

University of Security Management in Košice

Olena Polova, Olena Podolianchuk, Nataliia Gudzenko,
Natalia Koval, Yana Ishchenko, Maryna Pravdiuk,
Tetiana Mulyk, Olena Tomchuk, Yaroslavna Mulyk,
Anna Kozachenko, Anzhelika Mashevska

**CURRENT ISSUES OF ACCOUNTING, TAXATION,
ANALYSIS AND AUDIT DEVELOPMENT IN
MODERN CHALLENGES CONDITION**

Collective monograph

Košice – 2022

UDC 657+336.221+33.021

A-11

Authors: Olena Polova (Preface, 3,2), Olena Podolianchuk (Preface, 2.1, 2.2), Nataliia Gudzenko (1.1), Natalia Koval (1.2), Yana Ishchenko (1.3), Maryna Pravdiuk (2.3), Tetiana Mulyk (3.1), Olena Tomchuk (3.3), Yaroslavna Mulyk (4.1), Anna Kozachenko (4.3), Anzhelika Mashevska (4.2)

Recommended for publication by the Editorial Board of the University of Security Management in Košice

Reviewers:

Igor Britchenko – Doctor of Economics, Professor, University of Security Management in Košice, Slovakia

Maria Borowska – prof. dr hab., State Vocational Academy School Memorial of Prof. Stanisław Tarnowski in Tarnobrzeg, Poland

Maksym Bezpartocnyi – Doctor of Economics, Professor, National Aerospace University “Kharkiv Aviation Institute”, Ukraine

A-11 Current issues of accounting, taxation, analysis and audit development in modern challenges condition: collective monograph / Olena Polova, Olena Podolianchuk, Nataliia Gudzenko, Natalia Koval, Yana Ishchenko, Maryna Pravdiuk, Tetiana Mulyk, Olena Tomchuk, Yaroslavna Mulyk, Anna Kozachenko, Anzhelika Mashevska. Košice: Vysoká škola bezpečnostného manažérstva v Košiciach, 2022. – 282 p.

In this monograph, the authors summarized and supplemented the results of many scientific studies and developments. Considerable attention is paid to the study of accounting and taxation in the context of current trends in society and the economy; application of new methods of information processing and analysis, its understanding and interpretation; opportunities for convergence of national accounting and control models in the context of globalization of economic processes.

The materials of the monograph reflect the results of the research carried out in the framework of research work “Modern trends, innovations and prospects for the development of accounting and taxation of enterprises, organizations, institutions” (state registration number: 0118U100367); “Analysis of the efficiency using the resource potential of agricultural enterprises in terms of economic growth of the agro-industrial complex” (state registration number: 0118U100586) and “Financial control in the management system of economic security of the enterprise” (state registration number: 0118U100563).

© Collective of Authors

© Vysoká škola bezpečnostného manažérstva v Košiciach, 2022

UDC 657+336.221+33.021

ISBN 978-80-8185-044-8

CONTENTS

PREFACE	4
PART 1. ACCOUNTING AND ANALYTICAL SUPPORT OF INVESTMENT PROCESS MANAGEMENT	6
1.1. Formation of economic stability of enterprises as objects of investment and accounting and analytical support for the management of their economic potential	6
1.2. Capital investment: economic essence, classification and features of accounting	28
1.3. Accounting for corporate rights as a component of financial investments	52
CONCLUSIONS TO PART 1	78
PART 2. TAX SYSTEM OF UKRAINE AND BASIC ACCOUNTING PRINCIPLES OF DATA CALCULATIONS	81
2.1. Tax system of Ukraine: current trends, shortcomings and prospects	81
2.2. Accounting methodical principles of separate objects taxation	94
2.3. Tax risk management: preconditions, essence and significance	104
CONCLUSIONS TO PART 2	122
PART 3. DEVELOPMENT OF THE ORGANIZATION AND METHODS OF ANALYSIS IN THE MANAGEMENT OF THE ENTERPRISE	125
3.1. Organization and methods of analysis of intangible assets: status and development	125
3.2. Modernization of the system of economic security of economic entities in the management process	150
3.3. Analytical capabilities of financial statements	176
CONCLUSIONS TO PART 3	200
PART 4. MODERN ASPECTS OF AUDIT METHODOLOGY AND CONTROL OF THE ENTERPRISE	202
4.1. Status and development of marketing audit	202
4.2. Improvement of the organization of internal control over remuneration	232
4.3 Peculiarities of management control in economic activity of the enterprise	248
CONCLUSIONS TO PART 4	280

PREFACE

In modern economic conditions, one of the prerequisites for the effective functioning of the enterprise is the rational use of resources aimed at strategic management of economic entities. In this context, the substantiation and improvement of theoretical and methodological principles of accounting, taxation, analysis and control of economic entities in the context of modern economic development is of particular importance. That is why the research conducted by the authors in the monograph devoted to this issue is relevant and of considerable scientific and practical interest.

The integration of control (inspections) with management accounting and functional-cost analysis helps to increase the efficiency of the enterprise, which will help increase the competitiveness of the enterprise. Under these conditions, it becomes important to check the financial and economic activities, which has a preventive nature.

Accounting is one of the main detectors of the enterprise financial condition, and therefore, it is an extremely important element of the economic life of enterprises and the country as a whole. It is clear that its main task is to provide complete and accurate information to all users, including government entities – to make sound decisions, investors and creditors – to cooperate with them, tax authorities – to calculate the appropriate amount of taxes and more. In order for all these processes to take place properly, a system of accounting regulation was created, which has been changing and improving for a long time.

But, unfortunately, at the present stage of development, the regulatory mechanism has a number of shortcomings and problems that need to be addressed in order to rationally organize systems of accounting, control, analysis and taxation.

The relevance of the study is due to the fact that there are a number of problems that do not allow the accounting system to use all the levers to improve the financial and economic situation of economic entities, organizations, institutions, which requires research to improve it in taxation.

In this monograph, the authors summarized and supplemented the results of many scientific studies and developments. Considerable

attention is paid to the study of accounting and taxation in the context of current trends in society and the economy; application of new methods of information processing and analysis, its understanding and interpretation; opportunities for convergence of national accounting and control models in the context of globalization of economic processes.

The materials of the monograph reflect the results of the research carried out in the framework of research work “Modern trends, innovations and prospects for the development of accounting and taxation of enterprises, organizations, institutions” (state registration number: 0118U100367); “Analysis of the efficiency using the resource potential of agricultural enterprises in terms of economic growth of the agro-industrial complex” (state registration number: 0118U100586) and “Financial control in the management system of economic security of the enterprise” (state registration number: 0118U100563).

Scientific work is compiled for use in educational and scientific-practical activities by applicants for higher education, graduate students; teachers of higher educational institutions, as well as accountants, economists, employees of economic entities, managers and representatives of government agencies.

PART 1

ACCOUNTING AND ANALYTICAL SUPPORT OF INVESTMENT PROCESS MANAGEMENT

1.1. Formation of economic stability of enterprises as objects of investment and accounting and analytical support for the management of their economic potential¹

In a dynamic economic environment, instability and variability of socio-economic and political situation, volatility in foreign exchange markets, ensuring the appropriate level of financial stability is especially relevant to maintain the continuity of modern enterprises. If an economic entity has the ability to fully and timely settle its debts, is able to self-finance, through its own working capital can form current and non-current assets, has a positive business reputation in all its elements – it is considered attractive for investment. All the above characteristics are integral components of financial stability and require assessment, accounting, analysis, planning and management, aimed at finding reserves to improve the stability of the financial condition of the entity.

The transformation of the agricultural sector of Ukraine's economy in recent years has been characterized not only by significant organizational and economic changes, but also increased the unpredictability of economic processes, their variability. For many agricultural enterprises there are problems with the accumulation of resources, sales, which ultimately limits the opportunities for their development. This situation forces the industry to find innovative solutions, greater focus on market needs, the use of the latest management methods.

The theory, methodology and development of measures to ensure the economic stability of enterprises studied V. Aranchiy, O. Berezin, I. Vinichenko, O. Dobrovolska, L. Melnyk, J. Mulyk, I. Pavlov, O. Polova, P. Sabluk, O. Tomchuk, O. Sokol, M. Udovychenko.

One of the important factors of financial stability of the enterprise is the availability of its own financial resources, sufficient for the development of competitive production and coverage of obligations to

¹ Gudzenko N.M.

creditors. The financial resources themselves can be formed to the necessary extent only if the company operates efficiently, which will be able to ensure a profit (Kaminsky, 2016).

Financial stability provides sustainable solvency for the future, based on a balance of assets and liabilities, income and expenses and cash flows. One of the main signs of business activity in the current environment is solvency; because today the practice of business entities is significantly complicated by the protracted crisis of non-payment, increase in receivables and payables, reduced production, lack of financial resources.

The ability of the company to pay on time and in full for planned payments and urgent obligations, while maintaining the normal pace of economic activity, is one of the requirements of financial stability of the company and its competitiveness. Therefore, its solvency acquires practical significance in cooperation with the company, it gives it the opportunity to finance its own activities, which is reflected in the provision of financial resources and characterizes the reliability of financial relations with other individuals and legal entities (Kryuchkovskaya, 2015).

The study of the evolution of understandings of the essence of the category of “solvency” showed the presence of different approaches of scientists to its interpretation. A systems approach represents solvency as the ability of an entity to meet its obligations in full, regardless of the timing and at the expense of assets generated and measured on a particular date. In the context of this judgment, it is noted that financial stability is a prerequisite for solvency. Another approach, short-term, reveals solvency as the ability of an enterprise to pay its deadline and current liabilities. The difference between this approaches are that in the last one solvency is a prerequisite for financial stability (Pavlenko, 2016).

If financial stability in its economic essence is the financial and economic condition of the enterprise in a specific period of time, on a specific date, to ensure the proper functioning of the enterprise for long periods of time has a dynamic process. Therefore, to develop an effective mechanism for managing financial stability requires research into the economic essence of the concept of “financial stability”, the action of which is aimed at achieving high levels of financial stability over a long period. Stability is associated with order, immutability,

balance, stable functioning, and so on. This term is also used to describe the state of the system, its structure and individual elements or subsystems, processes and relationships.

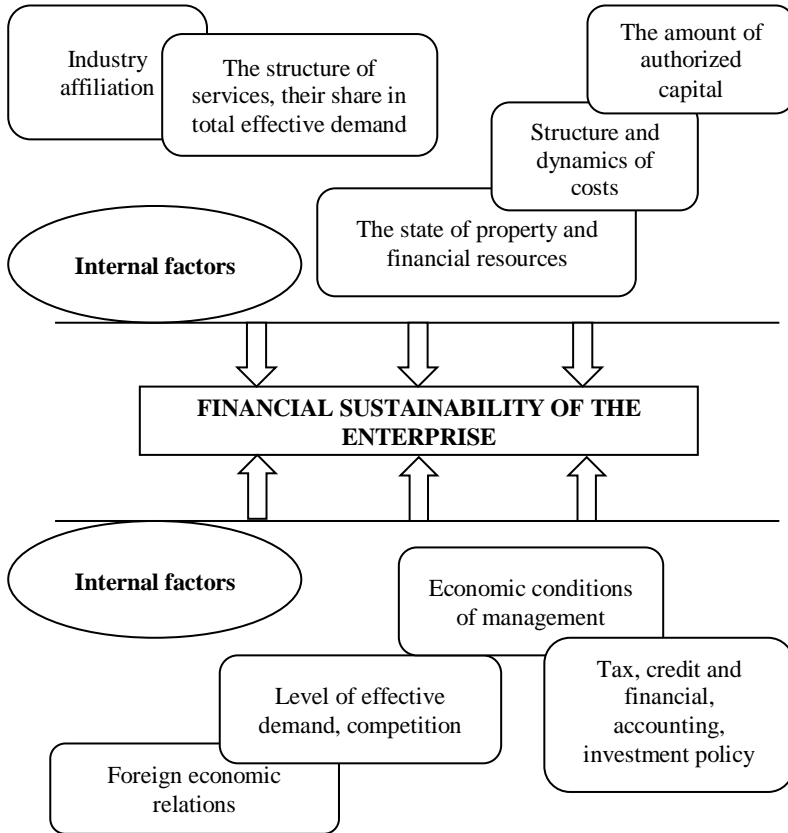


Fig. 1.1. Factors influencing the financial stability of the enterprise

To ensure the financial stability and solvency of the enterprise, the functioning of its organizational and economic mechanism must meet the following principles:

- realism – indicators of economic development should really reflect the essence of objective and subjective processes in the enterprise;
- consistency – all its elements must realize the main purpose of

the enterprise and be concretized through a system of functional goals;

- adaptability – the company’s management must respond quickly to changes in the internal and external environment, by developing management measures to neutralize the effects of such influences or adaptation to change;

- controllability – the company must constantly monitor the process of implementing strategic plans.

Achieving financial stability of the enterprise for a long period is ensured, first of all, by the implementation of financial planning, which establishes the main indicators, ratios and terms of expanded production of the enterprise.

The main tasks of ensuring financial stability and solvency of any business entity are shown in Fig. 1.2.

Agricultural production has a number of specific features that significantly affect the management system of economic stability:

1. Land in the industry is not only the object of labor, as in other branches of material production, but its subject, as well as the main means of determining the territorial dispersion of production and the formation of governing bodies mainly on the territorial production principle.

2. Territorial dispersion of production and remoteness of structural units from the central estates, road conditions, etc. lead to delays in both operational decisions and their implementation. These circumstances require the delegation of rights to form operational management decisions to internal business units, especially in operational and economic activities.

3. Economic reproduction is intertwined with natural, which makes it dependent on soil and climatic conditions. This leads to independence in the regulation of production, setting deadlines, methods and techniques for performing various agricultural works.

4. Seasonality of production, various fluctuations in the use of material, labor, financial and other resources during the year require the management system to find ways to equalize them. As a result, there is excessive stress on the work of managers and specialists in certain periods of agricultural work, a significant increase in the length of their working day.

5. Some influence on the organization of management is exerted by the peculiarity of production technology associated with living

organisms (plants, animals, microorganisms), which imposes special requirements on the production, storage, transportation, processing and marketing of products. This forms the specifics of the functioning of agricultural enterprises and necessitates a strict order of coordination of work and operations.

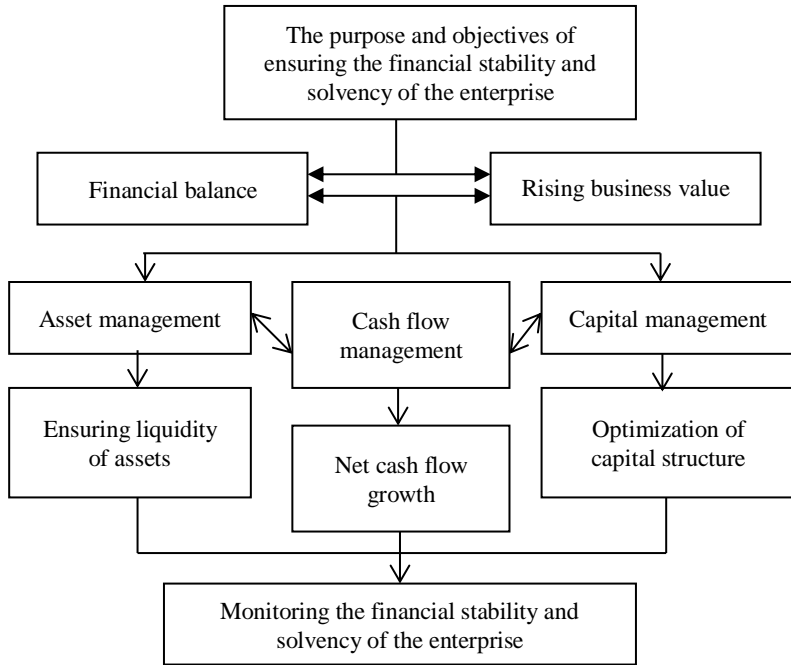


Fig. 1.2. The task of ensuring the financial stability and solvency of the enterprise

Source: systematized according to literature sources (Denisenko, 2015)

The overall stability of the enterprise can be ensured only if the stable sales of products and the receipt of sufficient revenue to meet its obligations to the budget, to settle with suppliers, creditors, employees, etc. At the same time, for the development of the enterprise it is necessary that after making all the calculations and all the obligations it has a profit that would allow to develop production and bring it to a competitive level, implement socio-cultural programs for its employees, provide incentives for their highly efficient work.

This situation expresses the content of economic stability, which is the main component of the overall stability of the agricultural enterprise.

Economic stability is a consequence of the stable excess of profits over costs, provides free maneuvering of enterprise funds and through their effective use contributes to a smooth process of production and sale of products.

The financial stability of the enterprise determines its competitive position in the relevant market, creates the necessary conditions for investment and business development based on innovation. Thus, the sustainability of an agricultural enterprise is its ability to develop in dynamic conditions of exogenous and exogenous environments. To do this, the company must have a flexible structure of resources and, if necessary, be able to attract borrowed funds, ie be creditworthy.

The efficiency of financial and economic activities of an agricultural enterprise, and, consequently, its economic stability, largely depends on the indicators of the enterprise with funds and appropriate sources of their formation.

Another important factor in the economic stability of the enterprise is the optimal composition and structure of assets, as well as effective management. The next determining internal factor of economic stability is the composition and structure of financial resources, because they are the main stimulus for economic activity of the enterprise, because they provide all necessary production, research, marketing activities, contributing not only to their effective functioning but the enterprise as a whole.

Sustainability of agricultural enterprises is a set of features of organizational, logistical, production, financial and credit activities, taking into account their interaction and interaction, as well as the quality of products, scientific and technical development of material base, stability of the whole spectrum of resources, including human and intellectual capacity and availability of innovation management.

The economic stability of agricultural enterprises is systemic in nature, characterized by the presence of self-regulatory mechanisms through which adaptation processes take place, leading to equalization of supply and demand, costs and revenues, etc., and thus ensure sustainable development.

Economic stability of an agricultural enterprise is its ability to maintain a certain (predetermined) level of achievement of goals in

the conditions of dynamic transformations of the business environment, which provides effective management of a range of endogenous, including specific, industry-specific factors and timely detection and adaptation to key factors. .

When carrying out the activities of agricultural enterprises in crisis conditions of management there are various risks of a financial nature, which must be taken into account when determining the capital structure. The company's equity is less risky than borrowed and helps maintain financial stability and independence. The problem of equity management is acute for companies, due to the peculiarities of building a capital structure. In the capital structure there is a significant predominance of borrowed and borrowed financial resources.

The main stages of financial stability management can be considered:

- definition of the mission of the enterprise, substantiation of strategic and tactical tasks of management of financial stability of the enterprise; analysis of factors of internal and external environment that destabilize the financial stability of the enterprise; the choice of methods and principles of managing the financial stability of the enterprise, taking into account the results of previous actions;

- selection of information for monitoring and analysis of financial stability of the enterprise; monitoring, calculation and analysis of indicators of financial stability of the enterprise and their comparison with standards;

- making managerial decisions based on the results of the analysis.

Monitoring of economic stability of the enterprise should be carried out with the delineation of the whole range of stakeholders in the presence of reliable information about the activities of the enterprise (Table 1.1).

The organization and effectiveness of the mechanism for managing the financial stability of agricultural enterprises is due to the presence of an appropriate information system to support the management process, which integrates accounting and economic analysis and allows to form an accounting and analytical basis capable of qualitative analysis.

In the article Ya. Mulyk notes that to justify management decisions, accounting and analytical support should include all without exception tools for accounting and analysis in order to obtain a synergistic effect

of their systematic application in ensuring a stable and stable financial condition of the enterprise (Mulyk, 2017).

Table 1.1

The need for information support of different user groups

No.	Groups interested in information	Purpose of interest
1	Owners	Assessment of economic stability of the enterprise, determination of efficiency, riskiness of business, perspective directions of investment, guarantees of reception of planned results in the future
2	Manufacturers	Assess the availability and efficiency of resource use
3	Consumers	Assessment of quality and consumer value of products
4	Suppliers	Formation of decisions on expediency of short-term and long-term cooperation with the enterprise
5	Creditors	Justification of the expediency of issuing loans
6	Investors	Estimation of the probability of loan repayment in the process of investment portfolio formation
7	Insurance companies	Assessment of the probability of an insured event
8	Others	Reliability verification and operational assessment of a credible partnership

The company's policy to regulate financial stability should focus on market requirements and the needs of enterprise development. Thus, the economic essence of financial stability is manifested through the nature of finance, as economic relations for the formation, distribution and use of financial resources.

Between 2010 and 2020, the total number of agricultural entities decreased by 4.3%. The largest decrease was in the number of medium-sized enterprises (by 35.4%), the number of small enterprises (by 23.9%) and the number of agricultural production cooperatives (by 23.2%) also decreased. At the same time, the number of large enterprises (1.7 times) and agricultural service cooperatives increased significantly (by 32.8%).

One of the factors shaping the economic stability of agricultural enterprises is to increase its efficiency, which:

- helps to increase production volumes;
- directly affects the level of retail prices for food and consumer goods made from agricultural products. raw materials;

- reflects the cost of all types of resources consumed at the enterprise;
- creates the preconditions for identifying reserves to increase production efficiency;
- stimulates the use of all reserves available at the enterprise;
- helps to provide information on the efficiency of production all parts of the management hierarchy.
- provides an increase in income and profitability of agricultural enterprises, thus contributing to the formation of their economic stability.

The efficiency of the enterprise depends on the proper organization of accounting, analysis and control, which allows accurate, reliable and timely reflection of all business transactions in order to influence their production and economic activities of the enterprise and prompt intervention in case of deficiencies.

Therefore, information support for financial stability management should be considered as a system to support management decisions in the formation and use of components of financial stability, including capital and working capital, optimize the allocation and use of financial resources.

Ensuring the economic stability of enterprises is associated with the use of the latest methods, technologies and tools to adapt the enterprise to dynamic environmental conditions that can form a break-even point. Achieving break-even is an objective prerequisite for profit, which provides self-sufficiency and self-financing and on this basis the formation of economic stability and financial security of the enterprise.

To obtain accounting information with high quality indicators it is necessary to rationally organize the accounting process at the enterprise: from primary accounting (documentation of business transactions), current accounting (generalization of data in the system of accounts and accounting registers) to the formation of accounting documents (summary accounting).

At the stage of current accounting, it is important to summarize information about business transactions in the accounts, so it is important to develop a Work Plan of accounts, which would take into account the specifics of the business entity. As a rule, the working plan of accounts is an appendix to the order on the accounting policy of the

enterprise (Lyshenko, 2018).

The practical orientation and significance, industry specifics, different levels of requests from managers leave controversial some issues of the methodology of formation of accounting policies of enterprises in terms of financial stability of the enterprise. Important for disclosure are issues related to the objects of accounting that directly or indirectly affect the formation of reporting indicators on the basis of which the analysis is carried out and management decisions are made.

In the process of monitoring the accounting support of financial stability assessment, it is advisable to pay attention to some problematic issues in the methodology of calculating indicators at the stage of their formation in the accounting system to avoid distortion of financial stability assessment parameters. Adoption of NP (S) BU 1 necessitated significant adjustments in the formation of indicators for assessing financial stability and requires in-depth research on its accounting support.

Consider the most common approaches to interpreting accounting policies from them to identify specific elements that have an impact on financial stability. For accounting and analytical support it is important to take into account the target direction of accounting policy, which is manifested in: protection of the rights and interests of the owner (owners, participants); production system management; accounting management; effective regulation of economic activity of the enterprise in the interests of the case and stakeholders, etc.

The requirement for accounting policy is balance, compliance with IFRS and current legislation in order to form information support for reporting and analysis of the financial condition of the enterprise.

The accounting policy is aimed at the formation of such information support that will meet the characteristics of the integrated data system and will effectively manage the financial stability of the enterprise. Information plays two key roles: it is useful in the decision-making process of investors and capital providers, which assesses the potential for return on investment and allows “capital” suppliers to develop corporate governance mechanisms to monitor capital utilization after they are allocated.

To ensure the effective economic activity of the enterprise with risk prevention, it is necessary to generate an optimal set of quality

information data of economic and non-economic, financial and non-financial nature.

The data set generated in the accounting system, sufficient for analysis and decision-making, should be considered optimal. N.L. Pravdyuk notes that the quality of accounting information correlates with the effectiveness of the entire management process: the higher the quality parameters of information, the better the ability of managers to prepare optimal solutions (Pravdyuk, 2016).

Foreign scholars have also studied the economic implications of disclosure regulation and reporting standards, including evidence of IFRS adoption.

L.V. Gnylytska proved the need to implement in the system of information support methods of accounting and analysis for the formation of accounting and analytical information, which will increase the efficiency of decision-making by economic security experts on the enterprise in an unstable environment and the existence of permanent risks and dangers in its internal business processes (Gnylytska, 2012). Economic security and financial stability are affected by the various provisions of the accounting policy selected by the company for certain objects of accounting – non-current and current assets, income, liabilities, collateral. Therefore, the impact of the company's methods and elements of accounting policy may be direct or indirect, but it must be taken into account when developing orders on the accounting policy of domestic enterprises.

