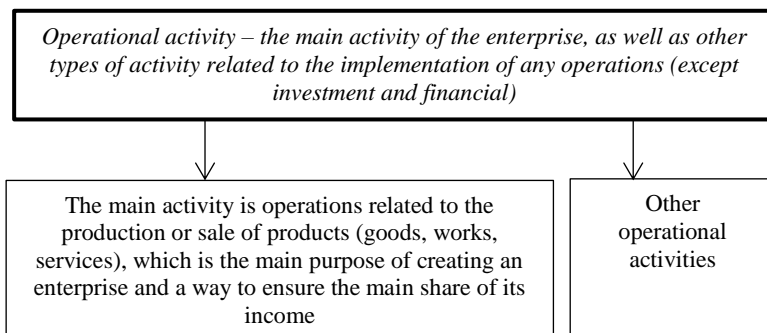


Fig. 3.9. Composition of operational activities

As for the first condition, it should be remembered that according to Article 663 of the Civil Code of Ukraine, the seller is obliged to hand over the goods to the buyer within the period established by the sales contract. If this period is not clearly specified in the contract, it is determined in accordance with the provisions of Article 530 of the Civil Code of Ukraine (Law of Ukraine Civil Code of Ukraine, 2003)

The moment of fulfillment of the seller’s obligation to hand over the goods is defined in Article 664 of the Civil Code of Ukraine. The seller’s obligation to deliver the goods to the buyer is considered fulfilled at the moment:

- delivery of goods to him, if the contract establishes the obligation of the seller to deliver the goods;
- placing the goods at the disposal of the buyer, if the goods must be handed over to the buyer at the location of the goods.

At the same time, the goods are considered to be placed at the disposal of the buyer if, within the period established by the contract, it is ready to be handed over to the buyer at the appropriate place and the latter is informed about it. And here comes a very important point.

The right of ownership has three components: the right of possession (to have), the right of use (to use useful properties) and the right of disposal (to decide the legal fate). Determining some special conditions for the transfer of the goods to the buyer, the granting of rights of use, disposal of them, etc., the parties themselves hereby determine the date (moment) of the collection from the seller and the transfer to the buyer of certain risks regarding the goods (Ishchenko, Podolianchuk, Koval, 2021).

For example, the seller must deliver the goods to the buyer loaded on the vehicle at a certain location. After that, the buyer becomes responsible for the goods. Accordingly, when the buyer obtains control over the goods, it is possible to talk about obtaining one, two or all components of the right of ownership.

At the same time, the contract may stipulate that ownership is transferred after full payment of the goods. And then, despite the fact that the goods have been shipped to the buyer and are in his possession, he still does not have the right to use its useful properties (for example, use it in the production of products) or sell it to someone else (dispose of it). And this directly affects whether the product can be considered an asset (and, as a result, an expense) of the buyer. And it directly affects the date of sale of such goods, which is recognized by the seller.

That is, it is necessary to distinguish between the transfer of risks for the preservation of goods and the transfer of ownership rights. The first is a component of the second. They may or may not coincide in time. The goods are considered delivered when the risks and rewards of ownership have passed to the buyer (this is not the same as transfer of ownership) and when control of the asset has been transferred to the buyer (Podolianchuk, Koval, Gudzenko, 2019).

Let's consider, as an example, the peculiarities of the display in the accounting of the shipment of goods to the buyer under the conditions of further payment in cash within 30 days from the date of shipment.

Income (revenue) from the sale of goods is reduced by the amount of discounts provided. But only those that were provided already after such implementation, in particular, upon payment.

Discounts given/received during the sale of goods are not reflected in accounting. After all, such discounts involve a reduction in the price of goods before or during their sale. That is, the goods are already sold at a

reduced price. In this case, the seller will reflect the actual proceeds from the sale of the goods (the price of the goods minus the discount) by crediting subaccount 701 “Income from the sale of finished products” or subaccount 702 “Income from the sale of goods”.

Table 3.8

Peculiarities of accounting for income from the sale of goods

Content of the operation	Debit	Credit
Goods were shipped to the buyer and sales revenue was recognized	361	702
Tax liabilities from VAT have been accrued, with the simultaneous exclusion of this amount from income	702	643*
The tax invoice is registered in the unified register of tax invoices	643	641
Received payment from the buyer for the product	311	361
The net income from the sale is written off to the financial result. This amount then goes to line 2000 of the Statement of Financial Results	702	791

Source: (Legislation news, 2021)

If discounts are given already after the shipment of the goods, then in this case the goods are sold at a specified (contractual) price, and the discount is granted already after the date of shipment of the goods, as a rule, if the buyer complies with certain conditions or as a result of additional agreements between the buyer and the seller. The amount of the discount should be reduced by the buyer’s debt to the seller and the income from the sale, and the calculated VAT should be adjusted. In the seller’s accounting, such discounts are reflected in the entry D-t 704 “Deductions from income” K-t 36 “Settlements by buyers and customers”.

Adjustment of accrued VAT tax liabilities based on the amount of the discount: D-t 704 “Deductions from income” K-t 641 “Tax settlements” by the “reversal” method.

Note that when selling goods for export, income is determined according to the general rule that we considered above: if all the conditions specified in clause 8 of NR(S)A 15 are present. And such conditions can be fulfilled on a date other than the date of crossing the border according to with customs declaration (Legislation news, 2021).

In order to summarize all information about income from the main activity, the company uses account 70 “Revenue from sales” with sub-accounts that serve to determine the financial results obtained in the

accounting after they are reflected in an inextricable connection with the corresponding expense accounts of class 8 or 9.

Account 70 “Revenues from sales” is intended to summarize information about sales of finished products, goods, works, services, income from insurance activities, as well as the amounts of discounts given to buyers and other deductions from income.

The credit of account 70 reflects the increase (receipt) of income from sales, the debit of the amount of indirect taxes (excise duty, VAT) and the write-off of income in the closing order to account 79 “Financial results”. However, such display of information on 7th grade accounts must be documented. Therefore, these records should be made in the case of the availability of primary documents on the accounting of income from sales. Such documents are invoices, calculations (references) of the accounting department.

Table 3.9

Correspondence of income and expense accounts when determining the financial result of the main and operational activities of the enterprise

Activity	Business operations	Income	Expenses 9th grade
Main activity	Income from the sale of goods, works, and services	701, 702, 703	90, 91, 92, 93
Another operating room	Income from the sale of foreign currency	711	942
	Income from the sale of other current assets	712	943
	Income from operational lease of assets	713	-
	Income from operational exchange rate difference	714	945
	Received fines, penalties, penalties	715	948
	Reimbursement of previously written off assets	716	946
	Income from writing off accounts payable	717	944
	Income from freely received current assets	718	940
	other income from operating activities	719	949

Source: (Legislation news, 2021)

In order to recognize income from the sale of products (goods, other assets), it is important to determine the “moment of time” when the risks and benefits associated with ownership of the products are transferred to the buyer.

To display income from the sale of products, enterprises use subaccount 701 “Income from the sale of finished products”, accounting transactions are shown in Table 3.10.

Table 3.10

Display in the accounting of income from the sale of products on the conditions of full advance payment

Content of the operation	Debit	Credit
Received an advance from the buyer for the products	31	371
Value added tax is reflected	643	641
Products have been shipped to the buyer	36	701
Value added tax is reflected	701	64
Sales revenue is credited to the financial result	701	79
Debt settlement	371	36

Source: (Legislation news, 2021)

The enterprise can carry out works with a pre-received advance from the customer, for the purpose of purchasing materials. In this case, the business entity uses subaccount 681 “Calculations for advances received” in accounting to reflect the received amounts. Business transactions for the display of income from the implementation of completed works, subject to the previously received advance payment, will have the form shown in Table 3.11.

Table 3.11

Display in the accounting of income from the implementation of completed works with a previously received advance

Content of the operation	Debit	Credit
Advance received	311	681
Value added tax is reflected	643	641
The act of completed work is signed	361	703
Value added tax is reflected	703	641
	641	643
The actual cost of the completed works is written off	903	23
Net income is reflected	703	791
Administrative expenses have been written off	791	92
The cost price of the completed works is displayed	791	703
Funds have been credited to the account	311	361
Closing the «Advances received» account	361	681
<i>Financial result (account balance 791)</i>		

Source: (Legislation news, 2021)

Income data from the sale of finished products of the business entity are summarized in journal No. 6 “Accounting of income and results of activity”. The recognized amount of income from the main activity in this journal is reflected in column 3. All information from the journal at the end of the month is entered into the general ledger, where the debit and credit turnover of each account is subsequently calculated. It is used in order to summarize the data of order journals, and to make a mutual check of entries on separate accounts and compilation of reports. It reflects the initial balance, as well as current turnover and balance at the end of the reporting period for each subaccount.

Data on income from the main activity of the reporting period of the enterprise are provided in the Report on financial results (Report on total income) in form No. 2. The entry of data on income from the main activity in the Report on financial results and the correspondence of the accounting registers to its lines are shown in Table 3.12.

Table 3.12

Completing information on income from the main activity in the Report on financial results

Article	Line code	Source of information	Additionally
<i>Section I. Financial results</i>			
Net income from the sale of products (goods, works, services)	2000	Debit turnover of subaccounts 701, 702 and 703 with credit 791 minus turnover of credit of subaccount 704 with debit 791	net income from sales is reproduced with the deduction of: discounts that were provided; amounts of goods sold in the past that were returned; indirect taxes; various taxes and fees paid from turnover.

Source: (Accounting, 2022)

Therefore, the state of the organization of accounting of income from the main activity of the enterprise depends on correct and complete documentation, as well as timely reflection in the registers of accounting of income and results of activity, timely receipt of information about income, which will be the most likely. The documentation process is one of the most difficult and important areas

of revenue accounting.

It depends on the recognition of income and their reflection in reporting. A significant number of enterprises in their activities, along with the journal form of accounting, use an automated one, which allows you to speed up the processing of accounting information, as well as correctly and accurately record the income from the main activity and reflect the financial result of the enterprise.

Account 71 “Other operating income” is used to summarize information on income from other operating activities of the enterprise in the reporting period.

The credit of account 71 “Other operating income” shows the increase (receipt of income), the debit – the amount of indirect taxes (value added tax, excise duty and other payments) and debited in order of closing to account 79 “Result of main activity”.

The primary documents for accumulating data on other operating income are invoices, waybills, payment claims, inventory acts, certificates and accounting calculations.

Other income includes income that arises in the course of economic activity, but is not related to the operational and financial activities of the enterprise (Ishchenko, Podolyanchuk, Koval, 2021).

Correspondence of accounts from income accounting of other operating activities is presented in Table 3.13.

Income arising from investments accounted for by the equity method is reflected in account 72 “Income from equity participation”, expenses for such investments are reflected in account 96 “Loss from equity participation”.

Monthly write-off of income from participation in capital for the result of financial transactions is carried out on the basis of a certificate (calculation) issued by an accounting employee.

According to NR(S)A 12 “Financial Investments”, the equity method is used to account for investments in associated, joint and subsidiary enterprises, which are usually related parties for the investor.

Account 72 “Income from equity participation” is used to record income from equity participation, which has the following sub-accounts: 721 “Income from investments in associated enterprises”; 722 “Income from joint activities”; 723 “Income from investments in subsidiaries”.