All elements of the accounting policy of the organization, depending on its impact on reporting indicators for further analysis of solvency and financial stability should be systematized into three groups: elements that cause changes in financial reporting indicators; elements that do not cause changes in financial statements; elements for which an unambiguous assessment is impossible.

The first group includes elements of accounting policy projected by the impact on financial stability is long-term (revaluation of non-current assets, depreciation method, the procedure and cost criteria for writing off non-current assets, the procedure for converting long-term debt to short-term, etc.), etc. impact on financial statements (inventory valuation, the procedure for writing off the value of low-value and perishable items, etc.).

The elements of the second group do not change the value of

financial reporting indicators – it is the assessment of purchased inventories and the order of their accounting, the order of accounting for exchange rate differences, the order of adjusting the value of securities, the method of allocating indirect costs.

The third group should include elements of accounting policies that affect reporting performance but cannot be unambiguously assessed. This is especially the case for manufacturing plants, which need to assess work in progress, assess returnable waste and classify production costs.

Enterprises need to increase the role of accounting policies in the management process. However, as practice shows, reliability is only one of the criteria for its effectiveness. In determining the provisions of accounting policy should take into account the principle of materiality, which determines the concept of reliability of information that is formed in the accounting system.

Table 1.2

Generalization of the main shortcomings of the formation of accounting policies of enterprises that affect financial stability

Drawback	Characteristic
Formal approach	When forming an accounting policy, no attention is paid to the specifics of the enterprise. Accounting policy is of a general standard nature.
Not a complete list of items is covered	The accounting policy does not contain certain elements of the object.
Differences between the given methods and the methods used in practice	In the event of a change in the method of depreciation or other methods and procedures, the accounting policy should be changed, if this does not happen, then there are differences.
Submission of specific surnames in the accounting policy	Presentation in the Order on the accounting policy not of the officials responsible for this or that area of work, but of specific surnames
Display of correspondence	The accounting policy is overloaded with typical correspondence accounts for individual objects of accounting
Lack of responsibility	The accounting policy does not specify the person (position) responsible for compliance with the provisions of the accounting policy

According to this principle, materiality is not absolute accuracy of data, but a measure of their accuracy, which will allow the user of data to make correct conclusions based on the financial condition of the

enterprise, the results of its economic activities and make decisions.

During the monitoring of the financial stability and solvency of the enterprise, the study of methodological methods of forming accounting data – the financial information environment, as a basis for determining a number of indicators, becomes especially important. The level of disclosure of information about selected methods and principles in accounting policy is important for forecasting economic indicators and phenomena, business planning.

Table 1.3 details the impact of certain elements of accounting policy on the financial stability of the agricultural enterprise, which highlights the main: the choice of depreciation methods, revaluation of non-current assets, inventory valuation, distribution of transport costs, formation of reserves and more.

Table 1.3

Characteristics of the impact of accounting policy elements on indicators of financial stability and solvency

Elements of accounting policy	Alternatives	Impact on financial statements	Impact on indicators of financial stability and solvency	
			Positive	Negative
1	2	3	4	5
Depreciation method for fixed assets and intangible assets	Rectilinear	Even write-off of residual value	Capital concentration ratio	Asset turnover ratio
	Reduction of residual value	Accelerated write-off of residual value	Current liquidity Provision with own working capital Return on assets asset turnover	Profitability Value of net assets
	cumulative			
	Industrial	Uneven write-off of residual value	Provision of own working capital	Capital concentration ratio
Reassessment of FA and NCA	Discount	reduces the carrying amount of non-current assets	Net assets, Coefficients: financial stability; autonomy; financing	Profitability, return on assets, ratios: total as turnover; turnover of equity
	Revaluation	Increases the book value of non-current assets	Profitability, return on assets, ratios: total asset turnover; turnover of equity	Net assets, Coefficients: financial stability; autonomy; financing

Continuation of table 1.3

1	2	3	4	5
Methods for estimating inventory disposal	weighted average cost;	The average value of net income	Turnover ratio of current assets	Profitability of sales
	cost of first in time inventories (FIFO)	Financial results	Current liquidity ratio; Profitability of sales; Solvency	Coefficients: total asset turnover; turnover of inventories
	selling prices	Approximate cost of inventories	Profitability of sales on net profit	Coefficient of own working capital
Method of accounting for transport and procurement costs	Direct write-off	Real write-off of fuel and lubricants	WOC security ratio	Profitability of sales
	Average%	Uniform write-off of fuel and lubricants	Profitability of sales	WOC security ratio
Methods for determining the amount of the provision for doubtful debts	absolute amount	The amount of net profit	Solvency	Profitability, net assets, security of WOC
	Coefficient of doubt		Total asset turnover ratio	Ratios: current liquidity; quick liquidity; provision of WOC. Return: equity; assets; working capital Net assets
Creating collateral to reimburse future (future) expenses and payments	By types of collateral	Increases the costs of the reporting period	Coefficient of financial stability	Net assets, security of the WOC

At the organizational stage of formation of accounting policy elements conduct assessment and analysis of their impact on the performance of the enterprise in order to be able to form an optimal list of such elements taking into account the assessment of their impact on financial stability and solvency.

Important attention is paid to the formation of a sufficient set of data on cash flows, as solvency depends primarily on the adequacy of

cash flows and the structure of liabilities of the enterprise.

Cash flow management is defined for:

1. Estimates of the level of materiality of the error of the economic decision in relation to the monetary resources reflected in the reporting by the method of financial indicators. The accounting policy should outline the level of change in the financial ratio, which causes the wrong decision of the user of information on a conditional basis.

2. Diagnosis of the financial crisis based on the analysis of the dynamics of the cash flow balance from operating activities and the cash flow adequacy ratio.

3. Determining the liquidity and solvency of the enterprise.

Based on the basic accounting equality, which reflects the relationship between assets and liabilities, it should be borne in mind that the elements of accounting policies in the field of property value formation, at the same time affect the amount of sources of its formation. Therefore, when forming the accounting policy of enterprises in the field of the above objects of accounting, it is advisable to use methodological techniques that would help reflect the real state of performance.

Accounting support for the analysis of financial stability and solvency is a component of information support and is considered as a process of preparation and formation of accounting information, ensuring the quantity and quality of information data in the accounting system. The basis of accounting support for analytical assessment of financial stability and solvency is the principles of accounting, which will comprehensively for the chosen strategic goal to optimize the impact of risks and ensure the generation of information in retrospective and strategic flows.

When considering the impact of accounting policies on the financial condition, it is advisable to focus on the objects of accounting that affect the formation of equity and require disclosure in the accounting policy of the enterprise.

Liabilities have a significant impact on solvency. Their assessment will determine the amount of debt, which will be correlated with cash and other assets, profits and more.

For domestic enterprises, relatively new objects of accounting are contingent liabilities and contingent assets, defined by IAS 37. These include:

a) a contingent liability that arises from past events and whose existence will be confirmed only after one or more uncertain future events, not fully controlled by the entity, have occurred or will not occur;

b) an existing obligation that arises from past events but is not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured reliably.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only after one or more uncertain future events, not fully controlled by the entity, have occurred or not occurred.

One of the key elements of an accounting policy for contingent liabilities is their recognition. Also, they may not change as expected at the beginning, so they require regular reassessment to determine whether the disposal of resources that embody economic benefits is likely.

Contingent assets are not recognized in the financial statements as this may result in the recognition of income that may never be received. When there is confidence in the receipt of income, then the related asset ceases to be conditional and is included in the property. Contingent assets are measured regularly to ensure that changes in the financial statements are properly reflected. Provided that there is absolute certainty that the economic benefits will flow, the asset and the related income are recognized in the financial statements in the period in which the change occurs.

At the stage of accounting, sufficient attention should be paid to reflecting the impact of inflation and exchange rate fluctuations on the amount of liabilities, discounting the amount of future payments, reflection in the system of accounting for the costs associated with obtaining loans. If these features are not reflected, the financial statements will not provide a reliable assessment of property status. When adjusting the financial statements to the level of inflation, it is necessary to bring the financial statements to the measured monetary measures at the date of adjustment, i.e. assets, liabilities, equity are adjusted by the adjustment factor. The adjustment process consists in first compiling financial statements without taking into account the inflation index, and then transfer each item of financial statements, if

necessary, to the adjustment ratio and publish financial statements taking into account the inflationary impact. Such inflationary adjustment of each item of financial statements involves adjustment separately for each non-current asset, each type of inventory, each item of non-monetary debt, complicating the reporting process. Adjustments to the financial statements for inflation are made for each form of financial reporting (Kutsyk, 2018).

The inflation-adjusted financial statements are separate full-fledged financial statements that are incorrectly considered to be in addition to the ordinary (unadjusted) financial statements.

The consequences of inflationary effects are significant for the distortion of financial statements, so in the process of adjustment you can more accurately assess the value of assets, compare the performance of different enterprises, which reduces the risk of overestimation of enterprise profits.

The ratio of short-term and long-term liabilities is important for analytical estimates, so the conditions for recognition and transfer specified in the accounting policy will determine the accuracy of the current liquidity ratio. If lending is required, it is advisable for companies with existing subsidiaries, branches and other business structures to anticipate the consequences of changes in such a structure.

To build a system of information support for the management of financial stability and solvency, a system of strategic accounting can be used, which provides the generation of accounting information for management decisions. Strategic accounting, combining the objects of internal and external environment of the enterprise is future-oriented.

Ensuring the increase of financial stability of agricultural enterprises is possible under the following conditions:

- development of an effective methodology for assessing financial stability;
- formation of a high-quality information database for monitoring the financial condition and its constant updating;
- revision of the content and mechanisms of financial policy;
- use of innovative financial mechanisms to ensure the stabilization of enterprise finances.

Therefore, trends in the development of the financial system have a regressive type, actualize the search for new methods of information

support for assessing the financial stability of enterprises. This is seen as a possible way to improve and develop innovative methodological principles for implementing the mechanism of accounting engineering in enterprises.

Accounting engineering can be used through different types of models in operating activities: in diagnosing the financial condition of the enterprise, building derivative balance sheets, optimizing the structure of costs and revenues, managing receivables and payables, creditworthiness. The results of accounting engineering are aimed at estimating the value of enterprises through the definition of net assets and net liabilities.

The application of the concept of accounting engineering in the construction of a strategically oriented financial accounting system involves the analysis of approaches to understanding its essence and clarifying the structural elements. Substantiation of the characteristic features of accounting engineering models will allow to organize and ensure the activity of information technology, which will ensure the formation of accounting information of a strategic nature.

Accounting engineering can be interpreted in a broad and narrow sense.

In a narrow sense, accounting engineering is considered as a system of derivative balance sheets used to manage solvency, ownership, backup system, risks. Derivative balance sheets can be used as the main source of information for strategic management of economic processes and resource potential of the enterprise. However, the given understanding of accounting engineering ignores the order of content of such reports, description and justification of methods and techniques used to fill the indicators of derivative balance sheets with accounting information of a strategic nature (Krishtopa, 2016).

In a broad sense, accounting engineering is a concept of development and implementation of accounting information systems, which is based on a structured chart of accounts, a new system of methods for determining the financial condition of the enterprise and its stability to provide accounting support for economic processes and determine the results of enterprise or business -units.

The application of this approach is the most appropriate when building a strategically oriented accounting system, as it allows on the basis of engineering tools to identify and evaluate the internal and

external environment of the enterprise and comprehensively ensure the process of assessing financial stability.

The main mechanism of financial and accounting engineering is the method of derivative balance sheets. The need for derivative balance sheets is due to the fact that the traditional balance sheet, compiled on the basis of historical value, in modern conditions does not meet the needs of owners, investors and other users of information, making management decisions on property management, cash flows, risks, reserves, solvency, resource potential, as well as in the organization of control over the financial condition and its forecasting. Types of engineering tools are summarized in Fig. 1.3.

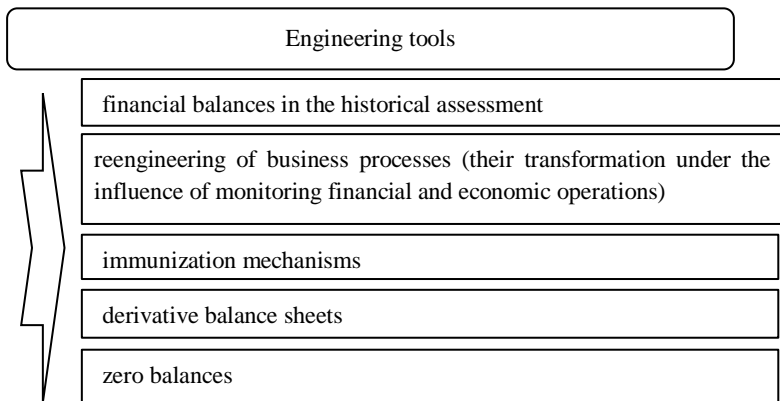


Fig. 1.3. Types of engineering tools

On the basis of the specified engineering tools in management accounting the system of accounting and analytical maintenance which constituent elements are:

- 1) a separate work plan of management accounting accounts;
- 2) accounting and control points – economic situations;
- 3) register of financial and economic transactions;
- 4) evaluation systems;
- 5) accounting units and mega-accounts;
- 6) aggregate postings;
- 7) derivative balance sheets;
- 8) algorithm (technology) for displaying data in derived balance sheets.

The advantage of engineering is that according to derivative financial statements for various economic and purpose purposes, you can establish the real value of the enterprise (market, fair, mortgage, liquid prices), the level of its financial security, cash flow, solvency, current, tactical and strategic management of economic processes of the enterprise.

Objects such as property, capital and business operations form the information basis for analysis and economic engineering objects that can be managed (depending on management actions) and characterize financial stability. as economic aggregates, based on their economic content and objectives of the analysis.

It is recommended for the purposes of analysis of financial stability and solvency of enterprises to allocate the following mega-accounts: I. “Non-current assets”; II. Current assets; III. “Equity”; IV. “Long-term liabilities and collateral”; V. “Current liabilities and provisions”.

The next step is to use engineering tools, namely:

- preparation of the Initial (introductory) balance on mega-accounts in the historical assessment;
- drawing up accounting entries to correct deficiencies and deficiencies identified by internal and external auditors;
- drawing up an adjustment balance.

In the future, it is considered appropriate to compile monitoring derivative balance sheets in market, fair, depending on the economic situation and objectives. At the last stage, it is advisable to control the results, namely: on the basis of the monitoring derivative balance sheet to calculate and analyze the aggregates of financial stability and determine its level.

The information obtained with the help of the presented methodological approach will ensure the formation of the information basis for the analysis of financial stability and solvency for making promising management decisions. The main advantage of accounting engineering is that if you use its tools, you can avoid erroneous assumptions made on the basis of classical accounting retrospective data, because according to the proposed approach, the main focus is to predict the outcome of future operations and events.

References

Hnylytska, L.V. (2012). Accounting and analytical support of economic security of the enterprise: monograph. Kyiv: KNEU. 305 p.

Denysenko, M.P., Zazymko O.V. (2015). The main aspects of assessing the financial condition of the enterprise. *Ahrosvit*. № 10. P. 54-55.

Ishchenko, J.P., Podolyanchuk, O.A., Koval, N.I. (2020). Financial Accounting I: textbook. Vinnytsia: FOP Kushnir Publishing House Yu.V. 496 p.

Kamynskiy, P.D. (2016). Profit and profitability as indicators of the efficiency of the enterprise. *Bulletin of Mykhailo Tuhon-Baranovsky Donetsk University of Economics and Trade*. № 1.64. P.160-167.

Kryshchtopa, I.I. (2016). Strategic accounting of integrated business: methodology, modeling, organization: monograph. Kryvyi Rih. FOP Tcherniyavski. 464 p.

Kriuchkovska, T.O. (2015). Formation of accounting policy of agricultural enterprises. *Ahrosvit*. № 20. P. 78-80

Kutsyk, P.O., Virt, M.Ya., Hereha, O.V. (2018) Estimation of indicators of profitability and business activity of trade enterprises of Ukraine for 2008-2016. *Efficient economy*. № 12. URL: <http://www.economy.nayka.com.ua/?op=1&z=6755> (date of access: 18.02.2022)

Lahodiienko, V.V., Sukhanova, A.V. (2019). Characteristics of economic security of enterprises and assessment basic safety indicators. *Bulletin of Kharkiv National Technical University of Rural Development of the Petro Vasylenko Farm, Economic Sciences Series*. Vyp. 206. P. 305–318.

Lazorenko, V.V. (2018). Analysis of methods for assessing the financial stability of the hotel industry. *Economic Bulletin of the Zaporozhye State Engineering Academy*. Vypusk 1(13). P. 124-128.

Lyshenko, M.O. (2018). Analysis of the financial stability of the enterprise as an element of ensuring the financial stability of the enterprise. *Bulletin of Cherkasy University. Economic Sciences Series*. № 2. P. 49-57.

Mulik, Ya.I. (2017). Audit of financial stability of the enterprise: problems and prospects of development. *Global and national economic problems*. Issue 16. P. 884-888.

National Accounting Standard (Standard) 1 “General Financial Reporting Requirements”. Order of the Ministry of Finance of Ukraine of 07.02.2013 No. 73. URL: <https://zakon.rada.gov.ua/laws/show/z0336-13#Text> (date of access: 19.02.2022)

Pavlenko, O.P., Semylyt, I.V. (2016). Economic essence of financial stability of enterprises: factors of influence, estimation and sources of financing. *Young scientist*. № 7(34). P. 113-116.

Pravdiuk, N.L. (2016). Quality of accounting information: the essence and methods of evaluation. *Accounting and finance*. № 2. P. 57–64. URL: http://nbuv.gov.ua/UJRN/Oif_apk_2016_2_10 (date of access: 20.02.2022).

Britchenko Igor. Key sources when formulating competitive advantages for hotel chains / Oleksandr P. Krupskyi, Oleksii Dzhusov, Nataliia Meshko, Igor Britchenko, Artem Prytykin // *Tourism: An International Interdisciplinary Journal*, Vol. 67 No. 1, 2019. – P. 34-46. ISSN 1332-7461 (Print), ISSN 1849-1545 (Online) (<https://hrcak.srce.hr/218374>)

Britchenko Igor. Leading methods for promoting finished product quality / Serhii Tkachenko, Igor Britchenko, Maksym Bezpartochnyi // *Advances in Social Science, Education and Humanities Research*. – Atlantis Press: Proceedings of the 3rd International Conference on Social, Economic and Academic Leadership (ICSEAL 2019). – Volume 318, May 2019. – P. 99-106. (<https://www.atlantispress.com/proceedings/icseal-19/125909022>) ISBN 978-94-6252-729-4, ISSN 2352-5398

Britchenko I. The Influence of migration on the financial circulation in the economy of Ukraine/Lysiuk Oleksandra, Britchenko Igor//VUZF review. – VUZF, Sofia (Bulgaria). - № 5(4). - 2020. - P. 9 - 14. DOI: <https://doi.org/10.38188/2534-9228.20.4.02> ISSN 2534-9228 <http://papersvuzf.net/index.php/VUZF/issue/archive>

Britchenko I. Social entrepreneurship as an instrument of development of small and medium entrepreneurship in Ukraine/Lysiuk Oleksandra, Britchenko Igor//VUZF review. – VUZF, Sofia (Bulgaria). - № 6(1). - 2021. - P. 38 - 48. DOI: 10.38188/2534-9228.21.6.04 ISSN 2534-9228 <http://papersvuzf.net/index.php/VUZF/issue/archive>.

Брітченко І.Г. Реальний капітал в сучасних умовах / Брітченко І.Г., Товстик В.А. // Схід. – № 3(27). – 1999. – С. 17-23.

Брітченко І.Г. MARKETING MANAGEMENT ОРГАНІЗАЦІИ: потенціал и система / Брітченко І.Г., Брітченко Г.И. – Донецьк: ДонНУ, 2001. – 279 с.

Князевич А.О., Брітченко І.Г. Сутність та специфіка формування соціально-орієнтованої інноваційної інфраструктури // Науковий журнал "Менеджер". Вісник донецького державного університету управління. – № 3 (65)/2013. – Донецьк: ДонДУУ, 2013. – С. 68 – 73.

1.2. Capital investment: economic essence, classification and features of accounting ²

Capital investments play an important role in ensuring the efficient operation of the enterprise. They contribute to solving almost all strategic and much of the current tasks of enterprise development, namely: provide access to modern technologies, help in the formation and expansion of production capacity, help to optimize the structure of assets and capital, implement innovation policy and strategic development goals, solve problems social development of the enterprise, the growth of its market value.

Investment activity of enterprises largely determines the efficiency of work in the long run, the ability to withstand competition, enter new markets, develop new products.

Traditional for domestic practice is that the operation of the enterprise is accompanied by a continuous cycle of funds, the economic nature of investments, their reflection in accounting and costing of capital investments, as well as problems of reflecting their value in the balance sheet were considered by such domestic scientists as: O. Bandurka (1998), L. Borshch, O. Havrylyuk, I. Honcharuk (2020), N. Hudzenko (2021), Ya. Ishchenko (2020), H. Kaletnik (2020), Ye. Karpenko (2013), N. Koval (2020), V. Kornyyev, O. Podolianchuk (2021), N. Pravdyuk (2017), P. Rohozhyna, V. Shevchuk (1997) and others.

The concept of “investment” in modern researches is interpreted

² Koval N.I.

ambiguously – either broadly or narrowly, focusing only on some of its components. Some scholars identify the category of “investment” with “investment”, which is not entirely true, because investment is seen as an investment in fixed assets, ie in their restoration of buildings, equipment, vehicles and more.

Bandurko O. and Korobov M. define that capital investments are only the use of financial resources for the reproduction of fixed assets, for the creation of new ones, reconstruction and development of existing fixed assets (Bandurko and Korobov, 1998).

Shevchuk V. and Rogozhina P. note that investments are assets, funds invested in economic activities for income (Shevchuk, Rogozhina, 1997).

According to Kaletnik, the main obstacles to creating favorable conditions for attracting investment in agriculture are: political instability, structural constraints, namely: imperfect market infrastructure, anti-competitive market environment; burdened procedure for distribution and receipt of state support; imperfect land reform; difficult access of agricultural producers to financial instruments; unbalanced use of natural resources; climate change and extreme weather events (droughts, etc.) (Kaletnik, 2020).

The authors Honcharuk I. and Babina O. substantiated the conceptual basis for improving innovation and investment activities for the development of energy production from alternative sources, based on a set of concepts of social development (Honcharuk, Babina, 2020).

In the collective research of the authors Podolianchuk O., Koval N. and Ishchenko Ya.P. it means that investment activity is the activity of the enterprise, which involves investing in fixed assets, other non-current or financial assets. That is, it is an activity related to investments in production and financial investments in the authorized capital of market participants, corporate or government securities in order to obtain income from their ownership (Ishchenko, Podolianchuk, Koval, 2020).

According to the Law of Ukraine “On Investment Activity”, investments are defined as all types of property and intellectual values invested in objects of entrepreneurial activity, as a result of which profit or social effect can be achieved (Law on Investment Activity, 2017).

We agree with the opinion of the authors Podolianchuk O., Hudzenko N. that a single and precise term that would define the essence of capital investment has not yet been developed. In addition, there is no single report that accumulates information on capital investment. Analyzing the essence of the concept of “capital investment”, it should be noted that the introduction of this term has a much broader interpretation than capital investment, and more fully reveals their economic essence (Podolianchuk, Hudzenko, 2021).

In accounting, the concept of investment activity is applied to capital investments in own non-current assets. As a result of the classification of capital investments in business activities by their direction, it was found that part of capital investments is made in the form of costs to ensure activities and income, the other - to create new assets and maintain capital in working order (Sergeeva, 2020).

Capital investments in non-current tangible assets in accordance with UAS 7 “Fixed assets” are defined as costs of construction, reconstruction, modernization (other improvements that increase the initial (revalued) value), manufacture, acquisition of tangible fixed assets including non-current tangible assets intended for replacement of existing and installation equipment) carried out by the enterprise (NP (S) BU 7 Fixed assets, 2000).

According to the Tax Code of Ukraine, investments are business transactions that involve the acquisition of fixed assets, intangible assets, corporate rights and / or securities in exchange for funds or property. At the same time, capital investments are business transactions involving the acquisition of buildings, structures, other real estate, other fixed assets and intangible assets subject to amortization in accordance with the Tax Code (Tax Code, 2010).

It should be noted that the current state of Ukraine’s economy is characterized by the presence of fixed capital with a high level of depreciation and low levels of innovation. Active and efficient development of significant investments in fixed assets strengthens the production activities of all enterprises. We will analyze the dynamics of changes in capital investment by type of assets and their directions in Ukraine, table 1.4.