Table 3.13

Display in accounting of income from other operating activities

Content of the operation	Debit	Credit
Income from initial recognition and from changes in the value of assets that are accounted for at fair value is reflected	16, 21, 23	701
Income from the sale of current assets is reflected, including non-current assets held for sale	36,68	712
VAT is charged as part of sales revenue	712	641
Realization of foreign currency is displayed	311	711
Received income from operating lease	373	713
VAT has been accrued on the cost of rent	713	641
Received income from operational exchange rate differences	362, 312, 632	714
Penalties, fines, penalties have been received	36, 37	715
Accounts payable were written off after the expiration of the statute of limitations	36, 63, 68	717
Funds received as targeted financing and previously assigned to account 48 are included in the operating income (receiving targeted financing is systematic)	48	718
Other operating income is credited to financial results at the end of the reporting period	71	791

Source: (formed by the author based on *Ishchenko, Podolianchuk, Koval, 2021*)

Accounting for financial investments by the method of equity participation consists in the fact that they are initially evaluated and recorded in the accounts at cost determined in accordance with NR(S)A 12 “Financial Investments”, and at the balance sheet date are recorded at the cost determined taking into account all changes in equity of the investee, except those resulting from internal transactions between the investor and the investee (NR(S)A 12 Financial Investments, 2000).

Transactions with financial investments accounted for using the equity method are shown in Table 3.14.

Table 3.14

Correspondence of accounts on the display of income from equity participation

Content of the operation	Debit	Credit
Display by the investor of income on the share of profit received by the object of investment	141	721, 722, 723
Attribution of income from equity participation to financial results	721, 722, 723	792

Source: (*Ishchenko, Podolianchuk, Koval, 2021*)

Accounting account 73 “Other financial income” is intended for accounting of income arising in the course of financial activity of the enterprise, in particular dividends, interest and other income from financial activity, which are not accounted for in account 72 “Income from participation in capital” (Koval, Radchenko, 2013).

Other financial income (dividends and interest received) and other financial expenses (loan interest, expenses related to attracting loan capital, in particular, expenses related to the issue, maintenance and circulation of own securities; accrual of interest under credit agreements (except for bank loans), financial leases, etc.) are recorded in accounts 73 “Other financial income”.

Accounting documents for accounting of other financial income are: “Profitable cash order”, bank statement, “Management and transport invoice”, “Invoice-demand for release (internal movement) of materials”, “Act of acceptance-transfer (internal movement) of fixed assets”, contracts and agreements on the transfer of non-current assets for financial lease etc.

Accounting for other financial income is shown in Table 3.15. The credit of the account shows the recognized amount of income, and the debit shows the write-off of credit turnover to account 79 “Financial results” (Ishchenko, Podolyanchuk, Koval, 2021).

Table 3.15

Accounting for transactions related to the receipt of other financial income

Content of the operation	Debit	Credit
Accrued dividends, interest, royalties, other financial income to be received	373	731
Attribution of other financial income to the composition of the financial result from financial operations	73	792

Source: (Ishchenko, Podolyanchuk, Koval, 2021)

At many enterprises, due attention is not paid to the formation of financial income, they are not positioned in the Order on accounting policy.

That is, the accounting system does not always reflect the information necessary for financial management, namely, it contributes to the activation of financial activity: increasing the amount of long-term capital attraction; regulation of investment flows; stimulating the inflow of raised capital; increasing the level of profit

reinvestment; expansion of capital investment opportunities and investment opportunities of agrarian enterprises.

Accounting account 74 “Other income” is intended for accounting of income that arises in the course of activity, but is not related to the operational and financial activities of the enterprise.

The credit of account 74 “Other income” shows the increase (receipt) of income, the debit shows the appropriate amount of indirect taxes (value added tax, excise tax and other fees (mandatory payments)) and debited in order of closing to account 79 “Financial the results” (Instructions on the application of the Plan of accounts for the accounting of assets, capital, liabilities and economic operations of enterprises and organizations of Ukraine, 1999).

In accordance with the Law of Ukraine “On Investment Activity”, such activity is understood as a set of practical actions of citizens, legal entities and the state regarding the implementation of investments. This formulation characterizes the general features of investment activity at the macroeconomic level (Law of Ukraine On Investment Activity, 1991).

According to NR(S)A 1, investment activity is defined as the acquisition and realization of those non-current assets, as well as financial investments that are not part of cash equivalents.

For its part, this standard defines cash equivalents as short-term highly liquid financial investments that are freely convertible into certain amounts of cash and are characterized by an insignificant risk of changes in value (Ishchenko, Podolianchuk, Koval, 2021).

The structure of income from investment and other activities is shown in Fig. 3.10.

One of the most problematic areas of accounting for investment activity is obtaining real accounting data on the volume and payback of investments, that is, their consolidation on separate accounts and their reflection in financial statements. Delineation of income from investment activities depending on the type of investment objects should simplify the process of assessing the economic efficiency of the investments made.

Correspondence of accounts from accounting of income and expenses of investment and other activities is shown in Table 3.16.

Therefore, the main direction for improving the accounting of operating income at the enterprise is the improvement of the

automated accounting system. Thanks to automation, the time required for processing various documents that do not require large storage spaces is reduced.

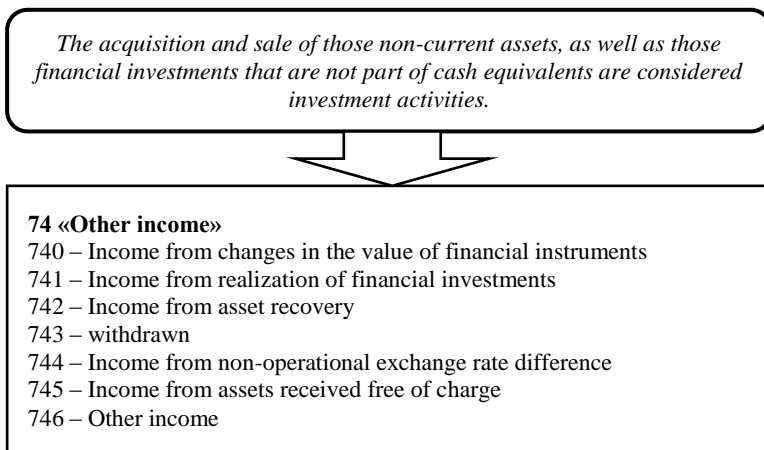


Fig. 3.10. Composition of income from investment and other activities

Source: (Ishchenko, Podolianchuk, Koval, 2021)

It is also necessary to consider the peculiarities of the accounting of charitable assistance in the conditions of martial law. After all, these operations will affect the definition and size of the company’s income.

Table 3.16

Accounting of income from investment and other activities

Content of the operation	Debit	Credit
Income from changes in the value of financial instruments is reflected	Accounts of financial instruments	740
Realization of financial investments is reflected	36, 377	741
Revenues from asset recovery are reflected	10,12	742
Received income from non-operational exchange rate differences	302,312, 362, 632	744
Income from assets received free of charge	424	745
The cost of sales after liquidation fixed assets of material values	20	746
Amounts of other income are attributed to financial results	74	793

Source: (Ishchenko, Podolianchuk, Koval, 2021)

Accounting of received charitable assistance. Recognize funds received for a specific purpose as targeted funding. Use account 48 “Targeted funding and targeted revenues” and subaccounts: 483 “Charitable assistance” for accounting – if the enterprise is a VAT payer; 484 “Other means of targeted funding and targeted revenues” – if the medical facility is not a VAT payer (Accounting, 2022).

It is not necessary to include the target funds immediately in the income. It is necessary to wait until confirmation of receipt of funds arrives and it will be possible to fulfill the financing conditions (clause 16 NR(S)A 15 “Income”). Increase income during the periods in which expenses were incurred to fulfill the financing conditions (clause 17 NR(S)A 15). If you receive funds from a benefactor for the purchase of current assets – production stocks, small and medium-sized enterprises, works and services that have a specific purpose, increase other operating income (subaccount 718 “Income from freely received current assets”) in the period of expenditure related to such acquisition

For purchased goods, works, services – the VAT payer recognizes a tax credit on the basis of the tax invoice, which the supplier registered in the unified register (clause 188.1 of the Tax Code of Ukraine; PKU). If the assets purchased with VAT are intended for use in VAT-exempt transactions, calculate the compensatory tax liability with VAT (clause 198.5 of the PKU). Since at the time of acquisition it is known about the preferential use of goods, works, services, include the amount of VAT in the original cost of the acquired assets (Accounting, 2022).

A very important role in the general assessment of the work of any enterprise is played by the analysis of its activity revenues, since they have a direct impact on the financial result of the business entity, which can be both positive and negative. The main goal of analyzing the income of a business entity is to assess the final results of its activity, to determine the main reasons for their change, as well as to compare these indicators with those of competitors. Identifying reserves for increasing the company’s profitability (loss coverage) is the main task of the analysis. In addition, it will make it possible to increase profitability and identify measures for promising activities in the future.

This becomes especially relevant in the conditions of fierce

competition and constant changes, when the business entity needs to have sufficient cash in order to fulfill its obligations on time, meet market conditions and improve its activities. The relevance also increases in the conditions of the transition to International Financial Reporting Standards and the reform of the national accounting and financial reporting system. The enterprise must be aware of what generates its income, how it changes dynamically, what factors affect its growth or decrease.

After all, receiving income creates a basis for self-financing of the enterprise, fulfilling obligations to the budget and counterparties, generating profit, etc. The amount of received income affects the development of the enterprise in terms of managing its resources and costs, the enterprise's personnel and payment for its work, the enterprise's policy.

The practice of organizing the analytical work of income analysis distinguishes between centralized and decentralized forms. With a centralized form of organization, all work on economic analysis is concentrated in a special structural division (departments, offices) in the production management system. With such an organizational system, the unity of the methodological support of the analysis, a clear division of the work of analysts, the possibility of using powerful computer technology, etc. is achieved (Mulyk, Materynska, Plonsak, 2017).

Meanwhile, for an agricultural enterprise, as practice shows, a decentralized form is more suitable, which assumes that all structural divisions are engaged in economic analysis on issues that fall within their competence, based on the separation of rights and responsibilities between them, provided for by the relevant regulatory documents – internal or branch. Under such an organization, the analytical process is as close as possible to the managerial one, it is its separate stage, and the volume of economic information processing is significantly reduced. With this system, the efficiency of performing analytical work is significantly increased. The disadvantage of the system is the difficulty of providing a single methodical approach to managing the analytical process. This deficiency significantly affects the quality of analytical and accounting-analytical information in general, which is formed not only by analysts, but also by accountants.

Therefore, during the operation of the enterprise in the conditions

of war, one of the important aspects of improving the accounting of the enterprise's income is its accounting policy. Effective organization of accounting and rational work of the accounting staff will make accounting more convenient and systematic, reduce time spent on performing individual tasks, and significantly rationalize document flow at enterprises. The author systematized the conditions for recognition of income from the sale of products and from the provision of services by the enterprise, taking into account certain criteria, the specifics of accounting and the factor of how the rules of recognition are applied to each operation (Koval, Radchenko, 2013).

It is using the tools of economic analysis that accounting data are transformed into analytical information. In the practice of management, all methodical techniques are used without exception, but the most information-generating is the coefficient analysis, which, based on the calculation of the ratio of various absolute values, characterizes the various aspects of the formation, distribution and use of the company's income (Mulyk, Materynska, Plonsak, 2017).

When analyzing income, research is conducted in two aspects. In the first aspect, income is assessed as the degree of achievement of the final goal and determination of the efficiency of production and financial activities. Here, the priority is to assess the degree of utilization of favorable opportunities and missed benefits. The second aspect involves determining the priorities of capital investment by types of activities, by scale in strategic and tactical dimensions, which give the maximum increase in income.