The analysis showed that UAH 1,61,636.6 million was spent on equipment and component upgrades in 2020, which is 41.3% of the total capital investment in assets. This enabled companies to increase

production capacity and reduce costs per person / hour by automating processes. Expenditures on vehicles, which amount to 560,746.4 compared to 2018, the deviation is 33,713.1 billion UAH, these funds will provide an opportunity to establish logistics routes and possibly create their own network of delivery of their products.

Table 1.4

Analysis of the dynamics of changes in capital investments by types of assets and directions in Ukraine for 2018-2020, UAH million

Years	2018	2019	2020	Deviation, (+/-)
Total, UAH million	412812,7	526341,8	508217,1	90404,4
Investments in tangible assets, in particular:	397426,4	491164,7	483323,9	85897,5
machinery, equipment and inventory	143588,9	174156,2	161636,6	18047,7
vehicles	527033,3	638144,4	560746,4	33713,1
land	128100,0	136000,5	229848,1	101748,1
Long-term biological assets of crop and livestock production	329500,5	390400,6	524736,4	195235,9
Investments in intangible assets	153860,3	351770,1	248930,8	95070,5

Source: (Podolianchuk, Hudzenko, 2021; Ukrstat, 2022)

It is worth noting that the imperfection of the domestic legal framework in accounting makes it impossible to clearly distinguish between costs by period (such as the cost of maintaining in good condition, repair, research) and the cost of the capital period. For the most part, such a distribution can lead to underestimation of the initial value of the asset, incorrect assessment and, accordingly, inaccurate presentation of the book value in the reporting (Sergeeva, 2020; Ishchenko, Podolianchuk, Koval, 2020).

However, there are a number of documents governing the disclosure of information in accounting and reporting on business transactions related to capital investment: investment real estate, capital construction, fixed assets, intangible assets, biological and qualifying assets, etc. (Fig. 1.4) (Yarmolyuk, 2020).

Given these regulations, we can say that the lack of a specialized standard for accounting for capital investments, the confusion in

determining their nature makes it impossible to establish clear criteria for their recognition. After all, characterizing capital investments as investments (or investments), they should be subject to the general criteria for recognition of assets (NAR(S) 1 General requirements for financial reporting, 2013).

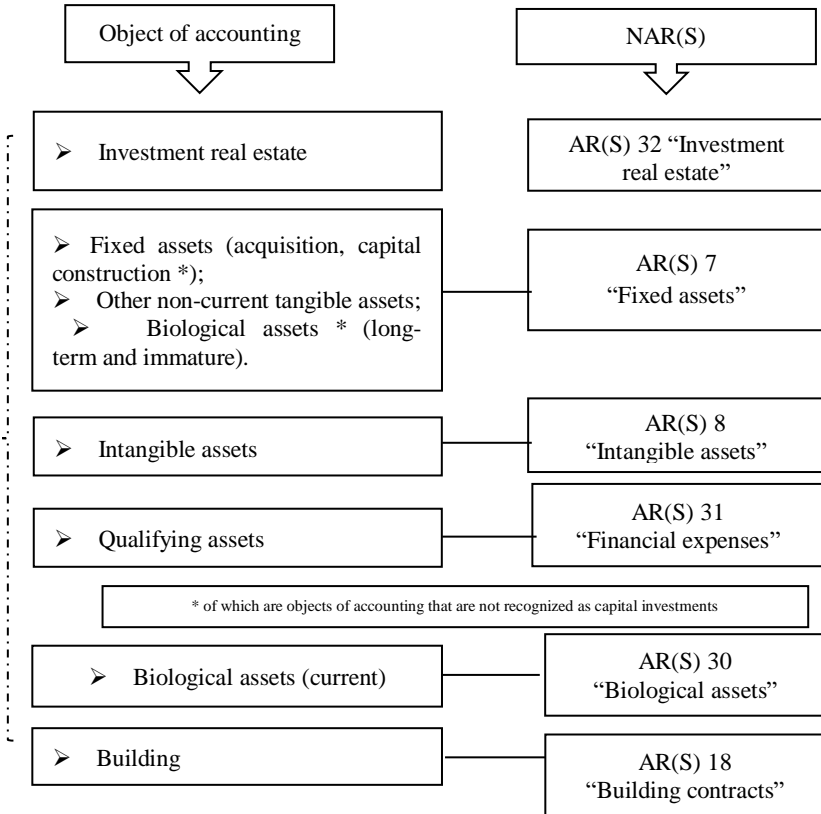


Fig. 1.4. Objects in which capital investments can be made according to accounting standards

Source: (Yarmolyuk, 2020)

Having analyzed the main regulations governing investment activities, we will try to give, in our opinion, the most general classification of investments, including the classification of capital investments (Law on Investment Activities, 2017).

Let's highlight the general criteria for the whole classification – this is the degree of influence of the investor on investment activities, a tool that mediates the investment in the object of investment and the object of investment itself.

The Law of Ukraine “On Investment Activity” provides an approximate list of values that can be investments: funds, target bank deposits, shares, stocks, and other securities; movable and immovable property (buildings, structures, equipment, other tangible assets); property rights arising from copyright, experience and other intellectual property; a set of technical, technological, commercial and other knowledge, designed in the form of technical documentation, skills and production experience required for the organization of a production, but not patented (know-how); rights to use water, land, resources, buildings, premises, equipment, as well as other property rights; other values (Law on Investment Activity, 2017).

On this basis, you can classify investments, conditionally dividing them into property and non-property.

Non-property investments are everything that is included in the concept of intellectual property. This category is most generally set out in the Convention Establishing the World Intellectual Property Organization, signed in Stockholm on 14.07.67. Intellectual property includes rights relating to literary, artistic and scientific works, the performance of actors, sound recordings, radio and television programs, inventions in all fields of human activity, scientific discoveries, industrial designs, trademarks, trade names and other rights. related to intellectual activity in the production, scientific, literary and artistic fields (Karpenko, 2013).

All other categories of investments are property investments. Characteristic of them is the material (generally) expression: finance, material values, property rights, systematization of the main classification features of investment will be considered in Fig. 1.5.

Extremely high bank interest rates, inflation, high investment risk force investors to invest in small short-term projects with short payback periods. Therefore, the term for which own or borrowed funds are invested cannot be a criterion when distinguishing the sphere of investment and operating activities.

Also, it is worth noting that the national accounting standards in force in Ukraine differ in methodological approaches from

international ones. Therefore, in order for the information to be clear to a foreign investor, financial statements must be prepared according to international methods.

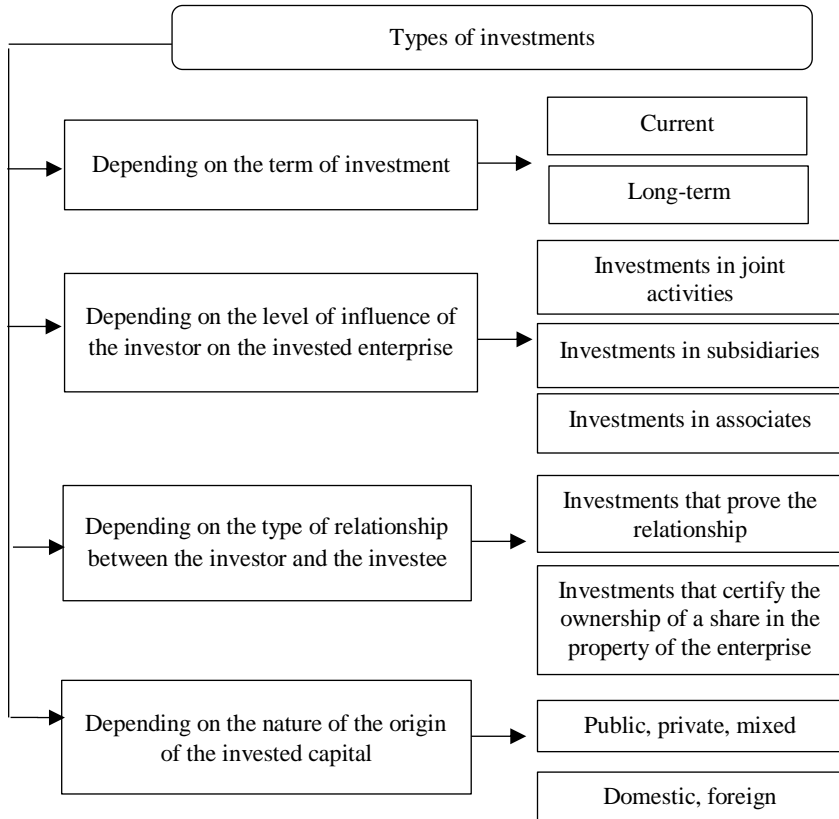


Fig. 1.5. The main classification features of investments
Source: (Koval, 2020)

According to the Instruction on the application of the Chart of Accounts for the accounting of assets, capital, liabilities and business operations of enterprises and organizations for the accounting of capital investments, an active account 15 “Capital Investments” is provided. The sub-accounts of this account reflect information on the costs incurred for the acquisition and creation of tangible and

intangible non-current assets. Therefore, based on this, the primary documents for capital investment should be considered in the context of documenting transactions with fixed assets, other non-current tangible assets, intangible assets, long-term biological assets and based on standard forms of documentation adopted in construction (OMFU accounting of assets, capital, liabilities and business operations of enterprises and organizations, 1999).

Synthetic accounting of capital investments in accordance with the Guidelines for the use of accounting registers, approved by the order of the Ministry of Finance of Ukraine from 29.12.2000 № 356 recommended in Journal 4, and analytical – in Note 4.1 (OMFU Guidelines for the use of accounting registers, 2000).

However, the analysis of the content of these registers allows us to conclude that the structure of the journal as a whole meets the requirements of users, which can not be said about the statement. Thus, in particular, more valuable information for management is data on capital investment in terms of facilities, rather than individual types of capital construction work, as is the case in the statement. If the enterprise carries out construction of several objects, from this register it will not be visible, on what objects works are executed.

When describing the costs of capital construction, performed in an economic way, the statement provides a list of cost items. This list does not fully take into account the requirements of NAR(S) 16 “Costs” and NAR(S) 18 “Construction contracts”. Thus, in particular, it does not include other direct costs and general production (general district) costs, which are included in the cost of construction and installation work. Information on costs in terms of cost items is valuable if it is provided by construction sites (cost centers) or responsibility centers (NAR(S) 16 Costs, 1999; NAR(S) 18 “Construction Contracts, 2001”).

Thus, this accounting register has a number of disadvantages, namely: first, the form of Statement 4.1 is not adapted for object-by-object accounting of capital expenditures; secondly, it does not provide for the accounting of costs accruing from the beginning of construction or reconstruction; thirdly, the list of calculation items given in this statement does not fully take into account the requirements of NAR(S) 16 “Costs” and NAR(S) 18 “Construction contracts”.

This approach to the organization of analytical accounting of capital investments can not be called rational.

We agree with the authors' proposal to improve the structure of the register for analytical accounting of capital investments Statement 4.1, namely:

1) to provide object-by-object accounting of capital investments in the context of sub-accounts, which will provide users with the necessary information;

2) in the list of accounts with which the debit account 15 "Capital Investments" may correspond, include two sub-accounts 911 "Costs of maintenance and operation of construction equipment" and 912 "Overheads". The need for their introduction is due to the fact that the costs accounted for in these sub-accounts are part of the cost of construction and installation work.

3) in the specified register it is expedient to carry out grouping of expenses on directions of reproductive structure: new construction, completion, reconstruction, other improvements;

4) provide a broader information representation (by individual objects, types of costs) in the analytical accounting of capital investments in the acquisition (manufacture, creation) of fixed assets and other non-current tangible and intangible assets (Yarmolyuk, 2020; Podolianchuk, Hudzenko, 2021).

According to the Chart of Accounts, the following classification of capital investments is determined: capital construction; acquisition (manufacture) of fixed assets; acquisition (manufacture) of other non-current tangible assets; acquisition (creation) of intangible assets; acquisition (in cultivation) of long-term biological assets (OMFU Instruction on the application of the Chart of Accounts for accounting of assets, capital, liabilities and business operations of enterprises and organizations, 1999).

The components of the capital investment objects are systematized in detail by the author in Table 1.5 in accordance with the chart of accounts.

The influence of sectoral features on the organization of capital investment accounting, the presence of specific organizational and technological features in the activities of various enterprises requires their detailed study and consideration during the construction of capital investment accounting.

Table 1.5

Objects of capital investments according to the chart of accounts

No.	Capital investment objects	Relevant accounts in accordance with the chart of accounts
1	Capital construction	10 "Fixed assets" 20 "Inventories" 22 "Low-value and perishable items" 66 "Calculations of employee benefits"
2	Fixed assets	100 "Investment real estate" 101 "Land plots" 102 "Capital expenditures for land improvement" 103 "Buildings and structures" 104 "Machinery and equipment" 105 "Vehicles" 106 "Tools, devices and inventory" 107 "Animals" 108 "Perennial plantations" 109 "Other fixed assets"
3	Other non-current tangible assets	111 "Library facilities" 112 "Low-value non-current tangible assets" 113 "Temporary (untitled) structures" 114 "Natural resources" 115 "Inventory packaging" 116 "Rental items" 117 "Other non-current tangible assets"
4	Intangible assets	121 "Rights to use natural resources" 122 "Rights to use property" 123 "Rights to commercial designations" 124 "Rights to industrial property" 125 "Copyright and related rights" 127 "Other intangible assets"
5	Long-term biological assets	161 "Long-term biological plant assets measured at fair value" 162 "Long-term biological plant assets measured at cost" 163 "Long-term biological livestock assets measured at fair value" 164 "Long-term biological assets not measured at fair value" 165 "Immature long-term biological assets measured at fair value" 166 "Immature long-term biological assets measured at cost"

Source: (OMFU Instruction on the application of the Chart of Accounts for accounting of assets, capital, liabilities and business operations of enterprises and organizations, 1999)

Today, the features of certain industries are widely considered, but all of them are mostly general in nature, without separating those that have a direct impact on the construction of accounting for a particular object (Sergeeva, 2020).

Today, the procedure for assessing capital investments also remains

unregulated, which may differ depending on their types. In this case, the initial cost of different forms of reproduction of capital investment can be formed and characterized by different cost components. In addition, the question of the possibility of applying fair value to the valuation of various capital investments remains unresolved.

According to accounting standards, capital investments in the initial accounting are reflected in the balance sheet at cost. Approaches to determining the initial cost of capital investment depending on the method of receipt of the enterprise are different.

For the most part, fair value has to be determined when transferring capital investment to assets, and even when applying the historical approach (cost estimation), cost indexation is performed, ie bringing the data to fair value. In addition, for each object of capital investment there are restrictions on the attribution of costs to the original cost (Sergeeva, 2020).

Under IAS 7 Property, Plant and Equipment, fair value is the amount for which an asset could be sold, or a liability settled, between knowledgeable, willing parties in an arm's length transaction (IAS 7 Property, Plant and Equipment, 2000). That is, the term "fair" by international standards also applies to cost. According to both international and national standards, fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Given the Law of Ukraine "On Accounting and Financial Reporting in Ukraine" of 16.07.1999 No. 996, the assessment of the assets of the enterprise, given the cost of their production and acquisition, ie at historical (actual) cost, is already a priority, so that this principle has been eliminated (Sergeeva, 2020).

So, as we can see, the issue of capital investment valuation remains open. Equally important is the allocation of costs to period costs or capital costs, which will further increase the carrying amount. In accounting standards, this limit is quite conditional. Restrictions on the attribution of costs to the initial cost of capital investments will be considered in Fig. 1.6.

Of particular note is the study of methodological approaches to the formation of accounting policies for capital investment. In domestic and international law, accounting policies cover a variety of components, which can create some confusion.

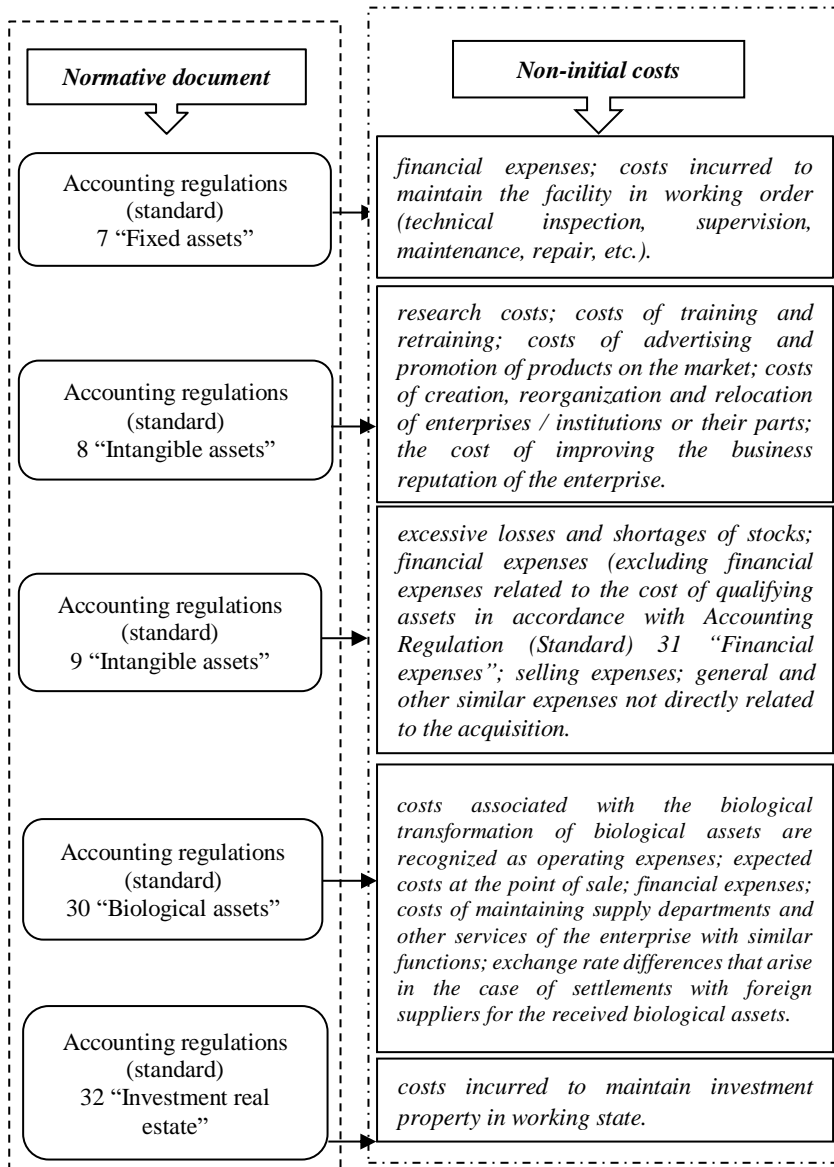


Fig.1.6. Restrictions on the attribution of costs to the initial cost of capital investment objects

Source: (Sergeeva, 2020)

The principles of accounting are included in the set of features of the concept of “accounting policy” in the regulations of Ukraine, IFRS, US GAAP. There is no definition of “accounting principles” in international financial reporting standards, and their list is defined by different standards (Sergeeva, 2020).

Guideline No. 635 of 27 June 2013 stipulates that the accounting policy can be changed usually from the beginning of the year, but this does not preclude the possibility of change during the year, although a change from the beginning of the year is a more effective solution. In international practice, it is not customary to issue an Accounting Policy Order, and elements of accounting policy are presented in detail in the notes to the annual financial statements. Examining the valuation of capital investments, it should be noted its urgency. Equally important is the allocation of costs to period costs or capital costs, which will further increase the carrying amount.

Regarding Ukrainian practice, paragraph 3.5 of Methodological Recommendations № 635 stipulates that “the accounting policy of the enterprise, taking into account the changes, is given in the notes to the annual financial statements in the form of a description or by adding a copy of the administrative document”. Today there are two approaches to reflect the principles, methods and procedures in accounting policy:

1) broad – the company describes in detail in the Order on Accounting Policy all the rules of accounting;

2) narrow – provide the principles, methods and procedures for which regulations on accounting provide for more than one version.

The accounting standards state that the costs incurred to maintain the object in working order are included in the costs, and the costs that lead to the improvement of its functional properties are capitalized (Guidelines for accounting policies of the enterprise and amendments to some orders Ministry of Finance of Ukraine, 2013).

Guideline No. 635 identifies a range of issues related to accounting policies, but they are not a universal document. In recent years, there have been changes in the institutional environment, there are new objects of accounting, which also need to be regulated, and the legislation does not provide for this. How then can an accountant adjust accounting in conditions of uncertainty? For the most part, you have to rely on the professional judgment of the accountant. A solution to this problem can be found in paragraphs 10-12 of IAS 8 Accounting

Policies, Changes in Accounting Estimates and Errors: – the information was relevant and reliable, reflecting the economic nature of the transaction; – when making judgments, it is necessary to refer to the requirements of the standards, which deal with similar and related issues; – it is necessary to take into account the provisions of other bodies that develop and approve standards, accepted industry practices (Sergeeva, 2020).

In practice, there are the following types of work aimed at maintaining and restoring the fixed assets, as well as improving their technical characteristics: maintenance, current repairs, overhauls and improvements (completion, equipment, reconstruction, modernization, modification, etc.). But the question arises, how to determine what kind of work performed by the company? To this end, it is advisable to: study the technical documentation for the object; study in detail all the rules, instructions, regulations; to involve in determining the type of work of specialists who have the appropriate qualifications (it is desirable to form a commission of them) (Sergeeva, 2020).

The main methods to be determined in the accounting policy of agricultural enterprises for the valuation, accounting and reflection of capital investments are defined in the Guidelines for the accounting policy of the enterprise.

These include: 1) methods for estimating the disposal of inventories; 2) the frequency of determining the weighted average unit cost of inventories; 3) the procedure for accounting and distribution of transport and procurement costs, maintaining a separate sub-account of accounting for transport and procurement costs; 4) methods of depreciation of fixed assets, other non-current tangible assets, intangible assets, as well as long-term biological assets and investment property, if they are accounted for at cost; 5) approaches to the revaluation of non-current assets; 6) list and composition of variable and fixed overhead costs, the basis of their distribution; 7) list and composition of articles for calculating the production cost of products (works, services); 8) the procedure for determining the degree of completion of works under the construction contract; 9) criteria for distinguishing between operating real estate and investment real estate; 10) frequency and objects of inventory; 11) approaches to the attribution of costs associated with the improvement of fixed assets to

the initial cost or costs of the reporting period (Guidelines for accounting policies of the enterprise and amendments to some orders of the Ministry of Finance of Ukraine, 2013).

There is currently no single accounting policy order. This is a priori impossible, as far as each entity has its own characteristics and must take into account the specifics of the industry.

IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” does not explicitly decipher the contents of the accounting basis. However, considering this standard in general, we can conclude that the basics of accounting means the Conceptual framework, developed on this basis, the standards of financial reporting and interpretation. However, when drawing up the accounting policies of a particular enterprise, it often reflects individual agreements.

During the implementation of investment processes, it is often necessary to reflect the economic model of profit, which is not always possible to correctly reflect with the measure of “cost-benefit”. The reason for this is the variety of choices in approaches to different operations. For example: methods of depreciation, methods of writing off transport and procurement costs, approaches to the allocation of costs for repairs of fixed assets, distribution of costs for research and development in determining the value of intangible assets, methods of income from sales of products, services – cash or receivables . As you know, the amount of profit depends on the cost of production, an important role is played by the method of choosing the write-off of inventories. All these points should be recorded and substantiated in the accounting policy of the enterprise (Sergeeva, 2020).

One of the most important elements of the accounting policy of the enterprise is the choice of method of valuation of capital investments and their value in the financial statements. However, the estimate at the time of initial recognition and subsequent use in production will be different. Valuation is given a very important role, because this method provides reliable information about the value of the property of the enterprise. Based on the research presented in this section, we can state that all capital investment objects are valued at cost at the time of acquisition. In all other cases, fair value is determined. Even for self-creation, the costs incurred must take into account the time factor, so they are revalued. The principle of historical (actual) cost, previously determined by the Law of Ukraine “On Accounting and

Financial Reporting in Ukraine”, has lost its relevance.

The cost of capital investments in intangible assets resulting from the development and the value of fixed assets created by the enterprise or modernized should be determined with the involvement of an independent appraiser. As methods of determining market value in accounting are not provided. Thus, in the order on the accounting policy of each enterprise it is advisable to provide 2-3 items, which will discuss the methods of valuing capital investments with their specification and determining the conditions under which they can be used (Podolianchuk, Hudzenko, 2021; Sergeeva, 2020).