In today's conditions, one of the methods aimed at effective management of the enterprise is the improvement of accounting in the context of analytical grouping and accounting and information support for rational tax planning, which allow to improve the processing of information data in accounting, to ensure the minimization of tax payments, to carry out high-quality accounting and compilation reporting with the least expenditure of effort and money at all stages of the accounting process. All the mentioned aspects remain relevant for every business entity (Accounting, 2022).

Therefore, today the majority of enterprises in their management activities need accounting and analytical detailing of the accounting of income from sales, taking into account its industry specifics and an agreed algorithm of accounting and information support to minimize

tax payments, which are taxed on income from the sale of goods, for the selection of alternative schemes of tax planning.

The size of the company's income depends on the objects, terms of product sales and prices. Income from the sale of goods is one of the sources of financial resources of the enterprise, its size and terms of receipt affect the financial condition and solvency of the enterprise.

The main goal pursued by the enterprise is to sell the product and for this to receive cash income, which is necessary for issuing wages, paying taxes and financing all costs associated with the further continuation and expansion of the production process. To achieve this goal, it is necessary to carry out tax planning at the enterprise (UTEKA, 2020).

The only legal way, which is based on the use of the opportunities provided by the law in the field of tax legislation, is to change the business schemes of the enterprise, which leads to the optimization of taxes.

Tax optimization can be carried out through tax planning, which involves choosing the organizational and legal form and types of activities of the enterprise, choosing the accounting policy, choosing the most optimal conditions for the enterprise during the conclusion of contracts, planning tax payments and leads to a reduction in tax liabilities.

An increase or decrease in the tax burden of an enterprise depends on the type of its activity and the chosen taxation system. A change or expansion of activities significantly affects the amount of tax payments, while the most effective option is calculated to obtain a positive result.

Therefore, during the operation of the enterprise in the conditions of war, one of the important aspects of improving the accounting of the enterprise's income is its accounting policy. Effective organization of accounting and rational work of the accounting staff will make accounting more convenient and systematic, reduce time spent on performing individual tasks, and significantly rationalize document flow at enterprises. The author systematized the conditions for recognition of income from the sale of products and from the provision of services by the enterprise, taking into account certain criteria, the specifics of accounting and the factor of how the rules of recognition are applied to each operation.

CONCLUSIONS TO CHAPTER 3

After the declaration of martial law on the territory of Ukraine and the beginning of the active phase of hostilities, most of the business was practically paralyzed due to various circumstances.

Starting from moral and psychological shock to the economic decline of business activity and the impossibility of carrying out activities by enterprises located in the territory of hostilities.

Along with the real military front, the cyber front is obvious and vitally necessary to launch a powerful economic front.

One of the important and fundamental theoretical issues of economic activity is the definition of the term “income”. Income is an increase in economic benefit as a result of the receipt of cash, property or the repayment of liabilities, which directly leads to an increase in capital. In the conditions of today’s realities, it is accompanied by an increase in the role of profit as a material basis for the movement of the economic interests of the enterprise and the state.

Profit is the main source of increasing own capital, the driving force and source of renewal of production assets, as well as the source of income formation of budgets of various levels. Hence, profit can be considered the most important factor in the economic and social development of the enterprise.

The conducted research made it possible to determine that income is a complex economic category. The analysis of publications on this issue proves that the interpretation of the economic essence of the concept of income has a deep genesis, its evolution was formed under the influence of the opinions of various economic currents. The modern interpretation of the economic category “income” has been significantly modified.

The analysis of the main provisions of regulatory and legal documents showed that it is worth paying more detailed attention to the issue of income classification.

A comparison of the definition of income according to international and national accounting standards was made. It was established that these concepts are related to the receipt of economic benefits. In dictionaries and encyclopedic editions, the term “benefit” is interpreted as: satisfaction received from the consumption (use) of material goods and services, benefit, profit, profit; obtaining certain advantages, additional income, profit.

One of the important aspects of improving accounting is the enterprise's accounting policy. Effective organization of accounting and rational work of the accounting staff will make accounting more convenient and systematic, reduce time spent on performing individual tasks, and significantly rationalize document flow at enterprises. The author systematized the conditions for recognition of income from the sale of products and from the provision of services by the enterprise, taking into account certain criteria, the specifics of accounting and the factor of how the rules of recognition are applied to each operation.

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SECTION 4⁴

TAXATION OF INCOME IN CONDITIONS OF MARTIAL LAW

4.1. Profit as a form of financial result of the enterprise

The most important financial category that reflects the positive financial result of the enterprise's economic activity, characterizes the efficiency of production, the volume and quality of manufactured products, the state of labor productivity, is profit. At the current stage of development of the market business environment, business owners are interested not only in profit, but in its maximization. In order to achieve this goal, issues regarding effective profit management come to the fore, as the size of the profit obtained is quite important in the company's activities.

The size of the company's profit affects the formation of the company's financial resources, the increase in the market value of the company, the efficiency of the production activity of the company, the economic development of the state by replenishing the state budget with the payment of taxes, fees, and mandatory payments. Therefore, the significant role of profit in the development of the enterprise, as well as the state, determine the need to study the issues of effective management of enterprise profit.

The Tax Code of Ukraine provides a complete and clear definition of the concepts of the corporate income tax system, all its elements (payers, object, base, rate, calculation procedure, tax period, term and procedure for payment, term and procedure for submitting reports) and discloses the tax the mechanism of its enforcement (Tax Code of Ukraine).

At the same time, significant instability and frequent changes in tax legislation often lead to errors and inaccuracies in the calculation and payment of tax liabilities, as well as accounting for income tax, which most often occur during the transition period of the application of previously valid and new legislative acts that are just gaining momentum validity the term and procedure for submitting reports) and discloses the tax mechanism for its implementation (Tax Code of Ukraine)

⁴ Pravdiuk M.V.

Analyzing the profit, the managers of the enterprise determine the efficiency of their activities, evaluate the possibilities of business development or, on the contrary, the necessity of curtailment. In today's changing conditions, the profit indicator is important, because it is the object of attention not only of the management of the economic entity, but also of the control bodies. After all, profit, as a financial indicator in the field of business entities, is subject to taxation, and its part, in the form of income tax, is a component of tax revenues to the budget.

Therefore, profit is not only a positive result of the company's activity, but also a source for filling the country's budget. Businesses operate in conditions of a significant tax burden, complex mechanisms of tax administration, including income tax, as a result of which they seek to reduce tax payments through legal and illegal ways. All this leads to the development of the "shadow economy" and restrains incentives for honesty in business. Improving tax administration, taking into account national interests, can have a significant positive impact on the country's economy (Podolyanchuk, 2022).

Taking into account the market conditions of business, enterprises are forced to form such a structure of financial resources that would ensure the growth of the efficiency of their economic activity, solvency, financial stability, and minimization of possible financial risks. Therefore, in modern business conditions, the value of profit, depreciation deductions and borrowed funds increases when forming financial resources of enterprises (Kostetskyi, 2010).

According to the Economic Code of Ukraine, profit is an indicator of the financial results of its economic activity, which is determined by reducing the amount of gross income of a business entity for a certain period by the amount of gross expenses and the amount of depreciation deductions (Economic Code of Ukraine).

American economist F. Knight notes that no economic term or concept is used in such a huge number of meanings as "profit", this applies to the category of "income" (Knight, 2016). L. I. Schwab defines profit as a generalizing financial indicator of the enterprise's activity, which is defined as a part of the revenue that remains after reimbursement of all costs for its production and commercial activities (Schwab, 2007).

Even in the IV-III centuries. B.C. (China) in the treatise "Guan

Tzu” one of the first attempts was made to interpret profit as a part of money (gold), which is formed as a result of unequal exchange, i.e. gold plays the role of money and is declared a commodity, if it is used to measure the state’s resources (Yukhimenko, 2002). An interesting observation in Kautilya’s work “Arthashastra” is that “a competing seller increases the price of a product, making it higher than its true value”. That is, the profit is defined as the difference between the cost of the product and its market (sale) price. The author notes that the price of goods on the market consists not only of production costs, but also of trade costs, that is, it is necessary to determine the share of the trader’s profit in the price of local goods at a lower rate, and imported goods at a higher rate (Yukhimenko, 2002).

Aristotle (384-322 BC) in his works “Nicomachean Ethics” and “Politics” indicated that all types of economic activity of people belong either to the natural sphere – economics, or to the unnatural – chremastics (the art of gaining wealth with the help of large trade deals for resale and usury deals). At the same time, “there are never any limits in achieving the goal, because it is the achievement of unlimited wealth and possession of money... Everyone involved in money circulation tries to increase their capital to infinity” (Bazilevich, 2005). That is, exchange can be regarded as an act of satisfying needs and allows determining the consumption value of goods as a category of the economic sphere, and symbolizes acts of profit, while the exchange value is considered a category of the sphere of chremastics. In the XII-XIV centuries. Thomas Aquinas in the treatise “The Sum of Teleology” held the opinion that that profits should not be an end in themselves, but a well-deserved fee and reward for the fact that labor, transport and other material costs and even risk are present in trade and loan operations.

The concept of profit, as an economic category, has undergone significant changes in its development. Based on this, in the opinion of L.M. Pronskiy, the following theoretical concepts can be distinguished, which do not exclude, but complement each other: – the theory that defines profit as a result of market imbalance; – the theory that defines profit as a manifestation of monopoly power; – the theory that defines profit as the result of the fourth factor of production – “entrepreneurial talent”, and according to the presence of income of the owner of this factor – entrepreneurial profit; – the theory of profit

as a result of innovations (Pronsky, 1995). Today, modern researchers mostly develop the profit theories of economists of the 19th and early 20th centuries, adapting them to new conditions.

Profit is the part of added value, produced and realized, ready for distribution. The company receives a profit after the value embodied in the created product is realized and takes a monetary form (Mocherny, 2001). Therefore, the objective basis for the existence of profit is connected with the need for the primary distribution of the additional product. Profit is a form of manifestation of the value of an additional product. Its economic nature has different interpretations.

It is the financial result that is the defining economic category, as well as the main measure of the company's performance. The objective and correct definition of financial results, especially in the field of agriculture, has always been the subject of scientific discussions both among scientists and practitioners. Among the many authors in the field accounting, economic analysis, there is no single approach to defining this concept. Their understanding of the essence of financial results is far from ambiguous, the authors highlight the economic meaning of this concept "financial result" in different aspects and with different degrees of detail.

Since profit is considered one of the most ambiguous economic categories, the complexity of its definition is due to the variety of interests it reflects. Having conducted an analysis of the existing approaches of scientists to the definition of the concept of profit in the economic literature, it was found that currently there is no single point of view in the scientific literature regarding the definition of the specified economic category.

In the field of accounting, profit as a scientific category has much fewer differences in clarifying its essence, mechanism of formation. This is related to the normative regulation of the order of formation of activity results, their reflection in the accounting system and financial reporting of the enterprise. Despite the differences in the interpretation of the term "profit", common opinions are followed in each of its interpretations – the positive result of the enterprise's activity depends on the amount of income received and expenses incurred, and the form of its expression is profit, which increases the equity capital of the business entity.

As the results of the research show, profit is both a simple and a

complex category. Its simplicity is expressed in the fact that it acts as a motivator of entrepreneurial activity, and its complexity is the presence of a large number of factors (external and internal) that directly or indirectly affect its value. External factors of influence are: economic instability in the state and the world; price policy for fuel, energy; taxation system; untimely fulfillment of contractual obligations by counterparties; investment and credit policy.