Properly organized primary accounting in the case of capital investments will allow you to have timely and accurate information about all types of capital expenditures, will monitor their implementation, save money, make the most full of labor and equipment. In this regard, the primary accounting in modern conditions 133 should be subject to increased requirements. Namely, it must be rationally organized, provide reasonable, timely and accurate information, with mandatory completion of all available details in the primary documents to obtain complete and comprehensive information.

Documentary support of capital investments in long-term biological assets is regulated by the Guidelines for the use of specialized forms of primary documents for long-term and current biological assets in agricultural enterprises, approved by the Order of the Ministry of Agrarian Policy of Ukraine 21.02.2008 No. 73 on accounting for long-term and current biological assets in agricultural enterprises, 2008).

Generalization of information on capital investments with non-current assets is carried out according to the Methodological recommendations on the use of accounting registers, approved by the order of the Ministry of Finance of Ukraine of December 29, 2000. No. 356.

Effective investment management requires timely and complete information, the reliability of which is confirmed by primary accounting, which is currently complicated by methodological shortcomings in the documentation of this part of accounting. Underestimation of its importance and relevance has led to the lack of some standard forms of primary accounting of capital investments,

which are mostly considered only as derivatives of documents for accounting of non-current assets (Ishchenko, Podolianchuk, Koval, 2020).

We support the opinion of Sergeeva N.V. about the need:

– highlighting the general features inherent in capital investment: the value can be reliably determined; there is a possibility of obtaining economic benefits in the future; the enterprise may manage the asset; the company has all the benefits and risks of the asset;

– clarification of the conditions for identification of capital investments: extension of the asset's useful life; change or update the main parts; significant improvement of technical and economic characteristics of the object; increase in the book value of the object by more than 50% (Sergeeva, 2020).

This approach will allow you to correctly determine the carrying amount of assets and report objective information about non-current assets and capital investments. At the same time, we consider it necessary for economic entities to develop their own criteria for identifying objects of capital investment and include the cost of repairs (overhaul) in the composition of capital investments, and approve them in accounting policy (Podolianchuk, Hudzenko, 2021).

Also, an important problem when accounting for capital investments is that the current Chart of Accounts does not provide a special account for the accumulation of costs associated with the improvement of fixed assets. All costs for the improvement of fixed assets should be reflected on the debit of account 15. But separate sub-accounts to reflect these costs in the composition of this account is not provided (Ishchenko, Podolianchuk, Koval, 2020).

Until 2000, the term "capital investments" was used in the domestic accounting system and six separate synthetic accounts related to capital investments were used: 03 "Overhaul", 33 "Capital investments", 54 "Bank accounts for funds for capital investments", 86 "Depreciation Fund" 93 "Financing of capital investments", 94 "Financing the formation of the main herd".

Currently, the following synthetic accounts are directly related to investments:

14 "Long-term financial investments";

15 "Capital investments";

16 "Long-term biological assets";

- 35 “Current financial investments”;
- 72 “Income from equity participation”;
- 13 “Depreciation (amortization) of non-current assets”;
- 96 “Losses from equity participation”;
- 09 “Depreciation deductions” (Sergeeva, 2020).

We agree with the work of domestic scientists, it is appropriate to form a system of capital investment accounts, which would provide an opportunity to carry out an analytical assessment of the effectiveness of investment and investment activities in general. After all, according to the current regulations, capital investments are not considered as a separate object of accounting, they are characterized in the context of objects of non-current assets (Podolianchuk, Hudzenko, 2021).

In order to ensure the objectivity of information on capital investments, we propose changes to the Chart of Accounts, Table 1.6.

These proposals are formed on the basis of studying the essence and content of the definition and individual components of the outlined terminology and provide an opportunity to consider capital investment as a separate object of accounting and assess the rationality of investments (Podolianchuk, Hudzenko, 2021).

Particular attention should be paid to the main components of the formation of accounting policies of the enterprise. The methodological recommendations on the accounting policy of the enterprise stipulate that the entity independently determines the main provisions of the accounting policy of the enterprise on the basis of national or international accounting standards. A formal approach to the formulation of accounting policies, especially those related to capital investment, remains a significant problem. An important role in this issue is played by the principle of materiality of information (Guidelines for accounting policies of the enterprise and amendments to some orders of the Ministry of Finance of Ukraine, 2013).

The main methods to be determined in the accounting policy of agricultural enterprises for the valuation, accounting and reflection of capital investments are defined in the Guidelines for the accounting policy of the enterprise. These include:

- 1) methods for estimating inventory disposal;
- 2) the frequency of determining the weighted average unit cost of inventories;

Table 1.6

**Suggestions for an alternative to sub-accounts to the account
15 “Capital investments”**

Current chart of accounts		Suggestions of the authors		Making changes, +
Subaccount	Title	Subaccount	Title	
151	Capital building	151	New building and expansion	+
152	Acquisition (manufacture) of fixed assets	152	Acquisition (manufacture) of fixed assets	
153	Acquisition (manufacture) of other non-current tangible assets	153	Acquisition (manufacture) of other non-current tangible assets	
154	Acquisition (creation) of intangible assets	154	Acquisition (creation) of intangible assets	
155	Acquisition (cultivation) of long-term biological assets	155	Acquisition (cultivation) of forests and immature biological assets	+
X	X	156	Invest in improvement	+

Source: (Podolianchuk, Hudzenko, 2021)

3) the procedure for accounting and distribution of transport and procurement costs, maintaining a separate sub-account of accounting for transport and procurement costs;

4) methods of depreciation of fixed assets, other non-current tangible assets, intangible assets, as well as long-term biological assets and investment property, if they are accounted for at cost;

5) approaches to the revaluation of non-current assets;

6) list and composition of variable and fixed overhead costs, the basis of their distribution;

7) list and composition of articles for calculating the production cost of products (works, services);

8) the procedure for determining the degree of completion of works under the construction contract;

9) criteria for distinguishing between operating real estate and investment real estate;

10) frequency and objects of inventory;

11) approaches to the attribution of costs associated with the improvement of fixed assets to the initial cost or costs of the reporting period (Guidelines for accounting policies of the enterprise and amendments to some orders of the Ministry of Finance of Ukraine, 2013).

There is currently no single accounting policy order. This is a priori impossible, as each business entity has its own characteristics and must take into account industry specifics (Sergeeva, 2020).

In general, there are five stages of building the accounting policy of the enterprise: 1) methods and principles of accounting in accordance with the principal assets and balance sheet items, especially for valuation; 2) structure and job responsibilities of the accounting service; 3) the form of accounting and document management; 4) technical support and automation of the accounting information processing process; 5) appendices on which certain decisions must be substantiated.

The Order on Accounting Policy, especially with regard to depreciation, should specify: a reasonable and economically calculated method of depreciation of capital investment objects; establishing the useful life of fixed assets; directions of targeted use of depreciation deductions. Taking into account the analysis of previous research, we consider it necessary to set out the approaches to depreciation policy in the sample Order on accounting policy in the following order:

- for intangible assets and buildings, structures to assign a straight-line method of amortization with the service life provided for in Article 138 of the Tax Code of Ukraine;

- for fixed assets, long-term biological assets to provide methods of accelerated reduction of residual value. At the end of each year, analyze the useful lives of fixed assets and long-term biological assets. In case of discrepancies after the end of the service life between the residual and liquidation values, the residual value of the object shall be equated to the liquidation value;

- to account for depreciation deductions in parallel with account 13 use account 09 “Depreciation deductions”. The funds accumulated on account 09 should be directed to: acquisition (manufacture) of fixed assets, intangible assets, long-term biological assets; improvement

(modernization, modification, completion, equipment, reconstruction) of fixed assets (Sergeeva, 2020).

We agree with the opinion of Sergeeva NV if necessary, make the following lines in the order on accounting policy: “In order to ensure accurate reflection in the accounting of the value of assets:

1) include costs in the cost of other non-current tangible assets and fixed assets if: – it is probable that the enterprise / institution will receive economic benefits from its use in the future; – its value can be reliably determined;

2) cost ratio refers to the value of intangible assets if: – the asset contains the intention, technical capability and resources to bring the intangible asset to a condition where it is suitable for sale or use; – there is a possibility of obtaining future economic benefits from the sale or use of intangible assets; – information to reliably determine the costs associated with the development of an intangible asset;

3) include costs in the cost of long-term biological assets if: – the company has transferred the risks and rewards of ownership of the biological asset; – the company manages the biological asset and controls its use; – there is confidence that the company will receive in the future economic benefits associated with its use in agricultural activities; – the value of the biological asset can be reliably determined;

4) attribute costs to investment property if: – there is a possibility that the company will receive in the future from its use economic benefits in the form of lease payments and / or increase in equity; – the initial cost can be reliably determined” (Sergeeva, 2020).

Thus, the above material provides an opportunity to justify the main tasks of accounting for capital investments, which are accurate and timely display of information for management purposes: the correct documentation of the volume and objects of construction and installation work; objectivity in determining the value of acquisition or creation of fixed assets, other non-current tangible and intangible assets, forests and immature biological assets; reliability and objectivity of determination of criteria of differentiation of repair works of capital character; organization of control over the use of resources for construction, reconstruction, repair and creation of new facilities. In the order on the accounting policy of each enterprise it is expedient to provide 2-3 points, which will be about the methods of

valuation of capital investments with their specification and determination of the conditions under which they can be applied.

References

Bandurka, O.M., Korobov, M.Ya. (1998). Financial activity of the enterprise: textbook. Kyiv: Lybid, 312 p.

Honcharuk, I.V., Babina, O.M. (2020). Conceptual principles of improving innovation and investment activities for energy production from alternative sources. *Colloquium-journal*. № 17 (69). P. 47-55.

Instruction on the application of the Chart of Accounts for accounting of assets, capital, liabilities and business operations of enterprises and organizations: Order of the Ministry of Finance of Ukraine dated 30.11.1999 № 291. URL: <https://zakon.rada.gov.ua/laws/show/z0893-99#Text> (date of access: 11.02.2022)

Kaletnik, H.M., Kozyar, N.O. (2020). Strategic approaches to investing in the agricultural sector of Ukraine in modern conditions of agro-industrial complex development. *Economics of agro-industrial complex*. № 12. P. 81–89.

Karpenko, E.A. (2013). Financial Accounting: a textbook. Poltava: PUET. 359 p.

Koval, N. I. (2020). Features of classification and accounting of financial investments. *The scientific heritage*. № 54. Vol. 5. P. 27-36.

Methodical recommendations on the accounting policy of the enterprise and amendments to some orders of the Ministry of Finance of Ukraine. Order of the Ministry of Finance of Ukraine dated 27.06.2013 № 635. URL: <https://zakon.rada.gov.ua/rada/show/v0635201-13>. (date of access:11.02.2022).

Methodical recommendations on the use of specialized forms of primary documents for accounting of long-term and current biological assets in agricultural enterprises, approved by the Order of the Ministry of Agrarian Policy of Ukraine 21.02.2008 № 73. URL: https://ips.ligazakon.net/document/view/fin39760?ed=2008_02_21&an=258 (date of access:11.02.2022).

National Regulation (Standard) of Accounting 1 “General Requirements for Financial Reporting”: Order of the Ministry of Finance of Ukraine dated 07.02.2013 № 73 URL: <https://zakon.rada.gov.ua/laws/show/z0336-13> (date of access:

20.02.2022).

National Regulation (Standard) of Accounting 7 “Fixed Assets”: Order of the Ministry of Finance of Ukraine of April 27, 2000 No. 92. URL: <https://zakon.rada.gov.ua/laws/show/z0288-00> (date of access: 20.02.2022).

National Accounting Regulation (Standard) 16 “Expenditures”: Order of the Ministry of Finance of Ukraine No. 318 of 31.12.1999 URL: <https://zakon.rada.gov.ua/laws/show/z0433-01#Text> (date of access: 20.02.2022).

National Regulation (Standard) of Accounting 18 “Construction Contracts”: Order of the Ministry of Finance of Ukraine No. 205 of 28.04.2001 URL: <https://zakon.rada.gov.ua/laws/show/z0027-00> (date of access: 22.02.2022).

Plakhtiy, T.F., Pravdyuk, N.L. (2017) .The need to assess the quality of financial reporting. *Accounting and finance*. № 3 (77). P. 52-58.

Podolianchuk, O.A., Hudzenko, N.M. (2021). Capital investments: regulatory and accounting. *Economics, finance, management: current issues of science and practice*. №2. P. 166-181.

Podolianchuk, O.A., Koval, N.I., Hudzenko, N.M. (2019). Accounting in farms: a textbook. Kyiv: Center for Educational Literature. 374 p.

On approval of Methodical recommendations on the use of accounting registers. Order of the Ministry of Finance of Ukraine of December 29, 2000 No. 356 (as amended by the order of the Ministry of Finance of Ukraine of July 21, 2021 № 408). URL: <https://ips.ligazakon.net/document/MF00062/> (date of access: 11.02.2022).

About investment activity. Law of Ukraine of September 18, 1991 No. 1560-XII, edition dated 18.12.2017 URL: <http://zakon.rada.gov.ua/laws/show/1560-12> (date of access: 10.02.2022).

Sergeeva, N.V. (2020). Accounting and analytical support of capital investments in agricultural enterprises: Thesis. National Research Center “Institute of Agrarian Economics” NAAS of Ukraine, Kyiv. 305 p.

Kosova, T.D., Simenko, I.V. (2013). Financial analysis: a textbook. Kyiv: CNL. 440 p.

Ishchenko, J.P., Podolianchuk, O.A., Koval, N.I. (2020). Financial Accounting I: textbook. Vinnytsia: FOP Kushnir Publishing House Yu.V.. 496 p.

Shevchuk, V.Ya., Rogozhin, P.S. (1997). Fundamentals of investment activity. K.: Genesis. 384 p.

Yarmolyuk, O.F., Dmitrenko, O.M. (2020). Features of identification of capital investments in accounting. *Efficient economy*. № 9. URL: http://www.economy.nayka.com.ua/pdf/9_2020/60.pdf (date of access: 22.02.2022).

Britchenko Igor. Reputation risks, value of losses and financial sustainability of commercial banks / Kunitsyna N., Britchenko I., Kunitsyn I. // *Entrepreneurship and Sustainability Issues*. 5(4): 943-955. [https://doi.org/10.9770/jesi.2018.5.4\(17\)](https://doi.org/10.9770/jesi.2018.5.4(17)) ISSN 2345-0282.

Britchenko I. Financial decentralization in Ukraine: prerequisites, problems, prospects / Britchenko Igor, Maksym Bezpartochnyi, Natalia Maslii // *VUZF review*. – VUZF, Sofia (Bulgaria). – № 4(4). – 2019. – P. 25-44. ISSN 2534-9228 <https://papersvuzf.net/index.php/VUZF/issue/view/13>

Britchenko I. Potential of Sustainable Regional Development in View of Smart Specialisation / Igor Britchenko, Tetiana Romanchenko, Oleksandr Hladkyi // *Списание «Икономически изследвания (Economic Studies)»*. – Институт за икономически изследвания при БАН, София (България). – № 6. – Volume 28, Issue 6 – 2019. – P. 88 - 110. ISSN 02053292. <https://www.iki.bas.bg/spisanie-ikonomicheski-izsledvaniia>

Britchenko Igor. University innovative hubs as points of growth of industrial parks of Ukraine / Britchenko I., N. Kraus, K. Kraus // *Financial and credit activity: problems of theory and practice*, Volume 4, No 31(2019), 2019. – P. 448-456. ISS (print) 2306-4994, ISSN (online) 2310-8770 <http://fkd.org.ua/article/view/190996>

Britchenko Igor. Consulting Services in Agriculture / Nadiia Serskykh, Igor Britchenko // *Modern Development Paths of Agricultural Production*. – Springer International Publishing. – 2019. – P. 217-223. (<https://www.springer.com/gp/book/>) ISBN 978-3-030-14917-8, eBook ISBN 978-3-030-14918-5 DOI https://doi.org/10.1007/978-3-030-14918-5_23

Бритченко И.Г. Виртуальные банки и их связь с реальной

банковской системой // Наука, релігія, суспільство. – № 2. – 2001. – С. 3–10.

Брітченко І.Г., Перепелиця Р.К. Оцінка кредитоспроможності емітента корпоративних облігацій // Вісник НБУ. – № 11 (117). – 2005. – С. 32–37.

Брітченко І.Г., Князевич А.О. Контролінг: навч. посіб. // І.Г. Брітченко, А.О. Князевич. – Рівне: Волинські обереги, 2015. – 280 с.

Брітченко І.Г. Концепція виробничого менеджменту підприємства // Зб. наукових праць “Торгівля і ринок України”. – Випуск 12. – Том II. – Донецьк: ДонДУЕТ, 2001. – С. 31-36.

Брітченко І.Г. Формування системи державного управління інвестиційним процесом як головна передумова економічного зростання в Україні / Брітченко І.Г., Кужелєв М.А. // Вестник ДонГУЭТ. – №12. – Донецьк: ДонГУЭТ, 2001. – С. 15-22.

Брітченко І.Г. Вплив малого бізнесу на регіональний розвиток // Науковий вісник ПУЕТ. – № 4 (43). – 2010. – Полтава: ПУСКУ, 2010. – С. 15 - 19.

Ножова Г.В., Брітченко І.Г. Інноваційна діяльність в контексті стратегічного управління // Науковий вісник ПУЕТ. – № 6 (51) / 2011. Частина 1 – Полтава: ПУЕТ, 2011. – С. 34 –39.

1.3. Accounting for corporate rights as a component of financial investments³

Modern economic development of Ukraine is characterized by the formation of corporate rights of participants in business entities. Regulatory regulation and effective functioning of corporate rights in Ukraine is an urgent economic and legal problem. This is especially true of the agricultural sector of the economy, due to the peculiarities of the privatization process and the introduction of the agricultural land market. World experience shows that the corporatization of the economy helps to improve the investment climate, increase domestic and foreign investment, concentration of capital and improve the competitiveness of enterprises.

Statistics show a deteriorating investment climate in Ukraine. This is due to many factors, including political (military action, conflicts

³ Ishchenko Ya. P.

between government and business), social (pandemic) and economic (including shortcomings in the legal and accounting support of corporate rights). Most authors associate them with the dynamics of the formation and development of the corporate sector, the global integration of capital and production, the separation of management from company owners. Problems of effective management of enterprises of the agricultural sector of the economy of various organizational and legal forms were considered in the works of leading domestic scientists, in particular G.M. Kaletnik (Kaletnik, 2016), V.A. Mazur (Mazur, (2017). Efimenko T.I, Zhuk V.M., Lovinska L.G., Pilipenko O.I. (Pilipenko, 2010) made a significant contribution to the development of theoretical and organizational and methodological principles of corporate rights accounting. Shepelyuk V.A. (Shepelyuk, 2015) and others.

However, with the adoption of the Laws “On Amendments to the Law of Ukraine” On Accounting and Financial Reporting in Ukraine “to improve certain provisions” of 05.10.2017 and “On Limited and Additional Liability Companies” of 06.02.2018, the requirements for the formation of corporate rights and their reflection in accounting and financial reporting have changed in the direction of approximation to international practice and the requirements of international accounting standards. This requires a detailed analysis and assessment of changes in the legal field, highlighting existing problems of corporate rights accounting and finding ways to improve it.

The main prerequisites for research in the field of corporatization of entrepreneurship have emerged relatively recently. Most authors associate them with the dynamics of the formation and development of the corporate sector, global integration of capital and production, the separation of management from company owners (Ishchenko, 2014). Due to insufficient legal support and relatively insignificant domestic practice of corporate rights accounting, the problems of defining the essence of concepts, classification and evaluation of corporate rights, reflection of corporate rights and their implementation processes in accounting, taxation and control of corporate rights remain unresolved.

The purpose of this publication is to summarize the theoretical foundations of corporate governance information support and develop proposals for the formation of objects of corporate rights accounting

to help improve the efficiency of corporate enterprise management. Clarifying the essence of the category “corporation” from the standpoint of the dialectical method of research requires the study of the preconditions for the emergence, formation and evolution of this phenomenon, using the scientific work of representatives of various economic trends.

Clarifying the essence of the category “corporation” from the standpoint of the dialectical method of research requires the study of the preconditions for the emergence, formation and evolution of this phenomenon. The meaning of the term “corporation” is characterized by the authors of modern economic dictionaries as derived from the Latin “Corporatio – association” as meaning a set of persons united to achieve common goals, joint activities that form an independent legal entity – a legal entity . Noting that most corporations are organized in the form of a joint stock company (Dictionary of Economic Terms).

According to research by domestic authors, the formation of the corporate sector in Ukraine after the declaration of independence took place in three directions:

- gaining experience in the development of entrepreneurial activity, which dates back to the late 80’s of XX century;
- privatization and privatization of small state-owned enterprises, which was called “small-scale privatization”;
- by corporatization, ie privatization of large state-owned enterprises, on the basis of the property of which joint-stock companies were created (Kovalenko, 2011).

Economic commercial activity, or entrepreneurship in accordance with the Commercial Code of Ukraine – is an independent, proactive, systematic, at their own risk economic activity carried out by economic entities (entrepreneurs) in order to achieve economic and social results and profit.

Depending on the method of formation (establishment) and formation of the authorized capital (according to the requirements of the Commercial Code of Ukraine) in Ukraine there are the following enterprises:

- unitary, created by one founder, who allocates the necessary property, forms the authorized capital, not divided into shares, approves the charter, distributes income, directly or through a manager appointed by the founder, manages the company and forms its staff on

the basis of employment, decides on the reorganization and liquidation of the enterprise;

– corporate, usually formed by two or more founders by their joint decision, operate on the basis of combining property and / or business or employment of the founders, their joint management of affairs on the basis of corporate rights, in particular through the bodies they create , the participation of the founders in the distribution of income and risks of the enterprise.

The definition of a corporate enterprise is given in the Commercial Code of Ukraine. In accordance with Part 5 of Art. 63 of the Commercial Code of Ukraine, a corporate enterprise is formed by two or more founders by their joint decision (agreement) acts on the basis of combining property and / or business or employment of founders (participants), their joint management, corporate rights, including through the bodies created by them, the participation of the founders (participants) in the distribution of income and risks of the enterprise.

Thus, a corporate enterprise differs from a unitary one in the number of founders who form its authorized capital. The formation of the authorized capital of a corporate enterprise, in contrast to the unitary one, is carried out by two or more founders by their joint decision (agreement). Such an enterprise operates on the basis of the property united by the founders, as well as on the basis of their joint entrepreneurial or labor activity. Joint participation in the management of the corporate enterprise is realized through participation in the governing bodies established by the founders and through the distribution of income and risks of the enterprise.

Today the national corporate sector of Ukraine's economy is represented by the following components:

– joint-stock – in the form of its primary elements, in particular, public and private joint-stock companies, state joint-stock companies;

– derivative – integration formations (associations, corporations, concerns, holdings, subsidiaries, etc.); – non-joint-stock corporate sector - includes other economic entities and enterprises that fall under the definition of corporate enterprises in accordance with domestic law.

According to the official data of the State Statistics Service of Ukraine, as of January 1, 2022, there were 1437,009 legal entities of various organizational and legal forms operating in Ukraine (Table 1.7).

Table 1.7

Number of legal entities by organizational and legal forms of management

Organizational and legal forms of enterprises	as of 01.01.2022		as of 01.01.2022		as of 01.01.2022	
	Quantity, units	Specific weight, %	Quantity, units	Specific weight, %	Quantity, units	Specific weight, %
Farm	46929	3	47803	3	48868	3
Private enterprise	200285	15	200160	15	199963	14
Municipal Enterprise	13883	1	14174	1	14188	1
Corporations	13902	1	13748	1	13638	1
Limited Liability Company	674437	50	707403	51	743682	52
Cooperatives	28071	2	28596	2	33694	2
Others	373165	28	383564	27	349282	27
Together	1350627	100	1395448	100	1437009	100

Source: generated by the author on the basis of (Official site of the State Statistics Service of Ukraine)

The vast majority of registered entities are enterprises established by two or more founders. Of these, limited liability companies (743,682 enterprises, or 52% of the total), 2% – cooperatives, 1% joint-stock companies and utilities. Private (mostly unitary) enterprises account for 14% of the total.

The corporate form of entrepreneurial activity occupies a prominent place in the modern economic life of almost all countries, including Ukraine. The corporate sector plays a key role in attracting domestic and foreign investment and for the development of the economy as a whole. The normative basis for the functioning of the corporate sector of the economy is the Commercial and Civil Codes of Ukraine. According to Part 5 of Art. 63 of the Commercial Code of Ukraine corporate are cooperative enterprises and enterprises created in the form of a company. In accordance with Part 2 of Art. 83 of the Civil Code of Ukraine companies are divided into business and non-business. Business associations include all types of business associations and production cooperatives, and non-business associations are consumer cooperatives.