The internal factors include: 1) accounting policy of the enterprise in terms of recognition, assessment of income and expenses as components of the financial result – the form of expression of which is profit (or loss, or zero result); 2) volume and quality of sold finished products (goods, works, services) as the basis of net income from sales, their level of cost price; 3) pricing system, marketing activity, quality of enterprise management.

Thus, the review and analysis of the sources of economic literature indicates the heterogeneity of the currently formed ideas about the essence of financial results. The authors in their scientific works define the economic meaning of this concept from different points of view and with different degrees of concretization. However, in summary, we can name the most general approach to understanding the category “financial result”. The financial result is a general indicator of the efficiency of the business entity for a certain period of time, which is defined as the difference between the company’s income and expenses.

Calculation of financial results based on the results of financial and economic activity of the reporting period leads to an increase or decrease in the capital of the business entity. The financial result is not only the amount of profit remaining at the disposal of the business entity, or the loss received, based on the results of the reporting period, it is also the basis for calculating various derived indicators characterizing the effectiveness of the entity’s work, such as sales profitability, profitability assets and financial sources of capital.

So, the category “financial results” is one of the central concepts not only of accounting, but also of economic analysis and management, which connects accounting processes with the mechanism of making managerial decisions aimed at increasing business profitability in terms of calculation, analysis and forecasting of various economic indicators.

The procedure for forming and displaying income and expenses of economic entities in the financial statements is determined by the norms of P(S)BO 1 “General requirements for financial reporting”. Incomes and expenses are reflected in accounting at the time of their occurrence, in the conditions of the first event. Methodological approaches to accounting for expenses, income and results of activity are disclosed in P(S)BO 15 “Income” (Accounting Regulation (standard) 15 “Income”: Order of the Ministry of Finance of Ukraine dated November 29, 1999 No. 290) and P(S)BO 16 “Expenses” (Accounting Regulation (standard) 16 “Expenses”): Order of the Ministry of Finance of Ukraine dated December 31, 1999 No. 318). In accordance with the Instruction on the Application of the Plan of Accounts for the Accounting of Assets, Capital, Liabilities and Business Operations of Enterprises and Organizations No. 291 (Instructions on the Application of the Plan of Accounts for the Accounting of Assets, Capital, Liabilities and Business Operations of Enterprises and Organizations: Order of the Ministry of Finance of Ukraine dated November 30, 1999 No. 291), account 79 “Financial results” shows a summary of information on the financial results of the enterprise. The credit of the account shows the amounts in the order of closing the income accounting accounts, the debit – the amounts in the order of closing the expense accounting accounts, as well as the due amount of accrued income tax. Account 79 “Financial results” has the following sub-accounts: 791 “Result of operating activities”, 792 “Result of financial operations”, 793 “Result of other ordinary activities”.

With regard to sub-account 792 “Result of financial operations”, the credit of the sub-account at the end of the reporting period shows the amounts in the order of closing accounts 72 “Income from equity participation” and 73 “Other financial income”. The debit of sub-account 792 “Result of financial operations” at the end of the reporting period shows the amounts in the order of closing accounts 95 “Financial expenses” and 96 “Loss from equity participation”. Subaccount 793 “Result of other ordinary activity” is intended to determine the financial results of other ordinary activity.

According to the credit of sub-account 793 “Result of other ordinary activities” in correspondence with the debit of account 74 “Other income”, income from the realization of financial investments,

non-current assets, property complexes, from non-operating rational exchange rate difference and from other ordinary activities. According to the debit of sub-account 793 “Result of other ordinary activities” in correspondence with the credit of account 97 “Other expenses”, expenses incurred in the course of ordinary activities, but which are not related to the production or sale of the main products and services, are debited.

As for the income tax, it is a mandatory payment to the budget that all enterprises, regardless of the form of ownership, pay from the profit from the economic activity of the enterprise. The object of taxation in the Tax Code of Ukraine at the basic rate of 18% (clause 136.1 of the PKU) is profit, which is determined by adjusting the financial result before taxation, determined in the financial statements of the enterprise in accordance with national P(S)BO or IFRS, by the difference, which arise in accordance with the provisions of clauses 134.1.1–134.1.5 of the PKU (Tax Code of Ukraine).

In accounting, income tax is regulated in accordance with P(S)BO 17 “Income Tax” (Provisions (standard) of accounting 17 “Income Tax”: Order of the Ministry of Finance of Ukraine: dated December 28, 2000 No. 353) and IAS 12 “Income Taxes” (International Accounting Standard 12 “Income Taxes”). P(S)BO 17 “Income Tax” defines the methodological principles of forming information on expenses, income, assets and liabilities from income tax and its disclosure in financial statements In P(S)BO 17 “Income Tax” and the Instructions to the chart of accounts No. 291, it is envisaged to apply temporary tax differences from income tax, which arise as a result of the fact that the determination of some income and expenses in accounting and tax accounting takes place in different reporting periods, Paragraph 3 of P(S)BO 17 “Income Tax” stipulates that temporary tax differences have two types: those that are subject to deduction, and those subject to taxation. If such differences are deductible, then they lead to a reduction in taxable profit, and those that are subject to tax are included in taxable profit in future periods. If temporary tax differences arise in the company’s accounting during the formation of current income tax, it is necessary to determine deferred tax liabilities and deferred tax assets.

They are recognized as expenses or income in the statement of financial results, except for income tax accrued as a result of

revaluation of assets and other economic transactions, which are reflected in the increase of equity capital (clause 4 of P(S)BO 17 “Tax profit”). As a result, expenses (income) from income tax is the total amount of expenses (income), In connection with the introduction of new requirements for income tax accounting and the transition of enterprises to international accounting standards, the question of comparing them with national ones regarding the method of accounting for enterprise profits and its reflection in financial statements is relevant.

Based on the results of the comparison, it can be concluded that there are no significant differences in general, there is a more specific detail regarding the accounting of the profits of enterprises in IAS 12 “Income Taxes”. IAS 12 “Income Taxes” defines the procedure for recognizing tax differences in atypical situations, which are not mentioned in P(S)BO 17 “Income Taxes”: the effect of goodwill on the tax base in the event of a business combination (clause 19 of IAS 12 “Income taxes”); tax consequences of recognition of foreign financial investments with another functional currency (clause 41 of IAS 12 “Income Taxes”); the impact of revaluation of investment real estate (clause 51 of IAS 12 “Income taxes”), etc.

According to accounting data, income tax amounts are shown on account 98 “Income tax”. Tax on the amount calculated in tax accounting and payable to the budget is reflected as a credit to sub-account 641 “Tax settlements” in correspondence with the debit of accounts 98 “Income tax”, 17 “Deferred tax assets” and 54 “Deferred tax liabilities”. Payment of income tax to the budget is reflected as a debit to subaccount 641 “Tax settlements” in correspondence with a credit to account 311 “Current accounts in national currency”. The accrued amount of income tax is reflected in the debit of account 98 “Income tax”, and in the credit – its inclusion in the financial results.

If the business entity has deferred tax assets and liabilities in its accounting, it is necessary to determine accounting expenses (income) for income tax, which are determined according to the following algorithm: deferred tax liabilities should be added to the current income tax and deduct deferred tax assets.

The amounts of deferred tax liabilities are defined as the balance under the credit of account 54 “Deferred tax liabilities” at the end of the year minus the balance under the credit of account 54 “Deferred

tax liabilities” at the beginning of the year. But it should be noted that deferred tax liabilities are not always taken into account when calculating income tax expenses (income), but only during revaluation of non-current assets, therefore the accrual of deferred tax liabilities due to capital reduction in revaluations is reflected in accounting according to such holding: D-t 41 “Capital in revaluations”, K-t 54 “Deferred tax liabilities”.

Deferred tax assets for the reporting period are defined as the debit balance of account 17 “Deferred tax assets” at the end of the reporting period minus the debit balance of account 17 “Deferred tax assets” at the beginning of the reporting period.

If income was received after determining expenses (income) for income tax, it should be shown as a credit to account 98 “Income tax”, if it is an expense – it should be shown as a debit to account 98 “Income tax”. In the Instructions for the Application of the Chart of Accounts, the financial result of the company’s activity is determined by closing sub-accounts for certain types of activity of account 79 “Financial results”, determining the final balance, which is debited to account 44 “Retained earnings (uncovered losses)”, which has the following sub-accounts: 441 “Undistributed profit”, 442 “Uncovered losses”, 443 “Used profit than in the reporting period”. Account 44 “Undistributed profits (uncovered losses)” records undistributed profits or uncovered losses of the current and previous years, as well as the profit used in the current year. The credit of the account shows the increase in profit from all types of activities, the debit shows losses and the use of profit (Instructions on the application of the Plan of accounts for the accounting of assets, capital, liabilities and economic operations of enterprises and organizations: Order of the Ministry of Finance of Ukraine dated November 30, 1999 No. 291)

In Part 3 of Art. 142 of the Commercial Code states that the procedure for distributing the profit received by the business entity is established by the owner (owners) or the body authorized by him in accordance with the legislation and statutory documents, therefore the procedure for distributing the profit must be fixed in the statutory documents of the business company.

The main directions of profit distribution are: the formation of reserve capital, covering losses of past periods, paying dividends, increasing the amount of registered (equity) capital, authorized capital,

incentive funds, other funds (Gaidarzhyska., Bondarenko, Ivchenko, 2018).

In joint stock companies, in accordance with Art. 19 of the Law of Ukraine “On Joint Stock Companies”, the reserve capital is formed in the amount of not less than 15% of the charter capital of the company through annual deductions from the company’s net profit or at the expense of retained earnings. Reserve capital is created to cover losses of the company, as well as to pay dividends on preferred shares, other areas of use of reserve capital can also be additionally provided for.

The formation of reserve capital from the company’s profit will be reflected in the following way: D-t 443 “Profit used in the reporting period” and K-t 43 “Reserve capital”.

If the enterprise received a loss in the past reporting periods, then retained earnings are used to repay it:

D-t 441 ‘Retained earnings’, K-t 442 “Uncovered losses”.

In accordance with the Tax Code of Ukraine, the Law of Ukraine “On Joint-Stock Companies” and P(S)BO 15 “Income”, when making a profit, the company must calculate and pay dividends. Different definitions of the concept of “dividends” are given in the normative legal acts. According to Clause 4 of P(S)BO 15 “Income”, dividends are interpreted as a part of net profit, distributed among participants (owners) in accordance with the share of their participation in the company’s equity capital.

Dividends accrued to owners of ordinary and preferred shares are recorded under sub-account 671 “Calculations for accrued dividends”, the credit of which reflects an increase in the company’s debt to the founders and members of the company, and the debit – a decrease (repayment) of debt. When calculating dividends and displaying them in accounting, it is necessary to take into account the peculiarities of their taxation. Dividends to individuals on preferred shares are subject to personal income tax (18%) and a military levy is withheld on a general basis (1.5%).

Regarding the calculation of dividends to the owners of legal entities, the issuer of corporate rights calculates and contributes to the budget an advance payment from the tax in the amount of the rate, of the amended Art. 136 of the Tax Code of Ukraine (18%). During taxation of dividends, taxes must be paid before/or simultaneously with the payment of dividends (Tax Code of Ukraine).

Therefore, retained earnings are defined as the balance of net profit after accrual of dividends, deductions to the reserve fund and other funds provided for by the company's charter. During the preparation of annual financial statements, the profit used during the year is written off to reduce retained earnings by debiting sub-account 441 "Retained earnings" and crediting sub-account 443 "Profit used in the reporting period". As a result, subaccounts 441 "Retained earnings" and 443 "Profit used in the reporting period" are closed.

In modern conditions, managing the distribution and use of enterprise profits is very important, since the effectiveness of this process depends on the efficiency of the enterprise and its financial independence, which directly affects the cost of capital and the market value of the enterprise.

Therefore, the profit is the main source of financing the development of the business entity. Today, there is no single definition of the "profit" category. Having analyzed various approaches, it is possible to generalize that profit is the final result of the activity of a business entity, which characterizes the efficiency of its functioning, is determined by a consistent comparison of income and expenses, and includes the determination of the financial result from operational, financial and investment activities. The profit of the enterprise is used for the development of the enterprise itself, is its own source of investment, and is also considered as the income of the owners and directed to the payment of dividends. Compliance with all the methodological principles of keeping records of the company's income and expenses will make it possible to obtain information about the real value of the company's profit.

4.2. Tax control, accounting for the formation and use of profit

Control over compliance with tax legislation in modern conditions faces a number of problems caused by globalization and digitalization. And if until recently the problem of underpayment of tax revenues was the subject of discussions within countries, with the development of digitalization and strengthening of international information exchange, it has reached the global level. Since one of the indicators of the efficiency of the tax system is the tax gap, its assessment is important for making decisions on tax regulation and reform. Unlike VAT, the assessment of corporate income tax is less common, but

income tax has a significant fiscal potential, and therefore control over its timely and full payment by payers is important for filling state budgets (Kuvaldina, 2022).

Article 61.1 of the Tax Code defines tax control as a system of measures taken by controlling bodies by us and coordinated by the central body of executive power, which ensures the formation and implementation of state financial policy, in order to control the correctness of accrual, completeness and timeliness of payment of taxes and fees, as well as compliance with legislation on the regulation of cash circulation, settlement and cash operations, patenting, licensing and other legislation, the control of compliance of which is entrusted to the controlling authorities (Tax Code of Ukraine).

Tax control as an integral part of the state management of the economy has a certain specificity of the practice of application and target orientation, which distinguishes it from other types of control. It is carried out by applying scientifically based methods of establishing the degree of compliance of taxation practices with the provisions of the developed tax policy.

Tax control is a multi-faceted interdisciplinary system of monitoring of the financial and economic activities of taxpayers by state control bodies with the aim of objectively ensuring a given level of budget revenues in accordance with the requirements of current legislation. Tax control has its own characteristics, because it not only provides information support to state administration bodies, but also performs such special functions as calculating the amounts of taxes and fees, fines during control actions by tax authorities and their collection (Vasyuk, 2012).

For a long time, the main direction of tax control was the development of new methods of checks for the correctness and completeness of payment of tax obligations by taxpayers to the budget and prosecution of tax evaders. In the context of changes in tax legislation, the list of areas of tax control has been significantly expanded, in particular, for:

- proper accounting of organizations and individuals;
- timely payment of taxes and fees;
- the correctness of the calculation and the completeness of the payment;
- the legality of the use of tax benefits;

- timeliness and correctness of withholding tax amounts by tax agents;
- legality of reimbursement of indirect taxes from the budget;
- timeliness of remittance of tax payments and execution of payment orders and collection orders;
- compliance with tax regimes (Melnyk, 2015).

The following main tasks of tax control can be distinguished:

1. Checking the completeness and timeliness of payment of taxes and fees to the budget and state trust funds.
2. Control of the correctness of the determination of the tax base.
3. Verification of the legality of the application of tax benefits for taxes and fees.
4. Control over the timeliness of submission of tax reporting on taxes and fees to the bodies of the State Tax Service.
5. Analysis of tax revenues.
6. Detection, elimination and prevention of violations of current legislation. (Tax Code of Ukraine)

One of the important aspects from the point of view of the company's profit formation is control over the volume and quality of production. In order to control the actual profit at the enterprise, first of all, the correctness of the actual revenue from the sale of products is checked, shown in the financial statements, using such informative sources as F. 2 "Report on financial results", primary documents, statements from bank accounts, cash documents for posting cash for paid products, payment orders for payment of shipped products. Control of profit distribution takes place in two stages. At the first stage, the control of the distribution of the total profit is carried out, the participants of which are the investigated enterprise and the state.

It is about paying taxes at the expense of profit. The proportion of profit distribution between the state and enterprises is formed under the influence of a number of factors and is of great importance for ensuring state needs and the needs of enterprises (Napialidi, 2016).

At the second stage, the control of the distribution of the net profit, which remained at the disposal of the enterprise after the payment of all mandatory payments, takes place. As you know, the balance in the ratio of accumulation fund and consumption fund plays an important role in the process of distribution of net profit. The enterprise usually uses the net profit by directing one part of the funds to the formation

of special funds, and the other part to the financing of necessary expenses. The main document that is subject to verification when calculating income tax is the tax declaration, which is formed on the basis of the Report on financial results, primary and consolidated accounting documents. Taxpayers are recommended to report according to the declaration form approved by the order of the Ministry of Finance dated 10/20/2015 No. 897, taking into account the changes introduced by the order No. 481 dated 11/14/2019, which entered into force on 12/20/2019.

A necessary condition for ensuring an effective tax audit is a scientifically based organization of its implementation according to the directions of control measures at each of the stages of control (Table 4.1).

The tax audit process is quite time-consuming, since a large number of accounting objects are involved in the formation of the income tax base, and the larger the enterprise's activity, the more complicated the audit process will be. S. V. Kucher notes that the tax audit is carried out using only documentary methods of control, since the income tax and its tax base is a purely calculated amount that is confirmed only by documents. In addition, the inspectors can independently determine how to carry out the inspection in a continuous or selective way, however, to obtain more reliable data, it is better to carry out the inspection in a continuous way, but it is always necessary to remember the effectiveness of such inspection. During the audit, the tax authorities do not have the right to demand all accounting documents, but only those that confirm operations related to the calculation of such a tax (Kucher, 2011).

The following issues are subject to verification: does the annual income, determined according to accounting rules for the last reporting period, exceed UAH 20 million; whether the financial result is adjusted for tax differences according to the PKU; by what differences does the financial result decrease or increase according to the PKU; what tax rate is charged at the enterprise; which account accounts for accrual and payment of income tax, deferred tax assets; what is the frequency of income tax reconciliation, etc.

In today's conditions, domestic enterprises mostly show the amount of undistributed profit, that is, such a distribution of net profit does not occur. Usually, the management of the enterprise tries to

Table 4.1

Stages of conducting a tax audit of income tax

Stages of control	Directions of control measures
Preparatory	<ul style="list-style-type: none"> ◆ Selection of taxpayers; ◆ Determination of the type of inspection and the officials responsible for the inspection; ◆ Collection of information about the business entity; ◆ Tax information processing; ◆ Pre-audit analysis of accumulated information about the taxpayer; ◆ Preparation of a list of issues subject to documentary verification; ◆ Preparation of documents for admission to inspection; ◆ Acquaintance with the order on accounting and tax policy
Pilot	<ul style="list-style-type: none"> ◆ Verification of primary documents, which reflect operations related to the received income and expenses of the enterprise; ◆ Checking the correctness of the display of income tax in synthetic and analytical accounting (accounts 64 “Calculations for taxes and payments”, 98 “Income tax”, 17 “Deferred tax assets”, 54 “Deferred tax liabilities”, accounts of class 7 “Revenues”, 8 “Costs by elements”, 9 “Activity costs”; ◆ Verification of the compliance of the display of turnover and balance information data and General Ledger data of the Report on financial results and the Tax Declaration on income tax; ◆ Checking the correctness of the determination of the amount of income tax for the reporting period; ◆ Verification of the correctness of the preparation of the Report on financial results; ◆ Checking the correctness of the adjustment of the financial result for tax differences according to the PKU; ◆ Verification of the correctness of the preparation of the Income Tax Declaration; ◆ Verification of payment and timeliness of payment of income tax by the taxpayer.
Final	<ul style="list-style-type: none"> ◆ Generalization of detected deviations; ◆ Formation of additional and intermediate acts, conclusions; ◆ Receiving written explanations from officials regarding violations of tax legislation; ◆ Compilation of an act on document verification; ◆ Review and coordination of tax audit results; ◆ Drafting taxdecision message controlling bodies byadditional tax and financial sanctions.

Source: compiled by the author

leave as much of the profit as possible undistributed as a reserve, which makes it possible to strengthen the foundations of self-financing. This has a negative impact on the management of the company's resources, because the founder of the business entity does not fully control the distribution of the created good.

Retained earnings are used to increase the authorized capital, create or replenish the reserve fund, and eliminate problematic issues. In the conditions of market management, in the process of distributing the company's profit, it is necessary to adhere to the priority vectors proposed in Table 4.2.

Table 4.2

Priority vectors of the enterprise in the process of profit distribution

Enterprise vectors in the process of profit distribution
implementation of profit distribution in accordance with the company's development strategy
increasing the level of well-being of the company's owners through the implementation of the dividend policy
ensuring an increase in the market value of the business entity in the short and long term
increasing the investment attractiveness of the enterprise
ensuring an effective influence on the labor activity of employees, which is carried out through the participation of employees in the distribution of profits
implementation of social development of the enterprise
replenishment of financial resources of the enterprise
development of the material and technical base as a result of the capitalized part of the profit
increasing the level of solvency of the enterprise due to the transfer of capitalized profit to working capital
reduction of activity risks due to the formation and replenishment of the reserve fund, reserve fund for dividend payments, other special purpose funds

Source: compiled by the author

In the course of the control, the directions of the use of profit are checked. At the same time, the net profit indicators and the elements of its formation are evaluated by comparing the relevant indicators of the previous reporting periods, the factors affecting the dynamics of changes in the company's profit are studied.

The subject of tax control is the accuracy of tax assessment, the completeness and timeliness of payment, the assessment of financial sanctions, the reliability, completeness and timeliness of submitting

tax reports. The task of tax control is to achieve the specified results, which is carried out through the collection and use of information necessary for tax control, prevention of violations of tax legislation, verification of compliance with legislation, etc. (Pravdiuk, 2022).

Thus, tax control is an independent direction of state financial and economic control, which has a clearly defined goal, subject, task, object, subject and is implemented by keeping records of taxpayers, information and analytical support, inspections and examinations. The main purpose of tax control is control over compliance with the norms of tax legislation regarding the payment of taxes.

In modern conditions, any enterprise faces the task of obtaining the maximum profit from its activity, however, such an effect is possible only as a result of the correct distribution, formation and management of the result of its activity. Algorithms for the formation of the company's profit are prescribed in accounting and economic approaches.

The forming factors include revenue, including from sales, which includes the main specific weight, as well as revenue from the sale (sale) of other assets and fixed assets. Income from shares (activities) in other enterprises, including subsidiaries, and income from securities, free financial assistance, balance from fines received or paid should be a significant component of the forming factors. Factors of mutual influence are divided into external factors of distribution characterized by the financial and credit policy of the state, including such as taxes and tax rates, tariffs and fees, cost and labor productivity, return on capital, capital adequacy and asset turnover (Krush, 2013). However, they cannot determine the degree of management efficiency. All other things being equal, an enterprise that owns more capital, uses more live and materialized labor, produces and sells more products or services will have a more significant amount of profit. I. Blank gives a more complete and accurate definition of profit as a part of the enterprise's net income received on the capital employed, and this adapts its received compensation for the versatile risks of entrepreneurial activity. In order to make a conclusion about the level of efficiency of the enterprise's functioning, the received profit must be compared with the received expenses (Lobacheva, Kotsyubynska, Vasylenko, 2011).