The Economic Code of Ukraine provides for the formation and operation of the following types of enterprises:

- private enterprise operating on the basis of private property of

citizens or business entities (legal entities);

- enterprise operating on the basis of collective ownership (collective ownership enterprise);
- communal enterprise operating on the basis of communal property of the territorial community;
- state-owned enterprise operating on the basis of state ownership;
- an enterprise based on a mixed form of ownership (based on the combination of property of different forms of ownership).

The question arises, which of the certain types of enterprises can be classified as corporate? According to Ruslan Kolosov, state and communal enterprises cannot be considered corporate, because they do not represent a pool of capital. The situation with a private enterprise is a bit more complicated. According to Part 1 of Art. 113 of the Civil Code of Ukraine, a private enterprise is an enterprise operating on the basis of private property of one or more citizens, foreigners, stateless persons and his (their) work or with the use of hired labor. A private enterprise operating on the basis of private property of an economic entity – a legal entity is also private. According to the author R. Kolosov, a private enterprise can be classified as a corporate enterprise only if it consists of several persons. a corporate enterprise is an association of persons and capital to generate additional income. Therefore, only if there are many people who are members of a private enterprise, we can talk about its corporate status (Kolosov, 2017).

Most authors are of the opinion that cooperatives, if they are created for profit, are also corporate enterprises.

Based on the above study, we present the classification of corporate enterprises in Fig. 1.7.

Thus, corporate business structures have a complex organizational structure; business diversification; separation of powers of owners and management; significant impact on the market, society, government institutions. Corporations play a significant role not only in the country's economy, but also an important social role. Such business structures create stable jobs, are reliable market counterparties, initiate and finance the development of scientific and technological progress. Employing a significant number of staff to achieve the objectives, corporate enterprises create a specific internal institutional environment that regulates the rules of conduct within the firm and

transports them to the external environment, influencing the institutions of society as a whole.

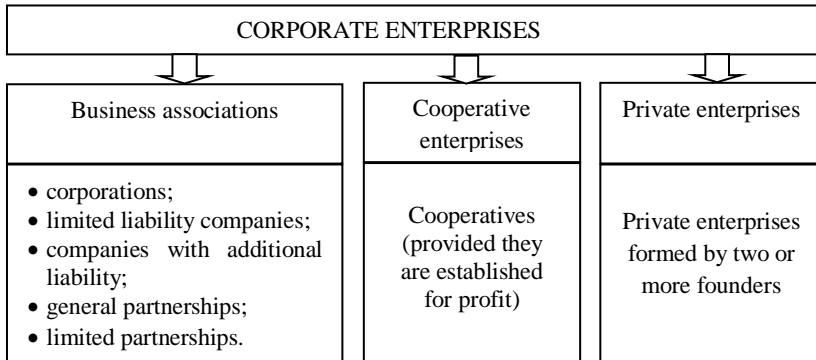


Fig. 1.7. Classification of corporate enterprises

Source: formed by the author on the basis of (Economic Code of Ukraine)

Prerequisite for the successful operation of a corporate enterprise and increase investor confidence is corporate governance. Shepelyuk V.A. notes that there is a consideration of corporate governance as corporate rights management. This definition is very broad and indicates that the owner of such rights has ownership of part (share) in the registered share capital of the company, including the right to manage, receive part of the company’s profits and part of assets in the event of liquidation of the entity management (Shepelyuk, 2015).

Problems of creation and functioning of corporate business structures are mostly covered from the standpoint of economic theory, management and law. However, dynamic changes in the institutional environment necessitate the reform of internal institutions of information management of corporate governance. One of the prerequisites for quality accounting support of corporate governance is the definition of corporate rights as an object of accounting.

Today, the corporate legislation of Ukraine is in the stage of intensive formation. The concept of corporate rights in domestic practice has emerged relatively recently. The main legal acts regulating the organization of the corporate sector of the economy in Ukraine are the Commercial Code of Ukraine and the Laws of Ukraine “On Business Associations”, “On Joint Stock Companies”, “On Limited and Additional Liability Companies”. Consider the essence of corporate rights under these regulations in table 1.8.

Table 1.8

Definition of “corporate rights” in legal documents

Source	Definition
Economic Code of Ukraine	Corporate rights are the rights of a person whose share is determined in the authorized capital (property) of a business organization, including the authority to participate in the management of the business organization, receiving a certain share of profits (dividends) of the organization and assets in case of liquidation. as well as other powers provided by law and statutory requirements
Tax Code of Ukraine	Corporate rights - the rights of a person whose share is determined in the authorized capital (property) of a business organization, including the authority to participate in the management of this person
Law of Ukraine “On Joint Stock Companies”	Corporate rights – a set of property and non-property rights of the shareholder-owner of the company’s shares, arising from the ownership of shares, including the right to participate in the management of the company, dividends and assets of the company in case of liquidation in accordance with law, and other rights and powers provided by law or statutory documents.
Law of Ukraine “On Limited and Additional Liability Companies”	Corporate rights – rights to share in the share capital or powers of participants
Law of Ukraine “On Business Associations”	Corporate rights – the rights to shares or powers of participants.

Source: generated by the author

Examining the concept and legal nature of corporate rights Lukach IV notes that the term “corporate law” is inherent only in the legal systems of post-Soviet states. If we compare national legislation with the peculiarities of the legislation of foreign countries, it should be noted that neither in European countries nor in the United States there is no separate term “corporate rights”. Instead, the legislation of these states contains the terms “shareholder rights” and “participant rights” (Lukac, 2016).

Corporate rights can be provided both by law and by the founding (constituent) documents, which is confirmed by the provisions of Part 2 of Art. 5 of the Law of Ukraine “On Limited and Additional Liability Companies”.

The definition of corporate law given by the authors of the encyclopedic dictionary of economics and law is as follows:

1) an element of civil law, a set of legal norms governing the legal status, the order of establishment and operation of companies and partnerships. In this sense, the concept of corporate law is broader than “shareholder law”, because its rules apply in addition to joint stock companies and other types of commercial organizations;

2) a system of rules established by the owner or administration of the enterprise (commercial organization) governing the various internal relations (Encyclopedic Dictionary of Economics and Law).

In the popular economic encyclopedia, corporate law is defined as the ownership of a share (share) in the authorized capital of a legal entity established in accordance with the law on companies, including the right to manage and receive a share of profits of the legal entity (Gizhevskaya, Golovchenko, Kovalsky, 2012).

The authors highlight the following features of corporate rights (Fig. 1.8).

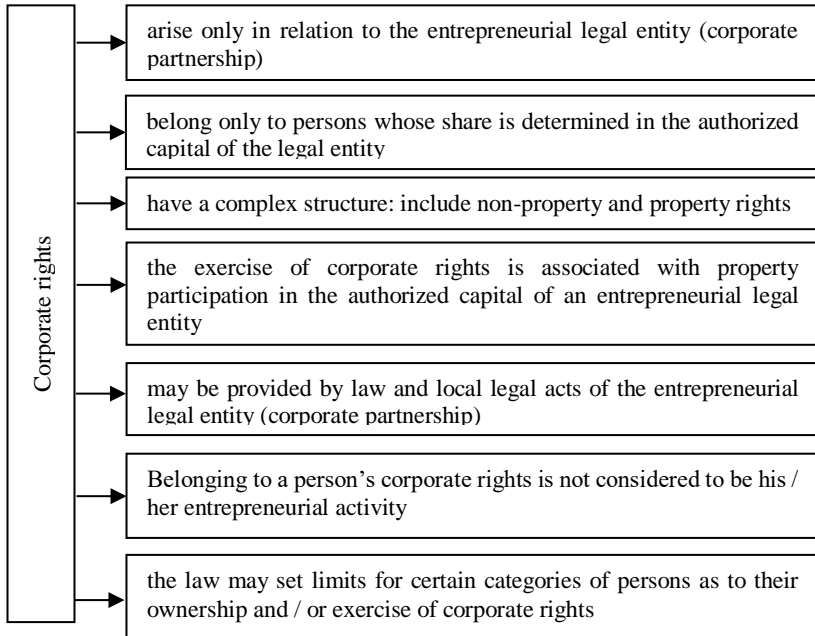


Fig. 1.8. Signs of corporate rights

Source: summarized by the author on the basis of (Tsikalov, 2010)

Thus, today there is no single scientifically sound approach to the definition of “corporate law”. The significant number of publications on the essence of corporate rights from a legal and economic point of view and the ambiguity of the interpretation of this concept in legislation only complicates the situation in the process of making effective management decisions. We believe that in order to ensure the accounting of corporate rights management, it is necessary to clarify their essence in the relationship between the object of management and the object of accounting. After all, corporate rights are the subject of corporate governance.

Therefore, corporate rights are a complex accounting object. This thesis is confirmed by the classification of corporate rights. There is no unanimous opinion among scholars on the classification of corporate rights, because the allocation of classification features is not an end in itself and serves to understand the economic or legal nature of this concept. In addition, the classification of corporate rights for accounting purposes allows you to form a nomenclature of objects of management, objects of accounting and objects of control.

Most authors classify corporate rights into property and non-property. Shevchuk O., Bober S. divide property rights into those that have members of any company, or those that have only members of a particular type of company. The first include the right to part of the company’s profits, to receive assets after the liquidation of the company; to the second – the right to make payments upon withdrawal from the company, the right to preferential acquisition of shares of the participant who sells it. These rights have members of all companies except the joint stock, but members of the latter have the right to repurchase shares, the right to pre-emptive purchase of shares of additional issue. Rights that are not of a direct property nature are the right to participate in the management of the company, the right to receive information about its activities. They belong to the members of any society, but may differ in scope and dependence on the property rights of members (Shevchuk, Beaver, 2018).

Based on the essence of corporate rights as objects of management and accounting, it is necessary to identify consistent processes that will build a nomenclature of objects of their accounting in relation to management objects. In particular, these are processes and operations related to the acquisition, alienation of corporate rights and settlements

with the owners of corporate rights (Fig. 1.9).

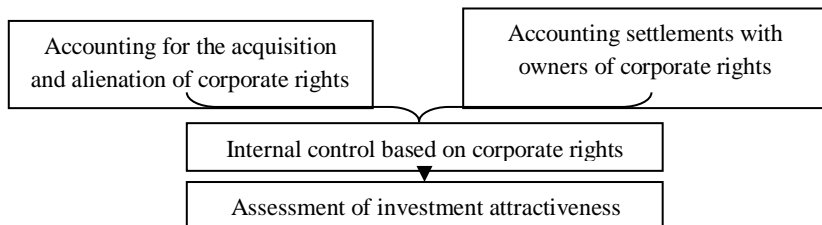


Fig. 1.9. The process of studying corporate rights in the accounting system

Source: generated by the author

To reflect corporate rights in accounting Pilipenko O.I. a system of objects related to the processes of their acquisition, use and disposal (financial investments, authorized capital, dividend transactions, settlements with participants, dividend accrual fund, profit distribution operations) has been formed.

Based on the study, property rights can be attributed to:

- the right to receive part of the profits;
- the right to receive dividends;
- the right to receive property to be distributed among the participants of the corporate enterprise in its liquidation;
- the right to priority redemption of shares (shares);
- the right of participants to return part of the property in proportion to their shares in the authorized capital;
- the right to receive other benefits provided by the constituent documents of the corporate enterprise.

Non-property corporate rights include:

- the right to participate in the management of a corporate enterprise;
- the right to information support of management decisions;
- other intangible benefits for the investor.

However, modern domestic methods and practices of accounting take into account only property corporate rights and transactions with them. Therefore, only property rights should be taken into account when building a system of corporate rights records.

At the same time, on the one hand, the corporate enterprise, in

accordance with current legislation and constituent documents, is obliged to exercise the corporate rights of its members. On the other hand, an enterprise (unitary or corporate) can independently act as a participant (investor) and receive benefits through the implementation of its own corporate.

Thus, the corporate rights of the participants of the enterprise are accounted for as shares in the registered capital, and the settlements with the participants for their implementation are accounted for as liabilities.

Funds invested in the authorized capital of other enterprises and received shares (shares) are accounted for as long-term financial investments, and related corporate rights will increase the value of such investments (accounted for using the equity method), or will be reflected in receivables and increase financial income .

Based on the above, we can form the following system of objects of corporate rights of the enterprise (Fig. 1.10).

Therefore, the current state of corporate rights accounting is characterized by irregularities and some non-compliance with international standards.

In the owner's accounting, corporate rights are reflected as financial investments – assets that the company holds to increase profits by receiving dividends or other benefits for the investor.

The doctrine of realization and protection of corporate rights, as well as information support of corporate governance in Ukraine remains at the stage of active formation. This is especially true of regulations on corporate rights accounting. In the provisions (standards) of accounting regulation of the reflection of transactions with corporate rights is insufficient.

The methodology of accounting for such corporate rights is regulated by the National Accounting Regulation (Standard) 12 “Financial Investments”. Although this standard defines the method of accounting for financial investments in associates and joint ventures and joint ventures, corporate rights are not identified here as an object of accounting. There is no definition of “financial investment” in these regulations. Instead, such a definition is formulated in the National Accounting Regulation (Standard) 13 “Financial Instruments”. According to it, financial investments are assets held by the company in order to increase profits (interest, dividends, etc.), increase the cost

of capital or other benefits to the investor. It is noted that held-to-maturity financial investments are considered financial assets.

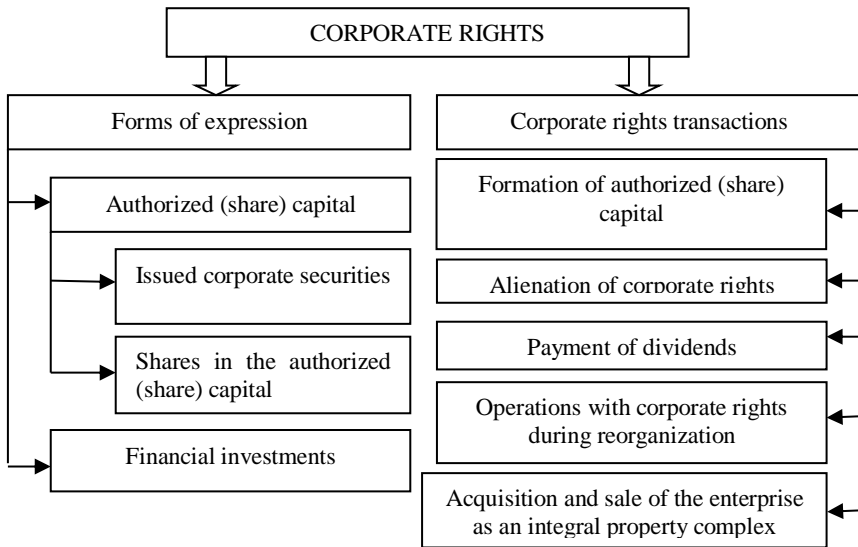


Fig.1.10. Objects of corporate rights in the accounting system
Source: (Pilipenko, 2010)

Such assets usually include purchased shares of joint stock companies, shares in the capital of other entities. That is, the formation of corporate rights leads to financial investments in equity instruments (stocks, shares in capital, other than shares, units).

Income received by the investor enterprise from the exercise of corporate rights is financial income, the accounting of which is regulated by the National Regulation (Standard) 15 “Income”. In particular, such income includes dividends, interest and other income from financial investments, income that is accounted for using the equity method, as well as income from the sale of financial investments.

Entities accounting and preparing financial statements in accordance with International Standards use International Accounting Standard 28 “Investments in Associates” and International Accounting Standard 39 “Financial Instruments: Recognition and Measurement” to regulate the accounting of corporate rights.

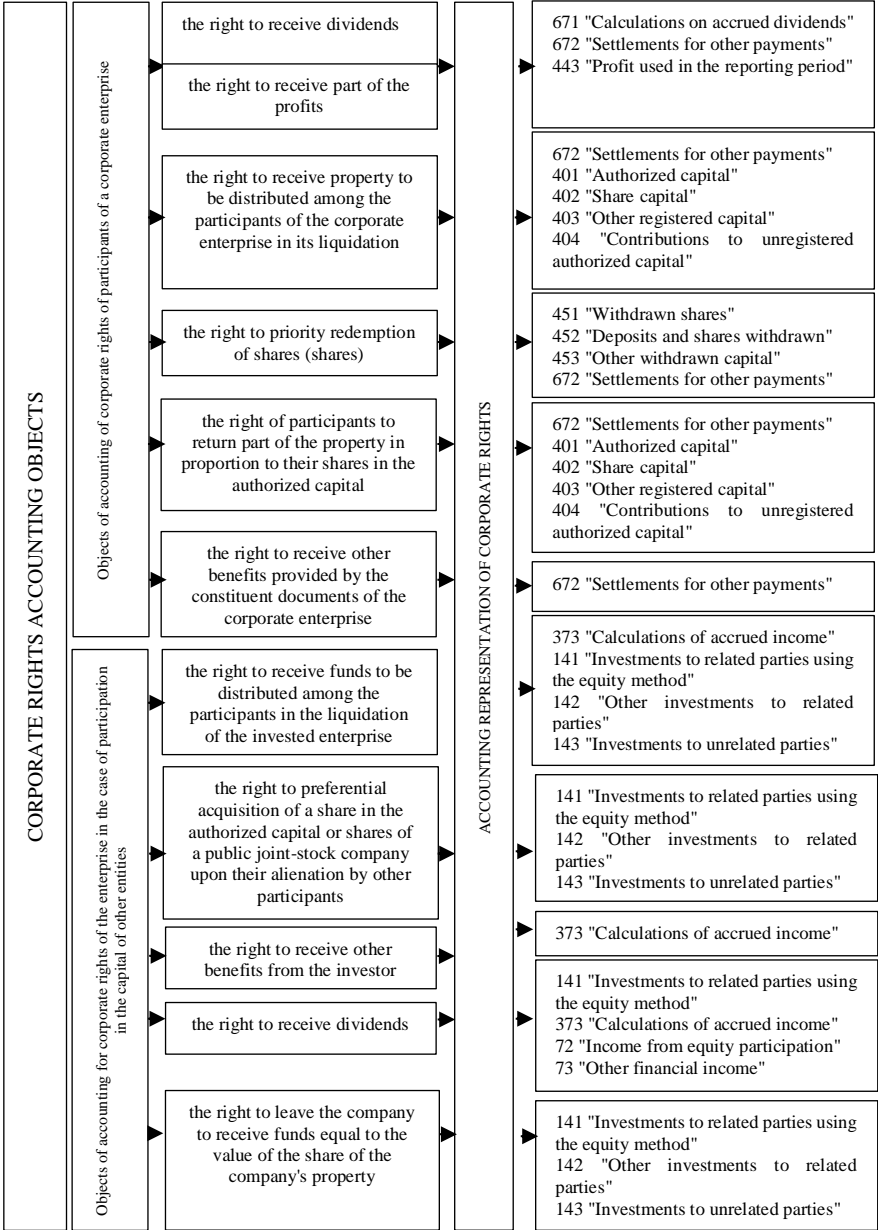


Fig. 1.11. Objects of corporate rights accounting

Source: generated by the author

Financial investments can be purchased in one of the ways: for cash, by exchanging for securities of own issue or other assets, free of charge. Upon acquisition, financial investments are initially measured and reflected in cost accounting. The reflection of the cost of financial investments depending on the method of their acquisition is given in table 1.9.

Table 1.9

Determining the initial cost of financial investments according to the national regulation (standard) of accounting 12 “Financial investments”

The method of acquiring a financial investment	Estimation of financial investment
For money	The purchase price, commissions, duties, taxes, fees, mandatory payments and other costs directly related to the acquisition of a financial investment
By exchanging for securities of own issue	At the fair value of the securities transferred
By exchanging for other assets	At the fair value of these assets
Free of charge	At fair value
Dividends, interest, royalties and annuities (income from corporate rights) to be received on financial investments	Reported as financial income of the investor, except when such income does not meet the criteria for recognition of income established by the National Regulation (Standard) of Accounting 15 “Income”

Source: formed by the author on the basis of (National Regulation (Standard) of Accounting 12 “Financial Investments”)

The corporate rights of the investor’s enterprise during the term of their retention are assessed on the balance sheet date depending on the materiality of corporate rights, ie depending on the level of influence of the investor on the invested enterprise. Significant influence (authority to participate in decision-making of financial, economic and commercial policy of the investee without control of this policy) is characterized by the following features:

- possession of 20% or more of shares or stakes in the authorized capital of the enterprise;
- representation on the board of directors or similar governing body of the enterprise;

- participation in decision-making;
- exchange of management staff;
- providing the company with the necessary technical and economic information.

Depending on the level of influence of the investor on the invested enterprise investments are divided into:

- investments in associates (investments in an enterprise in which the investor owns a stake of more than 25% of the votes, and which is not a subsidiary and joint venture of the investor);

- investments in subsidiaries – investments in enterprises that are under the control of the parent (holding) company. Control – a decisive influence on the financial, economic and commercial policies of the enterprise in order to benefit from its activities. (related parties – enterprises, the relationship between which determines the ability of one party to control the other or to influence the financial and operational decisions of the other party);

- investments in joint activities – investments for conducting business activities with or without the creation of a legal entity that is subject to joint control of two or more parties in accordance with a written agreement between them. Joint control – the distribution of control over economic activities in accordance with the agreement on joint activities.

Estimation of financial investments at the balance sheet date depending on the level of influence of the investor is shown in table 1.10.

Consider the main operations for the accounting of corporate rights for selected objects (Tables 1.11, 1.12).

Shepelyuk V.A. proposes to separate sub-account 144 “Corporate rights” in the work plan of the investor’s accounts in order to improve the method of accounting for corporate rights.

The author proposes to reflect the origin of corporate rights on the debit of this sub-account, and their termination on the credit. Analytical accounting is proposed to be conducted by types of corporate rights: 144.1 “Right to dividends”; 144.2 “Right to purchase and repurchase shares”; 144.3 “The right to a share in the distribution of funds of the company in its liquidation”; 144.4 “The right to payment of the value of the property at the exit of the participant”.

Table 1.10

Assessment of the investor’s corporate rights at the balance sheet date

Type of financial investment	Estimation of financial investment
Financial investments (except investments held by the enterprise until maturity or accounted for using the equity method)	At fair value
Amount of increase or decrease in the carrying amount of financial investments at the balance sheet date (excluding investments accounted for using the equity method)	It is reflected in other income or other expenses, respectively
Financial investments whose fair value cannot be reliably determined	At their cost, taking into account the reduction in the usefulness of the investment
Financial investments held by the enterprise until their repayment	At amortized cost of financial investments
Financial investments in associates and subsidiaries and in joint ventures with the establishment of a legal entity	At the value determined by the method of equity participation (at a value determined taking into account changes in the total amount of equity of the investee, except those resulting from transactions between the investor and the investee). The book value of financial investments increases (decreases) by the amount that is the investor’s share in the net profit (loss) of the investment object for the reporting period, with the inclusion of this amount in the income (loss) from equity participation. At the same time, the carrying amount of financial investments is reduced by the amount of dividends recognized from the investee.