Existing profitability indicators appear as relative characteristics

regarding the financial results and prospects of the effective operation of the enterprise.

They determine the profitability of the enterprise and are grouped according to the relationship with the interests of the involved participants in the economic process or market exchange. Taking into account profitability indicators is necessary, because they are important characteristics of the factor environment that forms the company's profit. From this point of view, they should be mandatory components of the comparative analysis and assessment of the economic and financial condition of the enterprise (Epifanova, Humenyuk, 2016).

Profit acts as an evaluation indicator, is the main source of equity capital of enterprises, namely, a source of expanding production and providing for other needs of the enterprise. The current order of profit distribution corresponds to the current stage of the formation of market relations, that is, the company must participate with its profit in the formation of the state budget, and the remaining part of the profit must be distributed between the owner of the company and the owner of loan capital and other financial resources in accordance with the concluded contracts.

The successful operation of an enterprise on the market of a particular product is determined by its ability to generate sufficient income to reimburse costs and generate profit. Therefore, profit, being the financial result of an enterprise, characterizes the absolute efficiency of its activity (Dembovsky, 2018). O. Starynets defines the peculiarities of the formation of profits of enterprises in his work, namely: "the formation and distribution of profits consists in the fact that there are many influencing factors. It is impossible to take into account and evaluate all the factors, so some systematization of them is necessary" (Starynets, 2018).

V. Ovcharyk notes that "profit formation is influenced by the goal setting of the enterprise, production and financial factors, as well as the accounting policy in the field of bookkeeping and taxation" (Khomenko, Ovcharyk, 2018).

At the same time, the indicators of the financial results of the enterprise reflect the competence of the management and the quality of management decisions. Zhadko K.S.: "the main elements in the structure of the profit management mechanism are: state legal and

normative regulation of issues of formation and distribution of the company's profit; the market mechanism for regulating the formation and use of the company's profit; the internal mechanism for regulating certain aspects of the formation, distribution and use of the company's profit; a system of specific methods and techniques for profit management" (Zhadko, 2018).

The profit of the enterprise is a component of the income that remains after reimbursement of all expenses for ensuring the economic activity of the enterprise and payment of taxes. It characterizes the excess of income over expenses and is considered one of the main indicators of the enterprise's performance.

Only after the sale of products, the net income takes the form of profit. From the profit received, enterprises pay income tax to the budget and renew their own capital, create reserve capital, pay income to participants and carry out other measures provided for by legislation and founding documents. The directions of distribution of retained earnings are determined by the owners of the enterprise or their authorized bodies in accordance with the founding documents (Svyrida, Markovska, 2018).

There are a number of factors that directly affect the formation of profit. First, the unstable situation in Ukraine and other factors have a negative impact on the economy of our country, which leads to high inflation, lack of confidence of investors (especially foreign ones), as well as low purchasing power of the population and high cost of production. Secondly, the tax burden is high, so companies lose the sense of making a profit. Thirdly, part of the profit that remains at the enterprise after paying taxes, other mandatory payments, and paying dividends is directed to the material encouragement of employees, the provision of social benefits, and the maintenance of social facilities. Fourthly, at the expense of profit, incomes of budgets of different levels are formed, the firm's obligations to banks, other creditors and investors are repaid.

In the conditions of a market economy, the main goal of the operation of any enterprise is profit, which is an indicator of work efficiency of the managing entity. The profit of the enterprise in accounting is considered as a net (minus corporate income tax) financial result of the reporting period with its subsequent allocation to certain needs of the enterprise, which are specified in the founding

documents of the enterprise. The formation of profit as a financial indicator of the enterprise's work, which is reflected in the official reporting of economic entities, is influenced by:

- established procedure for determining financial results of activity;
- calculation of the cost of production (works, services); general economic expenses;
- determination of profits (losses) from financial transactions and other activities.

Therefore, profit is an important indicator that characterizes the financial result of the enterprise.

The profit formation mechanism has the following components:

- proceeds from the sale of goods; revenue from the implementation of works and services;
- cost of sold products;
- gross profit;
- administrative expenses, sales expenses;
- other operating expenses and income;
- profit (loss) from operating activities;
- other income (expenses);
- income before paying interest and taxes;
- financial expenses;
- income tax;
- net profit.

The formation of the absolute amount of the company's profit is influenced by:

- results, that is, the efficiency of its financial and economic activity;
- sphere of activity;
- branch of economy;
- conditions for accounting of financial results established by legislation.

Approaches to the formation of the company's profit:

- accounting approach;
- an economic approach.

The accounting approach assumes that profit is formed as the difference between revenue from the sale of products (goods, services) and current production costs. The economic approach assumes that

profit is formed as the difference between sales revenue and current costs of production (sales), as well as costs of lost opportunities, the basis of which is alternative interest income on capital.

Taking into account the specificity and significance of certain types of financial and economic activity of the enterprise, as well as with the aim of studying the mechanism of profit formation and management of its individual components, it is appropriate to consider the following components of income and expenses:

1) income – proceeds from the sale of products, works and services, other income;

2) expenses – production cost of sold products, administrative expenses, sales expenses, financial expenses, other expenses.

The formation of the company's profit is connected with the implementation of operational, financial and investment activities. Profit from operating activities is formed as a result of operations related to the production or sale of products (goods, works, services), which is the main purpose of creating an enterprise and provides the main share of its income. The results of financial and investment activities also influence the amount of the company's profit. The financial activity includes activities that lead to changes in the size and composition of the company's equity and loan capital, and the investment activity includes activities related to the acquisition and sale of those non-current assets, as well as those financial investments that are not part of cash equivalents.

The sources of formation of the total profit of the enterprise are:

– profit from the sale of the main products of the enterprise, which is the main component of the total profit;

– profit from the sale of property not used by the enterprise.

In the process of formation and use of profit, the following are distinguished:

– gross profit (loss);

– financial result from operational activity;

– financial result before taxation;

– net financial result;

– other comprehensive income before taxation;

– other comprehensive income after taxation;

– comprehensive income.

According to the instruction “On the application of the Plan of

accounts for the accounting of assets, capital, liabilities and economic transactions of enterprises and organizations” dated November 30, 1999 No. 291 (hereinafter – Instruction No. 291), account 44 is used to reflect the accounting profit of enterprises Retained earnings (uncovered losses), which has the following sub-accounts:

- 441 “Retained earnings”;
- 442 “Uncovered losses”;
- 443 “Profit used in the reporting period”.

It should be noted that account 44 “Retained earnings (uncovered losses)” is not intended to reflect the order of formation of income before taxation. As a result, account 79 “Financial results” is added to the chart of accounts for the accounting of assets, capital, liabilities and business operations of enterprises and organizations, on which the income and expenses of the enterprise of the reporting period are formed for the subsequent calculation of tax on the enterprise’s income or automatic loss write-off enterprises of the reporting period to account 442 “Uncovered losses”.

As indicated in the instructions No. 291, the company’s expenses are formed under the debit of account 79 “Financial results”, and its income under the credit. Information on the formation of income and expenses in accounting and their reflection in the company’s financial statements is approved by accounting standards. If enterprises keep accounting according to national standards, they apply the norms of P(S)BO 15 “Income” and P(S)BO 16 “Expenses”. The financial result is determined for each type of enterprise activity (for example, operational, financial) with the periodicity established in the accounting policy (month, quarter, year). So, at the end of the reporting period, account 79 “Financial results” is closed (zeroed) as follows.

- 1) When making a profit:
 - Dt 98 Kt 641 – income tax is charged;
 - Dt 79 Kt 98 – income tax is assigned to the reduction of pre-tax profit;
 - Dt 79 of the Code of Civil Procedure 441 – the net financial result of the enterprise (retained earnings) is determined.
- 2) When receiving a loss:
 - Dt 442 Ct 79 – the net financial result of the enterprise (retained earnings) is determined.

As stated in Art. 44 of the Economic Code of Ukraine and Art. 15 of the Law of Ukraine “On Economic Partnerships”, the net profit received after payment of interest on bank loans and bonds, recalculation of taxes and other payments to the budget provided for by the legislation of Ukraine, as well as payment of dividends, remains at the full disposal of the partnership, which, in accordance with the articles of incorporation documents, determines the direction of its use. Thus, during the creation of the enterprise in the founding documents, the founders have the right to indicate the directions in which the profit will be distributed (Economic Code of Ukraine).

During the conducted research, we established that during the operation of the enterprise, the founders have the right to change the list of directions for profit distribution. First of all, it is related to:

- internal policy of the enterprise;
- change of founders of the enterprise;
- effective or ineffective management, financial and tax accounting;
- changes in the market of goods (works, services);
- the desire of the founders to increase the turnover of the production of goods (works, services).

Note that if the owners of the enterprise include a clause in the founding documents stating that the distribution of profit will be carried out based on the decision of the meeting of founders (participants), then the protocol of the meeting of founders will determine the direction and size of the profit that will be distributed. Thus, the main documents that give the right to change the accounting of profit distribution operations can be either the founding documents or the minutes of the meetings of the founders (participants).

Based on the analysis of the directions of distribution of net profit of enterprises, we determined that the main directions of profit distribution are:

- formation of reserve capital;
- coverage of losses of past periods;
- payment of dividends;
- increase in the amount of registered (share) capital;
- incentive funds;
- other funds.

Article 15 of the Law of Ukraine “On Business Societies” states

that enterprises carry out the annual formation of reserve capital (at least 5% of the amount of net profit) up to the amount, which should be the same as in the established founding documents, but not less than 25% of the amount of the statutory capital

In accounting, the entry regarding the formation of reserve capital from the company's profit is reflected in the following posting: Dt 443 Kt 43. If the company received a loss in the past accounting periods, then retained earnings are used to repay it and the following entry is made: Dt 441 Kt 442.

We note that regardless of whether there is taxable income (calculated according to the rules defined by Article 137 of the Tax Code of Ukraine (hereinafter – the Tax Code of Ukraine), paragraph 57.11.1 of the Tax Code of Ukraine, it is established that in the event of a decision on the payment of dividends, the payer of income tax, i.e. the issuer of corporate rights, on which dividends are accrued, makes the specified payments to the owner of such corporate rights. However, during the earning of profits, the enterprise must carry out the accrual and payment of dividends, which are confirmed by the following regulatory and legislative acts:

1) para. 14.1.49 of the PKU notes that dividends are payments made by a legal entity, in particular the issuer of corporate rights, investment certificates or other securities, to the benefit of the owner of such corporate rights, investment certificates and other securities certifying the investor's ownership of a share (share) in the property (assets) of the issuer, in connection with the distribution of part of its profit, calculated according to accounting rules; in addition, from January 1, 2017, for tax purposes, a payment in cash made by a legal entity in favor of its founder and/or participant(s) in connection with the distribution of net profit (part thereof) is also equated to dividends;

2) Clause 4 of PSBO 15 "Income" states that dividends are part of the profit distributed among participants (owners) in accordance with their share in the company's equity;

3) Clause 1 of Art. 30 of Law No. 514 states that dividends are part of the net profit of a joint-stock company, which is paid to a shareholder on the basis of one share of a certain type and/or class; that is, in these companies, dividends are calculated from the profit determined according to accounting rules.

Thus, the accounting of the distribution of profit due to accrued

dividends (both to individuals and legal entities) is carried out according to the following entry: Dt 443 Kt 671.

Sometimes the founders of the enterprise make a decision on increasing the size of the registered (share) capital of their own accord. Under the condition of change and re-approval of the founding documents, the following entry is made in the accounting:

1) Dt 46 Kt 40 – for the amount of increased registered (share) capital;

2) Dt 443 Ct 46 – directing part of the profit to the formation of increased registered (share) capital.