Source: formed by the author on the basis of (National Regulation (Standard) of Accounting 12 “Financial Investments”)

Table 1.11

Accounting for liabilities related to the realization of corporate rights of enterprise participants

No.	The content of the business transaction	Correspondence of accounts	
		D-t	K-t
1	2	3	4
Formation of corporate rights of participants			
1	The amount of authorized capital after state registration is fixed in the constituent documents The contributions received for the formation of the authorized capital, in particular the joint-stock company, after its announcement and before the registration of the constituent documents are reflected. After the registration of the authorized capital, the contributions from the unregistered authorized capital are transferred to the registered	46	401
2	According to the acts of acceptance-transfer are accepted from the founders at the expense of contributions to the authorized capital:	10	46
	fixed assets		
	intangible assets	12	46
	cash	30, 31	46
	stocks	20,28,22, 21	46
3	The contributions received for the formation of the authorized capital, in particular the joint-stock company, after its announcement and before the registration of the constituent documents are reflected.	10, 12, 31, 20	404
4	After the registration of the authorized capital, the contributions from the unregistered authorized capital are transferred to the registered	404	401
5	Refund of contributions in case of refusal of the company to register the authorized capital is reflected	404	10, 12, 31, 20 and so on
Changes in the authorized capital:			
Increase of the authorized capital:			
Due to additional contributions of participants			
1	Changes in the authorized capital as of the date of amendments to the founding documents are reflected	46	401
2	Debts of participants on additional contributions have been repaid	10, 12, 30, 31, 20 and so on	46

Continuation of table 1.11

1	2	3	4
Reinvestment of dividends and profits			
1	Dividends accrued to participants (shareholders)	443	671
2	According to the decision of the general meeting of participants (shareholders) dividends are reinvested in the authorized capital	671	401
3	By the decision of the general meeting of participants (shareholders) the amount of retained earnings was added to the authorized capital	443	401
Other ways to increase the authorized capital			
1	Liabilities are converted as contributions to the authorized capital	Accounts of 5th and 6th grades	401
Decrease in authorized capital:			
Withdrawal of the participant (participants) from the company			
1	If the participant has not made a contribution to the authorized capital before the deadline established by law, and the General Meeting has decided to reduce the authorized capital and exclude the person from the founders	401	46
2	Voluntary withdrawal of the participant and return of his share in the authorized capital	401	672
Settlements with the participants on the return of part of the property, in proportion to their shares in the authorized capital			
1	The founder has a share in the authorized capital	45	672
2	Accrued part of the profit to be paid	443	672
3	The value of the share of the participant's property at the expense of the reserve capital was allocated	43	672
4	Payment of the share to the participant in cash	672	301
5	Payment of the amount of the participant's share of the product:		
	1. The cost of goods sold is written off;	901	26 (27)
	2. Accrued income from sales;	672	701
	3. Accrued VAT liabilities	701	641
6	Payment of the amount of the participant's value by services:		
	1. The cost of services sold is written off;	903	23
	2. Accrued income from the sale of services;	672	703
	3. Accrued VAT liabilities	703	641
7	Issued, due to the return of shares, fixed assets: Reduced share capital by the share of the founder (entry is made only after state registration of changes to the charter)		
	1. The amount of depreciation of the transferred fixed assets is written off;	13	10

Continuation of table 1.11

1	2	3	4
	2. The residual value of the transferred object of fixed assets is written off;	97	10
	3. Accrued income from the sale of fixed assets;	672	742
	4. Accrued VAT liability	742	641
8	Reduced share capital by the share of the founder (entry is made only after state registration of changes to the charter)	401	45
Settlements with participants for dividend payment			
1	Dividends accrued to participants (shareholders)	443	671
2	Accrued personal income tax (5% – for income in the form of dividends on shares and corporate rights accrued by residents – payers of corporate income tax; 9% – for income in the form of dividends accrued by non-payers of income tax and non-residents)	671	641
3	Dividends are paid to participants (shareholders)	671	30, 31

Source: generated by the author

We believe that such analytical accounting for internal use in the enterprise will allow the entity to increase the effectiveness of control and the accountant will be able to quickly provide information to management staff to make decisions. To reflect in the accounting of income from the sale of corporate rights and their cost, the author proposes to allocate analytical account 741.1 “Income from the sale of corporate rights” (for the sale of corporate rights) and 971.1 “Cost of realized corporate rights” (for the contribution of the participant to the registered share capital). A participant who acquires a share in the registered authorized capital increases the amount of corporate rights by applying sub-account 144 “Corporate rights”. The actual costs of the enterprise for the redemption of corporate rights in the authorized capital is defined as withdrawn capital, to reflect which it is advisable to allocate sub-account 454 “Withdrawn corporate rights” (Shepelyuk, 2015).

The participant has the right to alienate his share in the registered authorized capital of the company, as well as securities confirming participation in the company. Entities of corporate rights enjoy the preemptive right to purchase the share (its share) of the participant in proportion to their shares in the registered share capital of the company or in another agreed amount. If the share is transferred to a third party in another way (for example, a gift), the members of the company have

no right to demand compliance with the requirement of pre-emption.

Table 1.12

Accounting for corporate rights of the enterprise as a participant (investor) in the capital of other entities

No.	Contents of the business transaction	Correspondence of accounts	
		D-t	K-t
1	Acquired long-term financial investments (invested funds, tangible assets)	14	311, 10, 21 etc.
2	Dividends due (except for investments accounted for using the equity method) are shown	373	713
3	Dividends on corporate rights were received	311	373
Receipt of income (incurring losses) from corporate rights accounted for using the equity method			
1	Reflection by the investor of the income on the share of the profit received by the object of investment	141	721, 722, 723
2	Accrued dividends on financial investments accounted for using the equity method	373	141
3	Recognition by the investor of losses from equity participation (if the result of the investment object is losses)	961, 962, 963	141

Source: generated by the author

In the case of obtaining corporate rights as a result of inheritance to the heir passes almost all the rights and obligations of the natural person – the testator, as not inherited rights and obligations that are inextricably linked to the person of the testator (eg, the right to participate in partnership and the right to membership in associations of citizens, unless otherwise provided by law or constituent documents).

By common law, a member of the Company may assign its share (its part) to a third party who is not a member of the Company. However, the company's charter may contain provisions aimed at restricting this right.

Subject to the free transfer of corporate rights, their value is not included in income and in the cost of their acquisition. Such costs consist of amounts of funds, property or other tangible assets received by the seller (paid to the seller) for corporate rights. For the recipient of corporate rights, their value is included in income. The basis of value added tax in the case of gratuitous transfer of corporate rights is their contractual (contractual) value, but not lower than their usual

price.

The transfer of a share (its share) in the registered state capital of the company changes the composition of its members, which requires appropriate changes to the constituent documents. To register such changes, it is necessary to provide a contract of sale, exchange or gift of a share (its share) in the registered share capital or an application of the participant to transfer its share in favor of another person containing a notarized signature of the participant.

A natural or legal person who owns corporate rights may exercise them by exercising his property right, which includes the right to freely use and dispose of them.

If the withdrawing participant decides to transfer his share to the company free of charge, he must state in the application for withdrawal and the relevant decision that there are no property and non-property claims against other participants and the company as a whole in connection with his withdrawal. (ie refusal to receive compensation for abandoned corporate rights). After receiving the participant's application for "free" exit, the company's meeting decides what to do with the "free" share. In order not to reduce the registered share capital, the share must be transferred (sold) to other participants or third parties within the period specified in the company's decision. share capital.

Based on the company, the participant, on the one hand, actually returns to him previously issued corporate rights, and on the other hand, does not demand money for it – relinquishes free of charge. Upon the withdrawal of a participant, the obligations of the issuing company regarding the rights of such participant shall be terminated. However, the company has other obligations – to pay the participant the value of the share of the property in proportion to his share in the registered share capital. Since in our case the participant immediately declares the absence of property claims, the company's obligations are terminated due to debt forgiveness.

Solving these problems will avoid corporate conflicts and litigation with public authorities and will provide an opportunity to directly and effectively deal with the management and development of the enterprise. Therefore, the prospects for further research are to consider controversial issues in accounting in relation to other corporate rights transactions.

It should be noted that the participant may relinquish his share by concluding contracts of sale, exchange, gift or by a notarized application for the transfer of corporate rights to another person.

In this case, the reflection of corporate rights with the use of these sub-accounts and analytical accounts will be as follows (Table 1.13).

Table 1.13

Accounting for corporate rights of the investor

No.	Contents of the business transaction	Correspondence of accounts	
		Debit	Credit
1	2	3	4
Investments on the emergence of corporate rights of the investor			
1	Funds invested in corporate rights of the enterprise	144	301, 311
2	Property was invested in the corporate rights of the enterprise	144	10,11,12
3	The difference between the residual value of the transferred fixed assets and the fair value of the investment	144	741.1
4	The received corporate rights in exchange for shares of the own issue enterprise are reflected	144	40,42,45
5	The value of the investor's corporate rights is reflected in the net profit of the controlled enterprise	144	443
Operations to alienate the share of corporate rights of issuers			
1	Acquisition by the company of a share of the owner of corporate rights	454	144
2	The previously purchased share was sold to the new owner of corporate rights	377	144
3	The amount of excess of the cost of the share over the actual cost of its acquisition	454	422
4	The excess of the redemption value over the selling price is shown	422	454
Corporate rights transfer operations			
1	Exchange of shares for corporate rights	144.2	143
2	Revenue from the sale of corporate rights at contract value is reflected participant who left the company were received free of charge.	377	741.1
3	The cost of realized corporate rights is reflected	977.1	144
4	VAT tax liabilities are reflected	977.1	641
5	The corporate rights of the participant who left the company were received free of charge.	144.4	425

Continuation of table 1.13

1	2	3	4
Operations for the withdrawal of corporate rights			
1	Withdrawn corporate rights by the company from its members	454	144
2	Accrued part of the profit accrued	443	144.1
3	The share of property to the owner of corporate rights is allocated at the expense of reserve capital	43	144.4
4	The share capital of the owner of corporate rights has been reduced	401	454

Source: summarized by the author on the basis of (Shepelyuk, 2015)

Corporate rights are a specific object of accounting and are not reflected in the financial statements, which leads to significant distortions of information about these objects. It is proposed to amend Form 1 “Balance Sheet (Statement of Financial Position)” in Section 1 “Non-current Assets” by introducing an additional article to this form entitled “Corporate Assets”, which will allow holders of corporate rights to obtain information necessary for management decisions on their investments.

References

Civil Code of Ukraine: Law of Ukraine of 16.01.2003 No. 435-IV. URL: <https://zakon.rada.gov.ua/laws/show/435-15#Text>

Dictionary of economic terms. URL: <http://www.bank24.ru/info/glossary>

Economic Code of Ukraine of January 16, 2003 No. 436-IV. URL: <http://zakon0.rada.gov.ua/laws/show/436-15>

Efimenko T.I., Zhuk V.M., Lovinskaya L.G. Information in crisis management: the global aspect of standardization of accounting and financial reporting: a monograph. K.: DNNU «Acad. Finn. management », 2015. 400 p.

Encyclopedic Dictionary of Economics and Law Corporate Law URL: http://dic.academic.ru/dic.nsf/dic_economic_law/6845/

Gizhevskaya V.K., Golovchenko V.V., Kovalsky V.S. Popular legal encyclopedia. K.: Jurinkom Inter, 2012. 528 p.

International Accounting Standard 36 (IAS 36), Impairment of Assets, as of January 1, 2012. No. 929_047. URL: https://zakon.rada.gov.ua/laws/show/929_047#Text

Ishchenko Ya.P. Institutional approaches to the creation and

development of corporate business structures. Accounting, economics, management: scientific notes. 2014. P. 140-145.

Ishchenko J.P., Podolyanchuk O.A., Koval N.I. Financial Accounting II: textbook. Kushnir Yu.V. Publishing House, 2021. 396 p.

Kaletnik H.M. Scientific and theoretical foundations of the formation and development of human capital in rural areas. *Economy, finances, management: topical issues of science and practice*. 2016. № 10. P. 7-25.

Kolosov R. Corporate enterprise: the concept, characteristics and place among other legal entities. *Business law and process*. 2017. № 9. P. 72-76.

Kovalenko OV Development of corporate-integrated agricultural formations: foreign experience and Ukrainian practice. URL: <http://magazine.faaf.org.ua/rozvitok-korporativno-integrovanih-agroformuvan-zarubizhniy-dosvid-i-ukrainska-praktika.html>

Lukach I.V. Economic and legal regulation of corporate relations in Ukraine: theoretical problems: dis. ... Dr. jur. Science: 12.00.04. Kyiv, 2016. 474 p.

Makarenko A.P., Lazarenko SS Reconciliation of accounting for financial investments in accordance with international financial reporting standards. URL: <http://old.bumib.edu.ua/sites/default/files/visnyk/31-2-14-2011.pdf>

Mazur V.A. Method of analysis of the financial condition of the company in accordance with the requirements of internal and external users. *Economy, finances, management: topical issues of science and practice*. 2017 № 3. P.7-20.

National Regulation (Standard) of Accounting 12 “Financial Investments” of April 26, 2000. No. 91. URL: <https://zakon.rada.gov.ua/laws/show/z0284-00#Text>

National Regulation (Standard) of Accounting 13 “Financial Instruments” of 30.11.2001. No. 559. URL: <https://zakon.rada.gov.ua/laws/show/z1050-01#Text>

National Regulation (Standard) of Accounting 15 “Income” of 29.11.1999. No. 290. URL: <https://zakon.rada.gov.ua/laws/show/z0860-99#Text>

Official site of the State Statistics Service of Ukraine. URL:

<http://www.ukrstat.gov.ua/>

On business associations: Law of Ukraine of September 19, 1991. No. 1576-XII. URL: <https://zakon.rada.gov.ua/laws/show/1576-12#Text>

On Joint Stock Companies: Law of Ukraine of September 17, 2008. No. 514-VI. URL: <https://zakon.rada.gov.ua/laws/show/514-17#Text>

On Limited and Additional Liability Companies: Law of Ukraine of February 6, 2018. No. 2275-VIII. URL: https://zakon.rada.gov.ua/laws/show/2275-19?find=1&text=%D0%BA%D0%BE%D1%80%D0%BF%D0%BE%D1%80%D0%B0%D1%82#w1_1

Pilipenko O.I. Corporate rights in the accounting system: a monograph. Zhytomyr: FOP Kuzmin Dn.L., 2010. 612 p.

Shepelyuk V.A. Organization of accounting for corporate rights and relations. Innovative and socio-humanitarian development of economic systems in Ukraine: col. monograph. Kryvyi Rih: Ed. RA Kozlov, 2015. P. 131–137.

Tax Code of Ukraine of 02.12.2010. No. 2755-VI URL: <http://zakon.rada.gov.ua/laws/show/2755-17>

Tsikalo V.I. Corporate rights: concepts, features and classification. *Law of Ukraine*. 2010. № 11. P. 102–111.

Shevchuk O., Beaver S. Corporate rights of a participant in a business association: problems of legal regulation. *Current issues of jurisprudence*. 2018. № 4 (16). P. 186-190.

Брітченко І.Г., Гаврилко П.П., Завадяк Р.І. Стратегічне управління інноваційною діяльністю як основа конкурентоспроможності // Науковий вісник УжНУ. – № 35/2012. Частина 1. – Ужгород: УжНУ, 2012. – С. 27 – 32.

Бритченко И.Г. Организационные основы взаимодействия спортивного бизнеса: постановка и последовательное движение к инновационному управлению в Украине / Бритченко И.Г., Саенко В.Г. // Электроний науковий журнал ВСУ ім. Черноризец Храбр (Варна, Болгарія). – № 9. – 2016. – 32 с. (ISSN 1313-7514) Режим доступу: <http://ejournal.vfu.bg>.

Брітченко І.Г. Підвищення конкурентоспроможності банків на ринку банківських послуг України // Науковий вісник УжНУ (Серія економіка). Випуск 1 (45). – Том. 1/ 2015. – С. 176-180. (ISSN: 2409-6857)

Брітченко І.Г., Момот О.М. Особливості використання скорингових систем у банківському кредитуванні фізичних осіб// Збірник наукових праць КНЕУ «Фінанси облік і аудит». – Вип. 17. – 2011 – К: КНЕУ. – С. 31-37. (ISSN 2310-9734)

Бритченко И.Г. Управление банковским рыноководением. – Донецк: ИЭПИ НАН Украины. – 2003. – 200 с.

Брітченко І.Г. Маркетинг як чинник підвищення ефективності функціонування вищого навчального закладу/Брітченко І.Г., Чайка І.П. // Наук. вісник УжНУ. Сер. Економіка. Спецвипуск. – № 33/2011. Частина 2. – 2011. – Ужгород: УжНУ. – С. 299 – 302.

Брітченко І.Г., Момот О.М., Саєнко В.Г. Економічні проблеми розвитку підприємницької функції в секторах економіки національного господарства / під наук ред. проф. Брітченко І.Г. – Донецьк-Полтава: ООО «Техсервіс», 2012. – 640 с.

Britchenko I. Blockchain Technology in the Fiscal Process of Ukraine / I. Britchenko, T. Cherniavska // Списание «Икономически изследвания (Economic Studies)». – Институт за икономически изследвания при БАН, София (България). – Volume 28, Issue 5 – 2019. – P. 134-148. ISSN 02053292.

Britchenko I. Development of methodology of alternative rationale for financial ensuring of bridges building / Britchenko Igor, Maksym Bezpartochnyi, Yaroslava Levchenko // VUZF review. – VUZF, Sofia (Bulgaria). – № 5(1). – 2020. – P. 43-49. ISSN 2534-9228 <https://papersvuzf.net/index.php/VUZF/issue/view/14>

CONCLUSIONS TO PART 1

Economically steady development of enterprises depends on stability of external economic situation, that promotes both successful to production and stable to forming of user market. Firmness of enterprise to the action of external factors is conditioned by stability of economic environment an enterprise operates within the framework of that. For a managing subject it is important to create the environment of investment attractiveness for foreign and internal investors. Investment activity of enterprises in a great deal determines efficiency of work in a long-term prospect.

At determination of positions of registration politics in part of assets it costs to spare separate attention to confession and estimation,

and in part of passive voices, to their possible influence on the indexes of accounting, influence on an investment climate. In part of capital investments the question of their estimation, reflection of charges remains open in composition the charges of period or on the terms of further capitalization with the next increase of book value. In the standards of record-keeping this limit is sufficiently conditional, that is why at the reflection of charges on support and proceeding in the capacity of objects of the fixed assets, on the improvement of their technical descriptions, it is suggested to be oriented first of all on technical description of these objects.

Effective investment management requires timely and complete information, the reliability of which is confirmed by primary accounting, which is currently complicated by methodological shortcomings in the documentation of this part of accounting. Underestimation of its importance and relevance has led to the lack of some standard forms of primary accounting of capital investments, which are mostly considered only as derivatives of documents on accounting for non-current assets.

To build a management information system can be used strategic accounting system, which provides the generation of accounting information for management decisions. Its implementation is possible through the system of accounting engineering. Its main mechanism is the method of derivative balance sheets, as the traditional balance sheet, compiled on the principles of historical value, in modern conditions does not meet the needs of owners and other users of information, making management decisions on property management, cash flows, risks, reserves, solvency, resources potential.

From the study of the nature and classification of corporate rights for the purposes of their reflection in the account we can summarize:

- according to the established national methodology and practice, only property corporate rights are reflected in the accounting;
- to form the objects of accounting, it is advisable to classify corporate rights into two groups: corporate rights of participants in a corporate enterprise and corporate rights of the enterprise in the case of participation in the capital of other entities.

The corporate rights of the participants of the enterprise are accounted for as shares in the registered capital, and the settlements with the participants regarding their realization are accounted for as

liabilities. Funds invested in the authorized capital of other enterprises and received shares (shares) are accounted for as long-term financial investments, and related corporate rights will increase the value of such investments (accounted for using the equity method), or will be reflected in receivables and increase financial income.

PART 2

TAX SYSTEM OF UKRAINE AND BASIC ACCOUNTING PRINCIPLES OF DATA CALCULATIONS

2.1. Tax system of Ukraine: current trends, shortcomings and prospects ⁴

The tax system is an important component of the national economy of each independent state. National tax systems are unique and unique, as each country is unique and unique. Effective functioning of the tax system of Ukraine is one of the important prerequisites for ensuring the stability of the economy at the present stage of development.

The tax system is one of the most complex in the legal system of Ukraine. At the same time, there is a tendency towards its instability.

The constant attention of scientists and practitioners to improve the tax system and tax calculations shows the relevance of the study. Significant scientific achievements on the nature of tax systems, the impact of taxes on economic and social development of the country, the order of administration and accounting contain the works of many scientists, in particular: Atamanchuk N.I., Dolzhenkov O.V., Kaletnik H.M., Honcharuk I.V., Hudzenko N.M., Koval' N.I., Selivanova N.M., Tuchak T. and others. The issue of taxation of business entities is also revealed in the works of the author Podolianchuk O.A.

An effectively functioning tax system is a key component of ensuring the economic growth of the state. The provision of the state with financial resources and the development of economic entities depend on the current mechanisms of tax administration. The implementation of market transformations aimed at building Ukraine as an independent and sovereign state necessitates socio-economic and legal reforms, which include the creation of an effective tax system capable of ensuring the financial security of the state. Ukraine's tax system and its main components are not something sustainable, but are in constant dynamics, development and change. The process of improving the taxation system in Ukraine is underway, new taxes are being established, and the range of subjects of tax relations is

⁴ Podolianchuk O.A.

expanding. This raises the question of the need to develop a clear mechanism for regulating relations in the field of taxation, including indirect taxation (Atamanchuk, 2019).

The history of taxation is inextricably linked with the history of mankind as such. Reflecting the whole process of human development from ancient times to the present, taxes have sometimes become a catalyst for social processes, and sometimes their consequence. Taxation is such an integral part of human existence that its history can be used to study the history of mankind as a whole (Dolzhenkov, 2020).

In the economic works, scholars often identify four periods of development of the tax system (Boyko, 2017):

- the first includes the economic systems of the Ancient World and the Middle Ages, which were characterized by underdeveloped and random nature of taxes, unsystematic payments in kind (tribute, serfdom, domains, etc.). As commodity-money relations strengthened, taxes gradually took on a monetary form, gaining a fiscal function. Until the XVII century. developed tax systems were absent, but by the end of the XVII century. taxes have become the main source of revenue for the budgets of many countries, but were temporary, irregular;

- the second (end of the XVII century – beginning of the XIX century) - the development of taxation associated with the emergence of the first tax systems, which included direct and indirect taxes. At the same time, the Scottish economist and philosopher Adam Smith (1723–1790), who first formulated the principles of taxation, defined tax payments and their place in the financial system of the state, and determined that taxes were indicators of freedom, not slavery;

- the third (beginning of the XIX century – the middle of the XX century) is characterized as a stage of improvement of tax systems. This period is characterized by a decrease in the number of taxes and an increase in the value of the law during the establishment and collection of them. During this period it should be noted the progress of financial science – is the formation of scientific and theoretical views on the nature, problem and methods of taxation. For example, after the First World War, for the first time, scientifically sound reforms were carried out and the foundation of the modern tax system was laid;

– the fourth (mid-twentieth century – still) is characterized by a deeper theoretical justification of all its problems and the development of recommendations for reforming the budget and tax systems, which were used to implement the concepts of tax reform.

The reason for the emergence and functioning of taxes is the fact of existence of the state, the economic basis – commodity-money relations, and the condition – the monopoly of the state in the implementation of its services to society (Reynska, 2018).

Considering the history of early taxation, we note that the prerequisites for the emergence of the first forms of modern taxes are:

– creation of the state and, most importantly, strengthening of state power;

– the transition from subsistence to monetary economy, which greatly simplified the technique of collection, storage, expanded the boundaries of their use;

– loss of fiscal potential by domains and other non-tax sources of income;

– significant need of the state for funds due to the increase, first military, and then public spending and, as a consequence, the need to cover growing public debt (Nikitishyn, 2011).

The tax system acts as one of the most influential elements in regulating the economic and social processes of the state. The main task in the formation of tax systems is to optimize the needs for tax revenues with the possibility of obtaining them (Selivanova, 2017).

The purpose of tax evasion in any country is the need to accumulate money for the functioning of state structures, the implementation of state regulation and social protection. The tax system, realizing its functions, allows not only to achieve this goal, but also provides flexible management of all these processes by influencing the financial mechanism (Reynska, 2018).

The study of taxes provides an opportunity to avoid unwanted mistakes, to use this financial instrument effectively, building a solid foundation on which the state develops. Along with such market categories as pricing, competition, monetary policy, they are a tool that supports the vital activity of society, gives impetus to its development and realization of new opportunities (Nikitishyn, 2011).

The formation of tax revenues to the budget of Ukraine is carried out by accumulating taxes and fees that form the tax system.

Analyzing the data of the Ministry of Finance of Ukraine for recent years (Table 2.1), we can conclude that budget revenues are growing and mainly due to tax revenues.

Table 2.1

Analysis of the consolidated budget revenues of Ukraine

Year	Type of income							
	tax		non - tax		others		total	
	UAH million	%	UAH million	%	UAH million	%	UAH million	%
2014	367511,90	80,58	80612,80	17,68	7942,30	1,74	456067,30	100
2015	507635,90	77,85	140154,40	21,50	4240,70	0,65	652031,00	100
2016	650781,70	83,14	125391,90	16,02	6575,60	0,84	782748,50	100
2017	828158,80	81,45	154370,90	15,18	34258,60	3,37	1016788,30	100
2018	986348,50	83,29	192703,90	16,27	5225,70	0,44	1184278,10	100
2019	1070321,80	82,98	212789,20	16,50	6668,80	0,52	1289779,80	100
2020	1136687,20	82,57	234409,50	17,03	5564,90	0,4	1376661,60	100
2021	1295187,60	87,29	185348,10	12,49	3208,60	0,22	1483744,30	100

Source: (Podolianchuk, 2021)

According to Table 2.1, there is a steady trend of filling the consolidated state budget with tax revenues, from 77% to 88%. Thus, in 2020 this figure amounted to UAH 1136,687.2 million, which is UAH 66,365.4 million. more than in 2019 and by UAH 150,338.7 million. more than in 2018. Compared to 2014, the amount of tax revenues increased by UAH 769,175.3 million, which is an increase of more than three times. Thus, it can be argued that during the analyzed period, the structure of tax revenues to the budget has changed, due to changes in economic and political processes (Podolianchuk, 2021).

Given the study of consolidated state budget revenues and the existence of various forms of ownership, it can be noted that the main method of generating state revenues are taxes, which make up the tax system.

There is a constant definition that the tax system is a set of national and local taxes and fees, which are collected in the manner prescribed by law (Tax Code of Ukraine).

The tax system is identified with the tax system. Moreover, using the term “tax system”, the emphasis is on such elements of the system as a set of statutory taxes and fees and the procedure for their collection. However, the “tax system” is only part of the tax system, one of the two subsystems, while the second subsystem is the system

of regulation of tax relations, which includes rules and regulations governing them. Thus, the “tax system” is a somewhat broader concept, more complex in structure and formation of systemic relations and combines the taxation system, organizational and legislative support, which together carry out the proper functioning of the system and tax authorities (Volokhova, Dubovik, Slatvinskaya, 2019).

The norms of the Tax Code of Ukraine reveal two options for choosing the tax system by business entities:

1) payment of taxes on the general system of taxation. General system of taxation, accounting and reporting – has a complex system of doing business in terms of accounting and reporting. However, it allows you to engage in any activity and there are no other restrictions inherent in the simplified taxation system. The general system of taxation consists of a set of taxes and fees to the budget, accrued in the manner prescribed by the laws of Ukraine.

2) payment of taxes under the simplified taxation system. Simplified system of taxation, accounting and reporting – a special mechanism for collecting taxes and fees, which replaces the payment of individual taxes and fees to pay a single tax in the manner and under the conditions specified by the TCU, while simplified accounting and reporting (Podolianchuk, 2020).

The choice of the system of taxation of small businesses is influenced by a number of factors, including: type of activity, number of employees, the amount of annual income, ownership of agricultural land. At the same time, it is necessary to take into account the norms of the TCU and the Commercial Code of Ukraine, as the latter provide conditions for the number of employees (Podolianchuk, 2021).

Based on the norms of the Tax Code of Ukraine, the constituent elements of the tax system of Ukraine are separate mandatory payments, which are divided into:

- national taxes and fees;
- local taxes and fees.

According to the Tax Code of Ukraine, taxes and fees are divided into (Ishchenko, Podolianchuk, Koval, 2021):

I – national taxes and fees: corporate income tax; Income tax; VAT; excise tax; environmental tax; rent; toll; military duty (until the completion of the reform of the Armed Forces of Ukraine).

II – local taxes: property tax (transport tax; payment for land; tax on real estate other than land), single tax; fees: fee for parking spaces for vehicles; tourist tax.

Taxes are forcibly withdrawn by central or local public authorities funds of individuals and legal entities that fall under the jurisdiction of the legislation of the state, necessary for the state to perform its functions. This definition reflects the main points of the conceptual essence of taxes: purpose, objects of taxation, forms of tax evasion (Reynska, 2018).

Scholars are of the opinion that the tax is one of the manifestations of state sovereignty. Taxes in today's conditions provide funds to the state and local budgets, which are the key to the existence of the state as a whole and the implementation of all its functions. Transformational processes in tax and legal regulation should ensure not only the balancing of budgets at the expense of tax revenues, but also the establishment of fair conditions for doing business, taking into account the needs of economic development. The formation of Ukraine's investment attractiveness should solve the problem of reducing the budget deficit and, as a consequence, quality round of the economy, establishing fair conditions for doing business (Dmitry, Kotenko, Smychok, 2019).

According to Hmyria V.P., taxes in modern society – is the main form of state revenue. In addition to this purely fiscal function, the tax mechanism is used for the economic influence of the state on social production, its dynamics and structure, on the development of scientific and technological progress (Hmyria, 2014). The author's statement is quite justified.

The Tax Code of Ukraine stipulates that the tax is a mandatory, unconditional payment to the relevant budget, which is collected from taxpayers in accordance with the Tax Code of Ukraine. At the same time the interpretation of the fee (fee, contribution) is given – mandatory payment to the relevant budget or to a single account collected from taxpayers, subject to special benefits, including due to the commission of such persons by state bodies, local governments, other authorized bodies and persons of legally significant actions (Tax Code of Ukraine, 2010).

Scholars correctly point out that the tax has legal, economic and social characteristics. The legal content of taxes is manifested through

a system of legal norms. Taxes are set exclusively by the state on the basis of law according to legally established rules. In realizing the essence of the tax as a legal category, the basis is a change in the form of ownership, ie the transfer of ownership to the state and its use to meet public needs. In economic terms, taxes are an instrument of state distribution and redistribution of income and financial resources. The social content of taxes gives the state the opportunity to influence the sphere of economic relations in society. The tax has legal, economic and social characteristics (Volokhova, Dubovyk, Slatvinska, 2019).

Socio-economic essence, the internal content of taxes are manifested through their functions.

The functions of taxes are closely linked to their essence and still remain the subject of scientific debate. In the economic literature, there are significant differences, both quantitative and qualitative, in determining the functions of taxes. The most general definition of the function of taxes is to identify their essence and qualities in action (Reinska, 2018).

Summarizing scientific ideas, we can identify the following functions of taxes (Table 2.2): fiscal, regulatory, social, distributive (redistributive), control.

Table 2.2

Functions of taxes and their characteristics

Functions of taxes	Characteristic
Fiscal	Ensures the receipt and accumulation of tax payments and thus the formation of the main revenue part of the budget in order to ensure the implementation of state socio-economic objectives
Regulatory	Acts as a stimulating or disincentive factor in the introduction of various types of taxes, changing the tax base or tax rates, tax benefits for certain subjects of tax relations and certain forms of economic activity, regions
Control	Provides control over the financial and economic activities of organizations and individuals through taxes and helps assess the effectiveness of the tax system of the state
Distribution	Provides distribution of payments received to the budget between industries and regions
Social	Closely related to the fiscal function and is manifested in the fact that part of the taxes, according to the developed and approved social development programs, are sent in the form of social assistance to the regions

Source: summarized by the author

General principles of building tax systems are embodied in their formation through the elements of taxes, which include:

- 1) object of tax: property, income, goods, inheritance subject to taxation;
- 2) the subject of the tax: the taxpayer, ie a natural or legal person;
- 3) source of tax: income from which the tax is paid (salary, profit, income, dividends);
- 4) tax rate: the amount of tax per unit of tax object;
- 5) tax benefit: full or partial exemption of the taxpayer from the tax (Beauty, 2016).

Tax as a complex economic and legal category is characterized by a set of certain interacting components (elements) (Fig. 2.1).

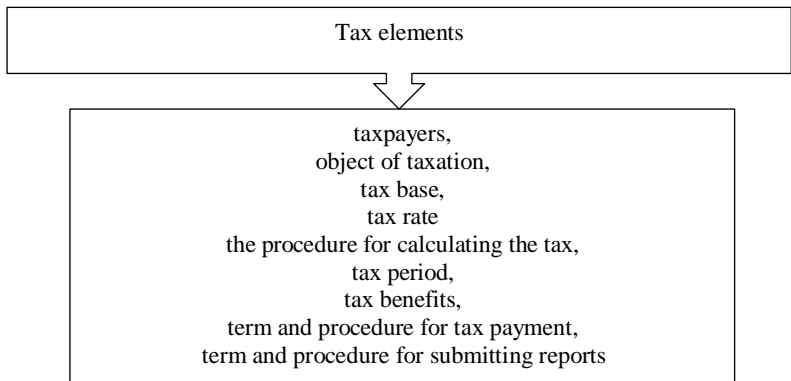


Fig. 2.1. Elements of the tax

Source: generated by the author of (Tax Code of Ukraine)

Characterizing the elements of taxes and fees can be divided into two subsystems: taxation of legal entities (enterprises, organizations) and taxation of individuals (residents and non-residents).

Assessing the legal regulation of the tax system of Ukraine, scientists have substantiated the main characteristics of taxes and fees (Fig. 2.2).

Thus, the Tax Code of Ukraine as a legislative act that regulates the entire tax system in Ukraine, which meets international tax standards, provides for a two-tier system of taxation (national and local taxes and fees) and classification of taxes by form of taxation (direct and indirect taxes).

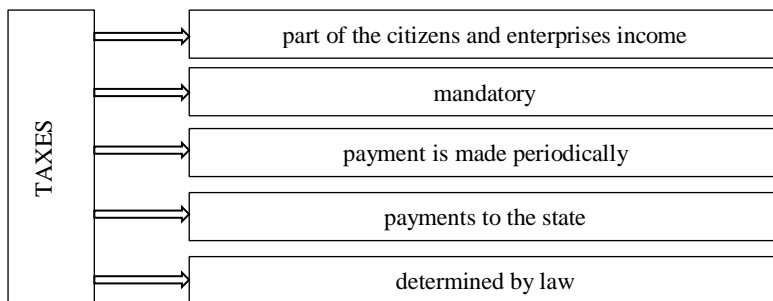


Fig. 2.2. The main characteristics of taxes and fees
 Source: (Kaletnik, Goncharuk, Yemchyk, Lutkovska, 2020)

Reforming the tax system is extremely important for Ukraine. After all, the current tax system in Ukraine does not suit either business or the state. It is characterized by large-scale shadow economy, tax evasion, burdensome tax procedures, unfair tax burden, covert criminalization of fiscal authorities and business representatives, which indicates the imperfection of domestic tax policy and the need to reform it in line with current trends (Tuchak, Kushniruk, 2021).

Since independence, one of the key problems for Ukraine has been the formation of an effective tax system. This is due to the need to bring it in line with the requirements of a constantly evolving economy, the emergence of a number of contradictions between taxpayers and the state on tax evasion. The inevitability of this process determines the permanent nature of changes in the field of taxation (Pasha, 2020).

In order to achieve the set goals, it is necessary to eliminate the main problems that offset the positive results of the functioning of the tax system. Among the key issues it is worth noting (Pasha, 2020):

- instability of tax legislation, its inconsistency;
- irrational system of tax benefits;
- fiscal orientation of the tax system;
- uneven distribution of the tax burden;
- the complexity of the tax administration system;
- low level of tax culture.

As we have given the factual unanimity of views on the appropriateness of changes in the tax system, we consider it necessary

to identify key markers of its harmonization that would meet the requirements of Ukrainian society, the peculiarities of economic development and expected goals.

The current problems of the tax system of Ukraine can be grouped into several groups: regulatory: instability of tax legislation, its inconsistency with economic conditions and needs, non-transparency; organizational: lack of ability to respond to changes, leveling the principle of fairness of taxation; administrative: complexity of tax collection, lack of open access to data on their accumulation, high level of administrative costs; economic: low efficiency of individual taxes, fiscal focus of taxation, high level and uneven tax burden (Barabash, 2021).

Thus, agreeing that the formation of an effective tax system should be aimed at maximally stimulating entrepreneurial and investment activity, economic efficiency and achieving macroeconomic balance, ensuring equalization of the tax burden, increasing the sustainability of tax revenues, reducing their number, as well as simplification of the rules for determining tax payments and the introduction of control over their payment, which will help ensure economic security and neutralize threats in the tax sphere should also take into account the social factor (Tuchak, Kushniruk, 2021).

Ukraine's tax system, despite its dynamism, is based on the comprehensive implementation of basic principles, which in turn creates the preconditions for the progressive development of the national economy. However, it is necessary to shift the emphasis in the tax system from fiscal to advisory and incentive. Fluctuations in the amount of tax burden must be justified and objective (Markovich, 2021).

One of the current problems in the tax system is the formation of important areas for optimizing taxation to the requirements of European integration and stabilization of Ukraine's economy. After all, the state policy in the field of taxation affects the interests of all citizens, not only in terms of tax payments to the Consolidated Budget, but also in terms of the ratio of tax pressure and quality of public goods in exchange for withdrawals. And the harmonization of the tax interests of the state and the interests of citizens-taxpayers depends on how the state performs not only the fiscal function, but also the social one. Civil society plays an important role in this process in most

developed democracies of the world, seeking to actively cooperate with the state in addressing issues of public importance.

References

Atamanchuk, N.I. Legal bases of indirect taxes in Ukraine: monograph. Kyiv: Alerta, 2019. P.352.

Barabash, L.(2021). Current markers of tax system harmonization in the context of the economic crisis. *Transformation of tax and accounting-analytical systems in the context of modern crisis phenomena*: International scientific-practical conf., May 20 2021 Chernivtsi: Technodruk, P. 95-97.

Boyko, O.Ya. (2017).Theoretical approaches and methods of forming a modern tax system. *Theory and practice of public administration..* No.3 (58). P. 2-8.

Hmyrya, V.P. (2014).The role of taxes in terms of ensuring the development of Ukraine's economy. *Financial space..* No. 4 (16). P. 58-62.

Dmytryk, O.O., Kotenko, A.M., Smychok, E.V. Influence of principles of tax legislation on doing business in Ukraine. URL: fkd.org.ua/article/download/163685/163056 (date of access: 22.02.2022).

Dolzhenkov, O.V. (2020). Tax legislation: state and prospects of development: Thesis Ph. D.: 081 / Nat. univ. Odesa Law. Acad. . P. 249.

Implementation of European values and technologies of taxation in Ukraine: monograph / T. Tuchak, J. Izmailov, V. Osmyatchenko, Y. Panura, etc., for general. ed. Ph.D. V.L. Andrushchenko. Irpin: University of the SFS of Ukraine, 2020. P. 284.

Ishchenko, J.P., Podolyanchuk, O.A., Koval, N.I.Financial Accounting I: textbook. Vinnytsia: FOP Kushnir Publishing House Yu.V. 2020. P.496.

Kaletnik, H.M., Goncharuk, I.V., Yemchyk, T.V., Lutkovska, S.M. Agrarian policy and land relations: a textbook. Vinnytsia: VNAU, 2020. P. 307.

Krasota, O.G. (2016). The essence and classification of taxes. *Eastern Europe: Economy, Business and Management*. Issue. 3. P. 250-253.

Markovych, I. (2021).Features of the implementation of the basic

principles of the tax system in Ukraine. *Galician Economic Bulletin*. No. 4 (71). P. 133-139.

Nezdoininoga, O.E. (2016). Taxes are the main lever of macroeconomic regulation. *Economy and society*. Issue 2. P. 142-146.

Nikitishyn, A.O. (2011). Foreign and domestic economic opinion on the origin and nature of taxes. *Economy and state*. No1. P. 16-18.

Pasha, L.G. (2020). Current trends in taxation in the management of the national economy. *State and regions. Series: Economics and Entrepreneurship*. No.5 (116). P. 138-143.

Tax system: textbook. way. [Volokhova, I.S., Dubovyk, O.Y., Slatvinskaya, M.O. etc.]. Ed. I.S. Volokhova, O.Yu. Dubovyk. Kharkiv: Disa Plus Publishing House, 2019. P. 402.

Tax Code of Ukraine: Law of Ukraine of December 2, 2010 No. 2755-VI. URL: <https://zakon.rada.gov.ua/laws/show/2755-17#Text> (access date: 22.02.2022).

Podolianchuk, O.A. (2016). Accounting policy of taxes and fees. *Economic results of 2016: achievements, trends and prospects: International scientific-practical conf.*, pp. 18-19. 2016 Odesa: ONU after I.I. Mechnikov., P. 166-169.

Podolianchuk, O.A. (2017). Organization of accounting for small businesses. *Efficient economy*. No 4. URL: <http://www.economy.nayka.com.ua/?op=1&z=5536> (date of access: 22.02.2022).

Podolianchuk, O.A. (2017). Value added tax: the nature and state of primary accounting. *Economy. Finances. Management: current issues of science and practice*. No.1. P. 82-102.

Podolianchuk, O.A., Koval, N.I., Gudzenko, N.M. Accounting in farms: textbook. way. Kyiv: Center for Educational Literature, 2019. P. 374.

Podolianchuk, O.A. Accounting support for value added tax calculations. *Efficient economy*. 2020. № 2. URL: http://www.economy.nayka.com.ua/pdf/2_2020/78.pdf (date of access: 22.02.2022).

Podolianchuk, O.A. (2020). Accounting and information support of tax calculations. *The scientific heritage*. No. 51. P. 44-54.

Podolyanchuk, O.A. (2021). Accounting in the taxation of enterprises. *Economics, finance, management: current issues of*

science and practice. No. 1. P. 115-128.

Podolianchuk, O. Tax and accounting systems of small agricultural enterprises in the conditions of European integration. *Three Seas Economic Journal*. Vol. 2, No. 3. P. 95-103.

Reynska, V.B. (2018). Taxes as the fiscal basis of the state. *Scientific notes of TNU named after V.I. Vernadsky. Series: Economics and Management..* Vol. 29 (68). No. 1. P. 96-102.

Selivanova, N.M., Khimich, R.V. (2017). Comparative analysis of tax systems of foreign countries and Ukraine. *Black Sea Economic Studies..* No. 18. P. 202- 206.

Tuchak T., Kushniruk K. (2021). Features of improving the tax system of Ukraine and its importance for the modern economy. *Transformation of tax and accounting-analytical systems in the context of modern crisis phenomena: International scientific-practical conf., May 20 2021 Chernivtsi.,* P. 136-139.

Брітченко І.Г. Переваги застосування нових кредитних технологій // Схід. – № 3 (53). – 2003. – С. 55–58.

Бритченко И. Модернизация инновационной инфраструктуры Украины в процессе конвергенции с ЕС / И. Бритченко, А. Князевич // The international journal «Sustainable development». – «Технический университет», г. Варна (Болгария). – № 6 (27). – 2015. – С. 4–10.

Брітченко І.Г. Передумови сталого розвитку національних соціально-економічних систем, що формують Європейський Союз / Брітченко І.Г., Стьопочкін А.І. // Економіка і організація управління. Збірник наукових праць ДонУ – Вінниця. – Випуск № 3 (23). – 2016. – С. 40-49.

Бритченко И.Г. Бизнес в Украине: Социально-экономические процессы ориентированные на внешнеэкономические связи / Бритченко И.Г., Саенко В.Г. // Науковий вісник УжНУ. Серія: Міжнародні економічні відносини та світове господарство – № 10 Ч. 1. – Ужгород: УжНУ, 2016. – С. 64-70.

Britchenko I. Global pandemic economic crisis : consequences and opportunities for Ukraine / I. Britchenko, M. Bezpartochnyi // Pandemic Economic Crisis : Changes and New Challenges to Society : sci. monograph / ed. by M. Bezpartochnyi ; VUZF University of Finance, Business and Entrepreneurship. – Sofia : St. Grigorii Bogoslov, 2020. – P. 8–21

Князевич А.А. Организационно-правовые основы регулирования деятельности субъектов инновационной инфраструктуры Украины / А.А. Князевич, И.Г. Бритченко // Новая экономика. – Минск (Беларусь). – № 1(63). – 2014. – С. 137–142.

Britchenko I. Economic Theory / I. Dmytriiev, I. Britchenko, Ya. Levchenko, O. Shershenyuk, M. Bezpartochnyi. Sofia : Professor Marin Drinov Publishing House of BAS, 2020. – 218 p.

Britchenko I. Optimization of commodity stocks the enterprise by means of HML-FMR clustering / I. Britchenko, M. Bezpartochnyi // Financial and credit activities : problems of theory and practice. – 2020. – Iss. 3 (34). – P. 259–269. DOI: 10.18371/fcaptp.v3i34. 215521

2.2. Accounting methodical principles of separate objects taxation⁵

The specifics of the activities of economic entities determine their choice of special modes of taxation and the presence of taxable objects that are absent in other industries.

Analyzing statistical data (Economic Statistics) and own research (Podolianchuk, 2021) on the existence of business entities, we can conclude that their number is growing, including there is an increase in the number of individual entrepreneurs. However, in some agricultural enterprises, in combination with fisheries and forestry, their number is declining, although in 2020 compared to 2016 there is an increase in the number of large – by 16 units. The number of medium-sized enterprises, on the contrary, decreased by 368 units, small – by 900 units, including micro-enterprises – by 1152 units. The decrease in the number of agricultural producers is also observed in the activity of natural persons-entrepreneurs. This situation indicates not only a decrease in the share of agriculture, forestry and fisheries in the total number of business entities, but also threats to sustainable development (Economic Statistics).

Given the views of scientists (Tkachyk, 2015), it can be noted that the diversity of modern business entities in Ukraine requires the latest approaches to solving problems in choosing the system of taxation,

⁵ Podolianchuk O.A.

accounting and reporting. As this will affect the convenience of reflecting transactions in the reporting documents, the calculation of tax liabilities and their payment.

In the scientific research of scientists there is an actualization of the issues of tax problems of business entities and accounting support of tax calculations. Significant developments are covered in scientific research Bondar H.F., Dolzhenkov, O.V., Ishchenko YA.P., Koval' N.I., Tkachyk F.P., Shevchuk S.V. and others. The issue of accounting for tax calculations is also revealed in the works of the author Podolianchuk O.A.

Research has shown (Podolianchuk, 2018) that accounting as a source of information is aimed at performing many tasks in the enterprise management system, but the most important are:

1. In the operational and permanent collection and processing of information on production and economic, commercial, financial, investment and other activities;

2. In providing interested users with useful information about the financial condition and results of the enterprise.

According to the Tax Code, for tax purposes, taxpayers are required to keep records of income, expenses and other indicators related to the definition of objects of taxation and tax liabilities, based on primary documents, registers of accounting, financial reporting, other documents related to the calculation and payment of taxes and fees, the maintenance of which is provided by law (Tax Code of Ukraine).

The need to keep records related to taxation is due to the need to determine the correct object and basis of taxation during the state control over compliance with tax legislation by business entities. The organization of accounting for tax purposes should be carried out in such a way as to ensure a system of collection, accumulation, processing and generalization of information to determine and pay tax payments by businesses in accordance with the requirements of tax law.

In the economic literature it is determined that the information base of tax accounting is the primary accounting documents, registers of tax accounting, tax reporting on certain taxes and fees (Fig. 2.3).

According to the norms of the Tax Code of Ukraine, the object of taxation may be property, goods, income (profit) or its part, turnover

from the sale of goods (works, services), transactions for the supply of goods (works, services) and other objects tax legislation, the existence of which tax legislation links the occurrence of the taxpayer's tax liability.

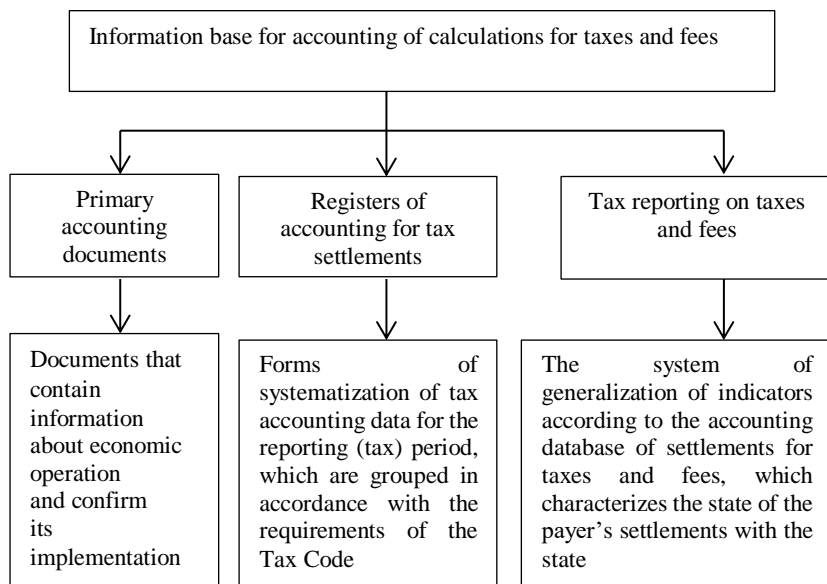


Fig. 2.3. Components of the information base of taxation of business entities

Source: (Kopteva, 2018)

The registration of facts related to the emergence of the tax base is reflected in the primary documents. Information on settlements with the budget for taxes and fees is summarized in the system of relevant accounts and various forms of reporting. Determining the amount of tax payments is carried out in the process of processing information at different levels and at each of the relevant stages (Fig. 2.4).

Research shows that the main taxes of industrial enterprises are income tax, value added tax, personal income tax and the single tax (Table 2.3).