During the conducted research, we found out that some enterprises of Ukraine create incentive funds from profit to encourage their employees. At the expense of such a fund, the enterprise can make the following charges:

– payment of rewards (bonuses) based on the results of work for the year;

– gifts for holidays and anniversaries;

– vacation tickets or sanatorium-resort treatment for employees;

– food for employees at the enterprise;

– provision of allowances and additional payments that exceed the amounts established by law, as well as allowances and additional payments that are not provided for by current legislation, material assistance, health care and other payments (Haydarzhiyska, Bondarenko, Ivchenko, 2018).

For the effective functioning of economic entities in the conditions of market relations, the greatest importance is the identification of reserves for increasing the volume of production, reducing the cost price, and increasing profits. Reserves for profit growth are quantitatively measurable possibilities of its increase due to the increase in the volume of sales of products, reduction of costs for their production and sale, prevention of external sales losses, improvement of the structure of manufactured products.

One of the reserves of the company's profit growth is an increase in the volume of product sales. There is a direct relationship between profit and the volume of sales, that is, the more products are sold, other things being equal, the greater the amount of profit, and vice versa, failure to implement the sales plan reduces profit.

It should be noted that profit-making by business entities is related

to activities not only on the territory of Ukraine, but also outside its borders. Funds or property received by the enterprise for free are not included in the income.

However, very often an enterprise having a profit can use it unwisely and have financial difficulties. Distribution of profit in proportion to participation in its formation will be the main incentive, both for participation in the production process and in improving economic results for all participants in the production process. This will make it possible to interest every employee in the production process, in obtaining maximum profit by the enterprise (Lynnyk, 2017).

In the era of post-industrial development of the world economy, information on the state of profit becomes a determining factor of production, without taking into account any prospects of economic growth. Information should reflect more complex, global and rapidly changing business processes, ensuring the ability of management to adequately respond to the challenges of economic existence (Pravdiuk, 2016).

N.M. Gudzenko and other scientists of the Vinnytsia National Agrarian University also believe that in the conditions of an uncertain, constantly changing environment, the effective functioning of the enterprise often depends on the ability to develop and implement creative management solutions based on information. The problem of the ratio of the amount of data and the quality of information, its usefulness and demand comes to the fore (Pravdiuk, Prutska, Pravdiuk, 2019).

Therefore, it is necessary to implement effective measures at enterprises, in particular: conduct a detailed analysis of the enterprise and develop organizational and economic recommendations for the creation of a management accounting system, improve the management accounting system for the formation and rational use of the enterprise's profit. For this purpose, additions should be made to the regulations on departments, to the job instructions of each head of personnel in the form of a definition of responsibility for the irrational, inefficient use of resources in the department. to his department, to carry out measures regarding the timeliness of the receipt of funds from the completed works by inventorying the receivables, identifying the reasons for its formation and repayment terms, monitoring

compliance with the terms of the contracts, in connection with the increase in the cost of production, identifying internal reserves for its reduction (Khomenko, Ovcharyk, 2018).

Therefore, it is often necessary to adjust the information for which it is obtained through control, as a systematic process of regulating the strategy, which ensures its compliance with regulatory parameters, plans, goals and mission of the enterprise. The presence of control is important for the implementation of the strategy, because it supports feedback between the subject and the object of strategic management. The effectiveness of control also depends on the extent to which the heads of structural units correctly choose the standards, assessment methods and indicators that are needed for effective monitoring and control over the implementation of the strategy. An important element of the assessment is the choice of criteria for the effectiveness of the chosen strategy, in particular the compliance of its results with the company's goals (Pravdiuk, 2022).

In our opinion, the activity of enterprises in the conditions of an unstable socio-economic situation requires the implementation of a system of measures aimed at preserving and increasing the level of their competitiveness, profitability and profitability. Justification and decision-making by managers in the process of realizing production, economic and technological goals of enterprises requires the formation of complete, reliable and timely information support (Pravdiuk, 2017).

Thus, the financial results of enterprises are affected by various factors of production and financial activity that manifest themselves over time. This leads to the fact that the company irrationally uses the profit received from the main activity. And in order to prevent the spending of the company's funds, it is necessary to strengthen internal control and use organizational and economic means of management accounting. The importance of profit in the enterprise is significant, since it is the main source of financing. Therefore, the features of the formation, management and distribution of profit are the activities of persons who are responsible for conducting financial and economic activities, which should be aimed at optimizing and increasing the final indicators. Profit is the main factor of self-financing and economic development of the enterprise.

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 scope of targeted management influence, and this requires rational management methods and cost analysis (Pravdiuk, Pravdiuk, 2016).

In order to substantiate management decisions at different levels, it is necessary to generalize, systematize and provide the necessary information and recommendations regarding the possible consequences of the chosen variant of events. The functions of an accountant who performs information support of the management system regarding profit accounting are much broader, compared to an accountant who performs accounting of other areas of the company's work. Such an accountant participates in the planning process, in the preparation and coordination of estimates and budgets, the development of regulations and cost standards, provides retrospective information and makes forecasts regarding the possible consequences of future events (Pravdiuk, 2022).

So, the financial result is a rather complex economic category. The question of the effectiveness of methods for its determination remains open. In order to improve the processes of managing financial results, it is necessary to implement progressive international accounting methods in Ukraine, namely, the calculation of financial results not only by the "expenditure – output" method, but also by the method of capital comparison. This approach will help to get more accurate results

4.3. Tax benefits as a form of state aid to business entities in wartime conditions

All wars are primarily economic wars. Therefore, the economy and business should work. For this, the state must adapt the tax burden and tax rules to wartime conditions, in order to facilitate the survival of business in wartime conditions. 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. Amending the current legislation regarding the introduction of tax incentives is one of the most important steps to support the economy and citizens in this difficult period (Pravdiuk, 2022).

One of the most important problems of the development of entrepreneurship has always been the question of their state support, the creation of such conditions under which business entities increased production, received profits and at the same time paid taxes properly. Moreover, at all times and within the limits of any tax system, efforts have been made to create effective and at the same time fair taxation, in which the administration of taxes and fees is determined, predictable, and the tax burden on the payer is optimal, thanks to which the stability of the revenue sources of the budgets in medium and long-term perspective.

Establishing and canceling tax benefits is one of the most sensitive topics for taxpayers, because tax benefits are a manifestation of tax-legal paternalism, to which Ukrainian society continues to gravitate by inertia. Despite the significant importance of preferential taxation from an economic and political point of view, the current tax legislation is limited to only fragmentary regulations that regulate the procedure for establishing and changing tax benefits. The following aspects, in particular, should be included among the legally defined features of the introduction of tax benefits: the grounds for granting tax benefits are features characterizing a certain group of taxpayers, their type of activity, the object of taxation, or the nature and social significance of their expenses; as an optional element of the tax, tax benefits and the procedure for their application can be provided directly during the tax assessment; tax benefits are established exclusively by the Tax Code of Ukraine (Tax Code of Ukraine), decisions of the Verkhovna Rada of the Autonomous Republic of Crimea and local self-government bodies; tax benefits, the procedure and grounds for their provision are established taking into account the requirements of the legislation of Ukraine on the protection of economic competition (tax benefits can be regarded as a form of state aid to business entities, which will require an assessment of the admissibility of such aid for competition); the types of tax benefits are

defined by Clause 30.9 of Article 30 of the Code of Ukraine (Hetmantsev, Koval, 2022).

According to Art. 30 of the Code of Ukraine, tax benefits are the release of the tax payer from the obligation to calculate and pay taxes and fees, provided by tax and customs legislation, and payment of taxes and fees in a smaller amount if there are legally defined grounds. At the same time, such grounds include features that characterize a certain group of taxpayers, their type of activity, the object of taxation, or the nature and social significance of their expenses (Tax Code of Ukraine).

Tax benefits remain the object of special attention and interest of all taxpayers, since the availability of a set of tax benefits means full or partial exemption of legal entities and individuals from mandatory payments (Aranchiy, 2017).

Preferential treatment for some taxpayers inevitably means an additional tax burden for others. Malko A. V. believes that: “a benefit is a legitimate relief of the position of the subject of the law, which allows him to more fully satisfy his interests and finds its expression both in additional, special rights (advantages) and in exemption from obligations” (Malko, 2004).

I. E. Krynytskyi understands a tax benefit as the targeted and targeted provision of relief in the field of taxation provided for by the tax legislation, which is translated into tax-legal obligations, which can be manifested in all tax-procedural proceedings and is expressed in the possibility of using special advantages (acquiring of a specific right, complete exemption from the obligation or fulfillment of it to a lesser extent). When forming the legal definition of a tax benefit, I. Krynytskyi emphasizes its place in the legal mechanism of tax payment and suggests in paragraph 30.1 of Art. 30 of the Tax Code of Ukraine to clarify the definition of tax relief as “a universal optional element of the legal mechanism of tax payment” (Krynytskyi, 2012).

A. Sokolovska and O. Lunina understand tax benefits as “prescribed and regulated by the norms of tax legislation (in the presence of a taxable object) deviation from the normative requirements of taxation, which occurs in the form of a full or partial exemption of tax payers from paying it in order to lighten the tax burden” (Sokolovska, Lunina, 2005).

The application of tax benefits has its own specific features. The

taxpayer must consider that the benefit is an exemption from payment, not from the tax obligation, which has three components: tax accounting, tax reporting and tax payment. If the payer can be exempted from paying the tax, then the duty of accounting and reporting will remain with him (Dubovyk, 2011).

According to the Tax Code of Ukraine, a tax benefit is provided by way of: a) tax deduction (discount), which reduces the tax base before tax and fee assessment; b) reduction of the tax liability after the calculation of the tax and fee; c) establishment of a reduced rate of tax and fee; d) exemption from payment of tax and fee.

Using tax benefits, the state regulates certain economic processes and provides social protection for certain activities and population groups. In the conditions of market relations, tax benefits are a necessary prerequisite for the active use of all tax instruments for the purpose of economic and legal regulation of social processes, stimulating the development of production, directing them in the necessary direction (Savitska, 2021).

The importance of benefits, as one of the priority principles of justice in taxation, should provide for the advantages of their recipients, compared to other taxpayers of taxes and fees, including the possibility not to pay tax or fee or to pay them in a smaller amount.

Despite the long period of existence of this definition, the majority of domestic scientists dealing with taxation problems recognize it as insufficient for the identification of tax benefits, which, in turn, is reflected not only in the theoretical problems of taxation, but also directly affects tax practice (Bechko, Barabash, Lysa, 2019).

The classification of tax benefits is of no less importance from the point of view of the theory and practice of the fairness of the tax system. The most famous is the gradation developed by specialists of the Organization for International Cooperation and Development (OECD) within the framework of the concept of tax expenses, under which the provisions of tax legislation, rules and practices are recognized, which make it possible to reduce tax payments, as well as to change the term of their payment for a certain category of taxpayers in compared to standard tax conditions. The very term “tax expenditures” belongs to Stanley Surrey (Stanley S. Surrey, 2020) and, according to the specified concept, the following types of tax expenditures are distinguished:

1. Tax discounts: sums of deductions from the standard conditions of taxation for the purpose of obtaining a tax base;
2. Tax exemption: amounts excluded from the tax base; reduced tax rates applicable for certain types of activities or groups of taxpayers;
3. Postponement of taxation: postponement of tax payment to the following accounting periods.
4. Tax Credit: A direct deduction of certain expenses from the total tax liability (Stanley S. Surrey, 2020).

On March 3, the Verkhovna Rada of Ukraine approved significant tax benefits, passing several laws on changes to the taxation of martial law. At the same time, the deputies determined the specifics of reporting during the period of martial law, in particular, they stopped the passage of the terms specified by the tax legislation (that is, they postponed the payment of taxes and the submission of reports), introduced a moratorium on all types of tax audits and exempted from responsibility those who could not pay taxes on time. Therefore, in the first days after the introduction of martial law, the Verkhovna Rada adopted decisions that allowed to soften the shock for business and entrepreneurs.

Since tax revenues from business entities make up the main revenue part of the budget, which is on average 85–90% of budget revenues, the government decided to create conditions for business survival in wartime conditions. Thus, the government of Ukraine adopted a number of laws amending the tax legislation in order to support business and develop the economy. Procedures for administration, accounting and control of taxpayers during the period of martial law have undergone changes. One of the first changes is the introduction of a moratorium on inspections.

Thus, the Law of Ukraine “On Amendments to the Tax Code of Ukraine and other legislative acts of Ukraine regarding the validity of norms during the period of martial law” 2120-IX dated 15.03.2022 provides that during martial law, inspections will be suspended, and inspections started until 24 February 2022 was stopped (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: Law of Ukraine dated March 15, 2022 N0. 2120-IX).

However, there is an exception, actual and camera checks may be carried out during martial law.

Actual inspections are carried out at the place of economic activity of the business entity. The actual check is carried out in the presence of at least one of the following grounds (On Amendments to the Tax Code of Ukraine and other legislative acts of Ukraine regarding the administration of certain taxes during the period of martial law, state of emergency: Law of Ukraine dated April 1, 2022 No. 2 173-IX):

- receiving, in accordance with the procedure established by law, from state bodies or local self-government bodies, information that indicates possible violations by the taxpayer of the legislation on prices and pricing;

- receiving a written appeal from the consumer, issued in accordance with the law, about the taxpayer’s violation of the established procedure for the formation, establishment and application of state-regulated prices.

Chamber inspections are carried out in the premises of the State Tax Service:

- declarations or clarifying calculations related to budget compensation based on the statement attached to the value added tax declaration;

- tax declarations of taxpayers of the single tax of the fourth group.

During non-prohibited inspections, if violations are detected, fines may be applied to the violator. However, as a result of actual inspections, penalties are not applied for violations of the procedure for carrying out settlement operations, except for violations committed during the sale of excise goods.

In addition, within three months from the day martial law was lifted, a moratorium was established on documentary checks regarding the payment of a single social contribution (Zhuk, 2022).

Law of Ukraine “On Amendments to the Tax Code of Ukraine and other legislative acts of Ukraine regarding the administration of certain taxes during the period of martial law, state of emergency” No. 2173-IX dated 01.04.2022 tax authorities for the period of martial law are empowered to carry out actual audits of taxpayers, regarding the implementation of control in the sphere of pricing (On amendments to the Tax Code of Ukraine and other legislative acts of Ukraine regarding the administration of certain taxes during the period of war, state of emergency: Law of Ukraine dated April 1, 2022, No. 2173-IX).

However, on 05/27/2022, the Law of Ukraine dated 05/12/2022

No. 2260-IX “On Amendments to the Tax Code of Ukraine and other laws of Ukraine regarding the peculiarities of the tax administration of taxes, fees and a single contribution during the period of martial law, state of emergency” entered into force, which inspections have been resumed and the procedure and terms of their conduct have been determined (On amendments to the Tax Code of Ukraine and other laws of Ukraine regarding the peculiarities of the tax administration of taxes, fees and a single contribution during the state of war and emergency: Law of Ukraine dated May 12, 2022 No. 2260-IX).

Therefore, from May 27, 2022, tax authorities may carry out the following inspections (On amendments to the Tax Code of Ukraine and other laws of Ukraine regarding the peculiarities of tax administration of taxes, fees and a single contribution during a state of martial law, state of emergency: Law of Ukraine dated May 12, 2022 year No. 2260-IX):

1. Chamber inspections.
2. Documentary unscheduled inspections, if there are grounds:
 - reorganization or termination of the activity of a legal entity, termination of business activity of an individual entrepreneur, initiation of a bankruptcy case;
 - the payer has submitted a declaration in which value-added tax exceeding UAH 100,000 has been declared to be reimbursed from the budget;
 - received information about violations of foreign exchange legislation regarding compliance with the terms of receipt of goods for import operations and (or) foreign exchange earnings for export operations;
 - at the taxpayer’s request.
3. Actual checks.

The next important point in business support is the relaxation of requirements for taxpayers who have chosen a simplified taxation system. According to the Law of Ukraine No. 2120-IX from 04.1.2022 until the abolition of martial law, natural persons-entrepreneurs – payers of the single tax of the first and second groups have the right not to pay the single tax (On Amendments to the Tax Code of Ukraine and other legislative acts of Ukraine regarding effect of norms for the period of martial law: Law of Ukraine dated March 15, 2022 No. 2120-IX).

One of the controversial changes in tax legislation was the possibility for almost all enterprises with a turnover of up to UAH 10 billion to switch to a simplified taxation system with the payment of 2% of turnover instead of income tax and VAT (FPOs of the third group on the simplified taxation system, respectively, got the opportunity to pay a tax of 2% instead of 5% of income). Since April, even companies with over UAH 10 billion in annual revenue have been allowed to switch to this system, with the exception (clause 291.5 of the Code of Criminal Procedure) of individuals and legal entities working in the gambling industry; foreign currency exchange; production and trade of excise goods; extraction, production and sale of precious metals and precious stones; business management activities, as well as the provision of mail and communication services. However, in mid-April, the parliament allowed legal entities and FOPs.

According to the Law of Ukraine “On the use of settlement transaction recorders in the sphere of trade, public catering and services” from 01.01.22, the use of settlement transaction recorders is mandatory (On the use of settlement transaction recorders in the sphere of trade, public catering and services: Law of Ukraine dated May 6, 1995 No. 265/95), however, in connection with the state of war, sanctions for violation of the provisions of this law are not applied, however, this does not apply to violation of settlement transactions during the sale of excise goods (On Amendments to the Tax Code of Ukraine and other legislative acts of Ukraine regarding the specifics of taxation and reporting during the period of martial law: Law of Ukraine dated March 3, 2022 No. 2118-IX). The changes also affected the Law of Ukraine “On the collection and accounting of a single contribution to mandatory state social insurance”. In accordance with the changes made, natural persons-entrepreneurs, persons engaged in independent professional activities and members of the farm by their own decision have the right not to pay a single social contribution for themselves and not to pay a single contribution for workers called up for military service during mobilization (On making amendments to the Tax Code of Ukraine and other legislative acts of Ukraine regarding the application of norms during the period of martial law: Law of Ukraine dated March 15, 2022 No. 2120-IX.).

Exemption from payment of certain taxes and fees is also provided.

Yes, temporarily, for the period from 1.03.2022 to 31.12.2022, following the year in which the state of war or state of emergency ends or is abolished, if the objects are located in the territories where hostilities are or have been, or in the territories temporarily occupied by the Russian Federation, released:

- from the payment for the land (land tax and rent for land plots of state and communal property);
- from the total minimum tax liability of land owners;
- from the environmental tax, if stationary sources of pollution are located in the occupied territories;
- from the tax on immovable property, other than land.

If these objects were damaged as a result of Russia's military aggression, they are also exempt from taxation (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: Law of Ukraine dated March 15, 2022 No. 2120-IX).

The changes also provide that taxpayers who are unable to timely fulfill their tax obligations for paying taxes and fees and submitting reports are released from responsibility for non-compliance with tax regulations legislation. However, after the abolition of martial law, the tax obligation must be fulfilled within 6 months (On amendments to the Tax Code of Ukraine and other legislative acts of Ukraine regarding the peculiarities of taxation and reporting during the period of martial law: Law of Ukraine dated March 3, 2022, No. 2118-IX).

Tax benefits are: tax element; an element of the taxpayer's legal status. Thanks to them, it is possible to ensure: a combination of formal and actual equality of payers in taxation; support for business entities, which manifests itself in the reduction of the amount of tax payments that must be paid by the taxpayer, or in general in the absence of the obligation to pay the corresponding payment; a more favorable mode of achieving public interests, as well as the realization of private interests. Currently, it is impossible to estimate the effect of the application of most of the current tax benefits. In the existing tax practice of establishing and introducing tax benefits, the effect of their application is evaluated exclusively at the stage of granting, without further evaluation of its effect. Therefore, the tax benefits provided are opaque, and it is impossible to determine their size and total amount,

A survey of representatives of large businesses, conducted by the

EBA a little earlier, showed that only 17% of companies operate in the pre-war mode. Another 16% limited the “geography of activity”, 19% – were forced to close part of the enterprises, offices or retail outlets. About 30% of companies do not work at all. Despite this situation, most large companies are trying to support employees – 68% paid wages a month or more in advance, almost a third compensated the team’s relocation expenses, and almost a quarter rented housing for employees in western Ukraine or abroad. Small and medium-sized businesses also try to support their employees, but their opportunities are much smaller. Less than a third of employees are paid their full salary, and a third helps employees with relocation and housing. However, every A representative of a small or medium-sized business is no longer able to pay salaries to employees. The vast majority offered their employees unpaid leave, and only 8% simply laid people off. In big business, almost a third of companies that have suspended their activity want to resume it. Only 1% of large businesses in Ukraine plan to close (BBC News website, 2022).

The main way of harmonizing the tax legal norms of Ukraine and the European Union is adaptation – the process of developing and adopting normative legal acts and creating conditions for their proper implementation and application in order to gradually achieve full compliance of Ukrainian law with European law. 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 (Pravdiuk, 2022).

As part of the tax reform, for tax stimulation of economic development, it would be advisable to: strengthen the stimulating role of direct taxes by applying a justified differentiation of tax rates and tax benefits, adapting the experience of EU countries in the differentiation of rates to Ukrainian realities; ensure the stability of tax legislation with the most clear and consistent formation of tax law norms; eliminate deficiencies in the tax administration system and increase the transparency of control over their use; develop measures to attract the shadow sector to the open economy. The implementation of these measures will allow to increase the efficiency of the functioning of the domestic tax system, which will allow its possible activation of the economic activity of economic entities.

CONCLUSIONS TO CHAPTER 4

For almost a year of war in Ukraine, due to various reasons, in particular, the suspension of activities due to a military threat, or due to the blocking of sales markets, or the disruption of logistics routes, economic activity has significantly deteriorated, which in turn caused the growth of the fiscal deficit.

Martial law is a period of uncertainty and increasing risks for all businesses. Tax policy is forced to adapt to the conditions of management of economic entities. The state at the initial stage of the full-scale war introduced a number of fiscal incentives to support the economy and consumption. The authorities are taking a number of measures to minimize the negative consequences. However, sometimes these measures are too radical and not fully thought out. Tax certainty suffers from this, and with it, predictability not only for taxpayers, but also for regulatory bodies.

The Verkhovna Rada of Ukraine continues to make changes to the legislation in order to adapt it to the realities of wartime. Taxation is no exception, because in times of war it is more than ever necessary to find a reasonable balance in order to support business and at the same time be able to provide everything necessary for the army.

In our opinion, fiscal incentives in wartime should be financial support measures for small and medium-sized businesses, in the form of government grants for the payment of workers' wages, compensation of interest on previously received loans, state guarantees for loans, coverage of leasing and rental costs, moratoriums on events from tax control, financial support in the event of a drop in revenue from the sale of goods, works and services.

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