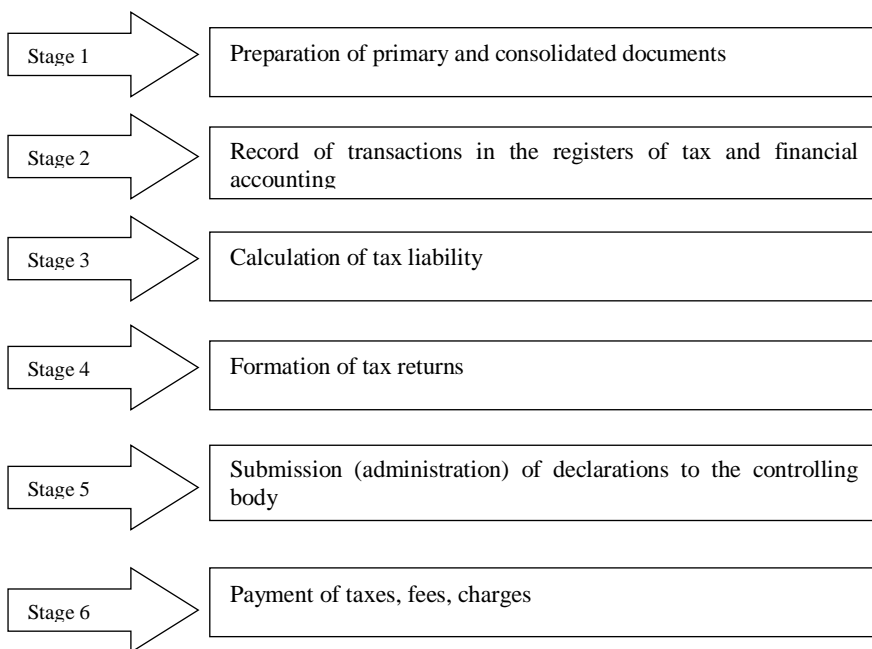


Fig. 2.4. Accounting process for calculations of taxes and fees of business entities

Source: (Podolianchuk, 2021)

Each business entity, taking into account the organizational and legal status, the specifics of the activity, the availability of a specific tax base is a payer of certain taxes and fees (Ishchenko, Podolianchuk, Koval, 2021).

Accordingly, each tax has its own base, rates and methodology for determining the tax liability.

With regard to the use of agricultural land, the Law of Ukraine “On Amendments to the Tax Code of Ukraine and Other Legislative Acts of Ukraine to Ensure Balanced Budget Revenues” (Law No. 1914-IX) came into force on January 1, 2022, concerning the definition of the minimum tax liability knitting.

Law No. 1914-IX stipulates that the minimum tax liability is the minimum amount of tax liability for the payment of taxes, fees, charges, the control of which is entrusted to the supervisory authorities

related to the production and sale of its own agricultural products or with ownership and / or use (lease, sublease, emphyteusis, permanent use) of land plots classified as agricultural land, calculated in accordance with the Tax Code of Ukraine. At the same time, if a business entity, including natural persons-entrepreneurs, as well as natural persons, owns several land plots, the general minimum tax liability is determined (Podolianchuk, 2022).

Table 2.3

Characteristics of the essence of basic taxes

Tax type	Characteristic	Object of taxation
Corporate income tax	direct tax paid by enterprises on profits from the sale of products (works, services), fixed assets, intangible assets, securities, currency values, other types of financial resources and tangible assets, as well as on profits from leases, royalties and non-sales operations (Dolzhenkov, 2020)	Profit, which is determined by adjusting the pre-tax financial result according to accounting data for tax differences
Value added tax	indirect national tax, which is a component of the price of goods (services) and includes tax liabilities for the supply of goods (services), tax credit for the supply of goods (services) and calculations with the VAT budget (Podolianchuk, 2020)	Operations for the supply of goods, works, services as a result of which income is recognized in accounting
Income tax	one of the national taxes levied on the income of individuals (residents and non-residents) who receive income from their sources of origin in Ukraine and belong to the group of direct (Podolianchuk, 2020)	Total monthly (annual) taxable income
Single tax	local tax paid by natural persons-entrepreneurs and legal entities that are on the simplified taxation system (Zaitseva, 2018)	the area of agricultural land (arable land, hayfields, pastures and perennials) provided to him for use on lease

Source: generated by the author

From the content of the given definition it is unclear what taxes we are talking about.

Given our own research (Podolianchuk, Oliynyk, 2021), it can be argued that businesses will need to make complex calculations to determine the amount of tax to be paid to the budget for land ownership or use in part of land classified as agricultural lands. After

determining the minimum tax liability, it is necessary to calculate the amount of taxes, fees, charges and expenses for the lease of land (taxes paid). The final calculation will be the calculation of the difference between the minimum tax liability and the amount of taxes paid. A positive difference between the amount of the total minimum tax liability and the amount of tax paid is part of the tax liability to be paid by the entity, for example, part of the income tax, single tax or income tax liability individuals).

Thus, the existing approach to the methodology of accounting for settlements with the budget provides an extensive system of accounting for transactions, depending on the tax or fee under consideration; causes of relations between the enterprise and the state, the type of accounting. Guided by the regulatory framework, the company will be able to correctly and accurately calculate the amount of calculations with the budget and reflect it in its accounting without errors and violations.

The method of calculating liabilities to the budget is an algorithm for calculating a specific tax or fee, presented in verbal form or using formulas. It has an interconnected sequence (Fig. 2.5).

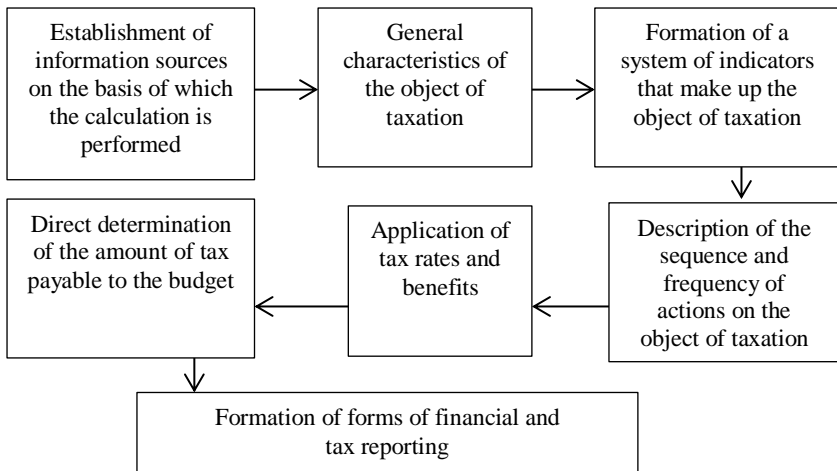


Fig. 2.5. Methodical approaches to calculating the tax liability
Source: substantiated by the author

Violations in accounting in the tax system entail incorrect

determination of the amount of accrued tax payments, their incomplete or late payment to the budget, financial sanctions. Both the quality of accounting information received by fiscal authorities and the improvement of the company's financial condition depend on the creation of an effective accounting system for taxation at the enterprise level, as proper organization of accounting will avoid financial sanctions from state fiscal authorities and optimize tax payments (Cooper, 2015).

Therefore, an important aspect of taxpayers' settlements with the state is the correctness of determining the tax liability, the calculation of which is based on accounting data. taxes and 642 "Calculations for mandatory payments". The credit of account 64 "Calculations for taxes and payments" reflects the accrued payments to the budget, the debit - transfers to the budget (Chart of Accounts, 2011).

At the same time account 64 corresponds to: when calculating income tax – with account 98 "Income tax"; when calculating value added tax – with accounts of class 7 "Income and results of activities"; when calculating the single tax – with account 91 "Overheads"; when accruing personal income tax accounts for payroll liabilities and other accrued income in favor of individuals.

Taking into account the calculations of specific taxes and fees, businesses open the necessary analytical accounts. It is also important to take into account the fact that small businesses have the right not to make double entries and keep records in the relevant journals and registers. Therefore, the information base for tax calculations will be the entries in the journals, confirmed by primary documents (Podolyanchuk, 2021).

Given the above, we can identify the main tasks of accounting in taxation: clear documentation of calculations; timely and complete registration of data of primary accounting of tax calculations in tax registers; objective determination of the tax base and tax liability; completeness of information on tax liabilities in the financial and tax reporting.

Violations in accounting in the tax system entail incorrect determination of the amount of accrued tax payments, their incomplete or late payment to the budget, financial sanctions. Both the quality of accounting information received by fiscal authorities and the improvement of the company's financial condition depend on the

creation of an effective accounting system for tax purposes at the enterprise level, as proper organization of accounting will avoid financial sanctions from state fiscal authorities and optimize tax payments.

The study of scientific literature makes it possible to outline the main directions for improving the current state of accounting for tax calculations of enterprises (Fig. 2.6).

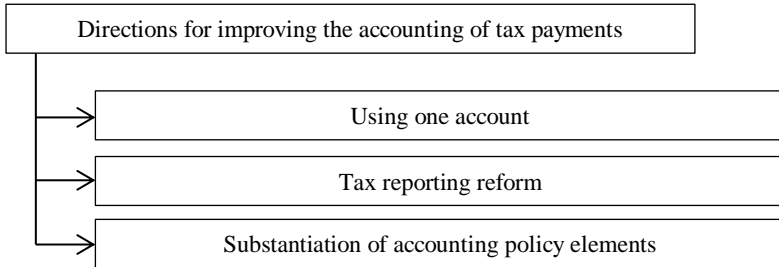


Fig. 2.6. The main directions for improving the current state of accounting of tax calculations of enterprises

Source: generated by the author

The tax system of Ukraine consists of a set of taxes, fees and other mandatory payments and contributions, which in the accounting system of the entity are costs. At the same time, tax calculations 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 balance sheet date.

Features of the taxation system of economic entities and specific methods and techniques of calculating taxes and fees (mandatory payments) affect the accounting in taxation, and therefore, the latter requires a thorough knowledge of practicing accountants and constant in-depth research.

Information on taxes, fees and charges is of interest not only to businesses but also to the state and individuals. It is the accounting and information support that is the basis for decision-making by stakeholders. Thus, accounting in taxation is part of a single accounting system of the enterprise and is aimed at generating information about the tax base and the amount of tax liabilities.

References

Bondar, G.F. Actual problems of organization of accounting and tax accounting in the conditions of tax reform. URL: <http://elar.nung.edu.ua/bitstream/123456789/7389/1/6930p.pdf> (date of access: 22.02.2022).

Dolzhenkov, O.V. Tax legislation: state and prospects of development: Thesis Ph.D. : 081 / Nat. univ. Odesa Law. Acad., 2020. P. 249.

Economic statistics. Activities of enterprises. URL: <http://www.ukrstat.gov.ua/> (date of access: 05.01.2022).

Ishchenko, Y.P., Podolyanchuk, O.A., Koval, N.I. Financial Accounting II: textbook. Vinnytsia: FOP Kushnir Publishing House Yu.V. 2021. P. 396.

Kopteva, G.M. Accounting and reporting in taxation: textbook. Textbook of NTU KhPI. 2018. P. 493.

Chart of accounts for accounting of assets, capital, liabilities and business operations of enterprises and organizations: Order of the Ministry of Finance of Ukraine dated 09.12.2011 No. 1591. URL: <http://zakon4.rada.gov.ua> (date of access: 22.02.2022).

Podolianchuk, O.A. (2018). Accounting information and its qualitative characteristics in accordance with accounting standards. *Economy. Finances. Management: current issues of science and practice.* No. 8. P. 79-90.

Podolianchuk, O.A. (2020). Accounting support for value added tax calculations. *Efficient economy.* No. 2. URL: http://www.economy.nayka.com.ua/pdf/2_2020/78.pdf (access date: 22.02.2022).

Podolianchuk, O. Accounting and taxation of payments for current payments to employees. Theoretical and practical aspects of the development of the European Research Area: monograph / edited by authors. 1st ed. Riga, Latvia: Baltija Publishing. 2020. R. 220-247.

Podolianchuk, O.A. (2021). Accounting in the taxation of enterprises. *Economics, finance, management: current issues of science and practice.* No. 1. P. 115-128.

Podolianchuk, O. (2021). Tax and accounting systems of small agricultural enterprises in the conditions of European integration. *Three Seas Economic Journal.* Vol. 2, No. 3. P. 95-10.

Podolianchuk, O.A., Oliynyk, Ya.Yu. (2021). Land: accounting

and taxation. *Efficient economy*. No. 12. URL: http://www.economy.nayka.com.ua/pdf/12_2021/99.pdf. (date of access: 22.02.2022).

Podolianchuk, O.A., Lepetan, I.M. Accounting and taxation of agricultural land. *Agrosvit*. 2022. No. 2. P. 7-44. URL: <http://www.agrosvit.info>.

Podolianchuk, O.A. Minimum tax liability: nature and accounting. *Scientific readings of Professor Grigory Gerasimovich Kireitsev*: mater. everywhere. scientific-practical online conf. Feb 22 2022 Kyiv: NULES. 2022.

Podolianchuk, O.A., Koval, N.I., Hudzenko, N.M. (2019). Accounting in farms: a textbook. Kyiv: Center for Educational Literature. 374 p.

Tkachyk, F.P. Tax advice. textbook way. Ternopil: Vector, 2015. P.252.

Shevchuk, S.V., Zaitseva, A.D. (2018). Modeling accounting policies for income tax purposes. *Market infrastructure*.. Issue 23. P. 319-323.

Мікловда В.П., Брітченко І.Г., Кубіній Н.Ю., Дідович Ю.О. Ефективність стратегічного управління підприємствами: сучасні проблеми та перспективи їх вирішення. – Полтава: ПУЕТ, 2013. – 240 с.

Кужелєв М.О., Брітченко І.Г. Корпоративний контроль інсайдерської ренти // Науковий вісник ПУЕТ - № 1 (56) / 2014 – Полтава: ПУЕТ, 2014. – С. 281 – 285.

Князевич А.О. Кластерний підхід до створення інноваційної інфраструктури країни / А.О. Князевич, І.Г. Брітченко // Науковий вісник Мукачівського державного університету. – Серія «Економіка». – Вип. 2(4). – Ч. 2. – 2015. – С. 24-28.

2.3. Tax risk management: preconditions, essence and significance ⁶

Taxation holds a leading position in the system of financial relations of the state, as it is the basis for the formation of state revenues. Therefore, one of the main objects of the state influence is tax relations aimed to protect the interests of the state and taxpayers. For this purpose, each state has a system of relevant executive bodies that deal with administrative activities related to organization of the taxation process. The level of the state development determines the quality of its tax system. Available discrepancies between the taxation, economic model and the system of public administration in the country will have significant negative consequences for both the state and its taxpayers.

When increasing the tax burden on taxpayers, the state may increase the risk of shortfall in expected tax revenues, increase the share of the shadow economy and reduce incentives for entrepreneurship. Therefore, taxpayers will increase the practice of using evasion schemes, which will lead to the risk of financial sanctions by the state and tax authorities. Thus, the issue of the need to identify tax risk, its assessment and management is important, which will help to optimize financial management and increase the validity of tax decisions in the financial markets of Ukraine (Boldova, Hahloieva, 2015).

Ensuring the economic stability of industrial enterprises is one of the most important tasks of management. In its turn, application of the basic principles of economic stability provides internal conditions for balancing fluctuations of factors arising in the external and internal environment of the enterprise and creates conditions for maintaining competitive advantages and a planned direction of development to achieve high efficiency. Constant risk is one of the main characteristics of industrial enterprises. In this regard, there are regular problems with the effective application of various methods of risk management.

Risk management is the process of identifying, quantifying and managing the risks faced by the company. The purpose of corporate

⁶ Pravdiuk M.V.

risk management is to provide maximum opportunities for the implementation of plans and profits and minimize possible losses. As an integral part of management practice and an important element of good governance, risk management should be repeated periodically to support organizational improvements, efficiency and decision-making.

Risk is one of the most important financial categories, and as a result, the impact on the degree and extent of risk is made by the financial mechanism through a special strategy and levers of financial management. Combination of strategies and techniques creates risk management. It is based on a purposeful search for the ways and organization of further work to reduce the degree of risk. The main goal of risk management is to obtain maximum profit under the balanced ratio of risk to profit that is optimal for the entrepreneur, this goal is similar to the main target function of entrepreneurship. The risk management system is improving over time and is gaining more and more power in financial management. This is caused by the instability of the tax mechanism, low predictability of trends in the tax system, which puts taxpayers in unstable conditions, stimulates the asymmetry of tax information (Cherevko, 2013).

Therefore, the issue of organizing the taxation process and its continuous improvement in accordance with the conditions of society, which is the goal of the state tax risk management.

In conditions of instability of the national economy, the problem of business risk management is relevant in the activities of any business entity, manifesting itself throughout its activities.

As a result, proper assessment of the situation and the choice of management methods aimed at reducing risk are influential tools in achieving economic goals and the desired result. Risk management identifies the ways and opportunities to ensure financial stability of the enterprise and ability to avoid adverse and unforeseen situations. The need to develop and implement methods of risk management in a transformational economy is explained by the lack of real mechanisms for the enterprise support in crisis situations.

One of the main ways to increase the level of economic security of the enterprise is to optimize its tax security, which involves identifying and analyzing all possible tax risks and reducing their negative impact on economic activity. The latter necessitates the need to form and

implement a balanced tax policy of the enterprise, which plays one of the key positions in the management system, so that changes in external factors would not significantly affect economic activity of the enterprise.

Frequent changes in government policy in the field of tax legislation, its inconsistency, ambiguity, subjectivity of interpretation of certain tax rules by regulators force business owners and managers to search for the ways to reduce the tax burden on the enterprise in order to strengthen its competitiveness in the market. Therefore, the current practice of tax risk management does not ensure high efficiency of tax administration, does not contribute to the rational use of material, technical and human resources, does not significantly affect the improvement of tax compliance by taxpayers.

Analysis of recent research and publications. Domestic and foreign economists A.I. Krysovatyi, V.M. Hranaturov, V.F. Haponenko, O.M. Desiatniuk, V.V. Vitlinskyi, O.M. Tymchenko, O.D. Vovchak, I.B. Yasenov, I.L. Nazarenko, L.I. Honcharenko, B.I. Kuzina have studied the issues of economic security of the enterprise and tax risks. These scientists have made a significant contribution to the development of theoretical and practical aspects of the analysis of the impact of tax risks on the activities of economic entities.

The etymology of the word “risk” is quite interesting, and in any nation and in many languages it is often associated with the awareness of the possibility of danger in various spheres of socio-economic activity and life. This is indicated by the dictionaries of foreign languages and scientific researches. For example, Wolf-Rudiger Heilmann indicates the Latin origin of the term “resecum”, which means “danger”, “rock”. Heine Brown emphasizes the Arabic origin of the word “risk” and its borrowing by the Italians. When studying the etymology of the word “risk” in various scientific sources, the domestic scientist M. Klapkiv compares corresponding hieroglyphic signs of Chinese and Japanese languages and emphasizes the root similarity of the terms “risk”, “misfortune”, “insurance”. In the explanatory dictionary of the Russian language V. Dahl associated the content of “to take risks” with “to pin one’s hopes, to dare, ... to trust to luck, to try one’s luck”. In the Ukrainian language, the word “risk” is also associated with the perceived possibility of danger (Aleksandrova, 2011).

I. Balabanov notes that “risk” as a historical category arose at the beginning of the civilization and its origin is associated with the feelings of fear, danger, misfortune, destruction and uses a statistical method to quantify risk, according to which the criteria of risk is the standard deviation and the coefficient of variation (Balabanov, 2000).

There are also definitions that, along with the danger, possibility of failure, presuppose the existence of an alternative. Risk is the possibility of error or success of a choice in a situation with several alternatives (Rudashevskiy, 1990).

However, if the risks were related only to the negative results of economic activity, the economic agent would not need to take risks. Thus, M.H. Lapusta, L.H. Sharshukova argue that “although the consequences of risk most often manifest themselves in the form of losses or inability to obtain the expected profit, but the risk is not only undesirable result of decision-making. Under certain options of entrepreneurial projects, there is not only a danger of not achieving the intended result, but also the probability of exceeding the expected profit. This is the entrepreneurial risk, which is characterized by a combination of the possibility of achieving both undesirable and particularly favorable deviations from the planned results” (Lapusta, Sharshukova, 1998).

F. Knight’s theory is very important for the philosophical and general economic understanding of risk, according to which risk is the result of any activity that can be measured using the methods of probability theory and the law of large numbers. If such calculations cannot be performed, this result is uncertain. According to the concept of this American economist, risk is associated with uncertainty, which is a source of profit, and which can be technically measured and estimated using the method of probabilistic calculations (Balabanov, 2000).

Such conceptual uncertainty of the category of “risk” can be explained to some extent by the extreme complexity and versatility of the phenomenon studied. Research on both risk analysis and disclosure of the concept of risk can be found in the professional literature on medicine, psychology, insurance and banking, economics, law, philosophy, sociology, political science, etc. The study of risk in each of these areas of scientific knowledge and applied activities is based on the subject, as well as individual approaches and

research methods. This situation is caused by the fact that in modern society, risk is inherent in any area of human activity, as the latter is influenced, and sometimes determined, by many factors and conditions that are natural, anthropogenic and socio-cultural (Antipenko, 2021).

According to the famous researcher P. Bernstein (Bernstein, 2000), who analyzed in detail the history of emergence and evolution of this phenomenon in human culture, initially the main direction of understanding the meaning of risk was the development of ideas about the chance of winning or losing in gambling and then, on this basis, calculation of the probability of future events. The word risk itself was not used by the first representatives of the classical mathematical theory of probability Cardano, B. Pascal, P. de Fermat, which originated in the XVI – XVII centuries, at the same time these concepts, thanks to the theory of probability, are now closely intertwined with the concept of risk, not only in various theories and methods of risk calculation, but in the ideas of the average person about it.

There are several stages in the development of modern scientific ideas about risk. The first stage is characterized by the emergence and formation of general scientific ideas about risk (mid-nineteenth century – early sixties of XX century). During this period, the concept of “risk” was becoming widespread in society and recognized as an integral part of any human activity (especially business), which was carried out in conditions of uncertainty of the future. As for the the social sciences, the founders of the study of risk are legal and economic sciences (classical and neoclassical theory of entrepreneurial risk), studying the practice of insurance and stock exchange transactions. Publication of the book by the American economist F. Knight “Risk, Uncertainty and Profit” in 1921 gave a strong impetus to actualizing the problem of risk among a wide range of scientists in various field (Lipentsev, 2013).

The second stage of scientific understanding of the nature of risk is more focused on establishing a direct link between the latter and the values and norms of social life than the “technocratic” approach and takes into account psychological, political, ethical, sociological, economic and other aspects of risk genesis, which are so closely interrelated that “it is impossible not avoid the contact with others

when addressing one of them” (Nykytyn, Feofanov, 1992).

Around the beginning of the XVIII century, risk was determined using the methods of probability theory; in the XVII-XIX centuries scientists have substantiated the law of large numbers and the basic procedures of statistics, and the concept of “uncertainty” has become key in the theory of risk. In 1900-1930, the concept of “risk” became consolidated in the scientific community and journalism and it was recognized as an integral part of any business activity carried out in conditions of uncertainty (Bernstein, 2000). Methods, research on risk prediction, analysis and monitoring began to appear in the 1930s, so the first attempts were made to manage it. John von Neumann and Oscar Morgenstern were among the first to point out the need to take risk and uncertainty into account when building economic models. At the same time, the research results were tried to be applied in practice. In 1940, for the first time in history, the state-owned British airline began collecting statistics on aviation accidents and accidents according to a specially approved standard format.

Since the late 1940s there has begun an active merger of the scientific course on insurance and research in the field of anthropogenic risks. Several associations and institutes both national and international have been established. Obviously, the flow of information and special literature began to grow rapidly. In the 1950s, the US Department of Defense developed a methodology for assessing the reliability of electronic components of equipment used in the Korean War. In 1955, Wayne Snyder, a Professor of Insurance at Temple University, offered the term “risk management”. In 1956, Russell Gallagher first described the profession of a “risk manager” in the 34th volume of the Harvard Business Review. Studies on the phenomenon of human error have begun (Korobova).

In Ukraine, the emergence of a new field of research, known as risk science or risk management, was announced at the conference in October 1998 (Sharapov, 1998).

The importance and significance of risk management has long been accepted beyond the borders of our state. This was especially evident in the United States in the 1930s. Even then, this area became not only a profession, but it also became a separate field of knowledge. In terms of the urgent need to form a strategy for both economic and social development of Ukraine, it should be considered that management

activities of the state executive bodies on organizing the taxation process are defined as “tax risk management” (Voronkova). Tax risk management is a subsystem of financial management aimed at managing tax risk factors and relationships between participants in economic and financial transactions that arise during this management (Patsseruk, 2012).

At the present stage, skillful use of taxes requires economic justification as well as setting of scientific and methodological foundations for the formation and ways of tax risk management improvement. Tax risk management is a system of methods for realizing the potential inherent in the economic category of “tax”. Considering the factors of external influence, these studies need comprehensive and ongoing improvement.

Nowadays, the term “risk management” is widely used in all spheres of human life. The word “risk management” comes from the English “to manage” that means “to maintain control over something” and acts as Ukrainian equivalent of “responsibility for and control of something”.

Thus, it is the ability to achieve goals using the work, intelligence and motives of other people’s behavior; and it is “a function, a type of activity, the content of which forms the leadership of subordinates in the organization and the field of knowledge that helps to perform this function” (Pushkar, Tarnavska, 2003).

V. Hranaturov and I. Yasenova define the concept of “tax risk of the state” as an economic category that characterizes the uncertainty of the final result of activities to ensure revenues to the budgets of all levels and state trust funds due to possible influence (effect) on it by a number of objective and/or subjective factors that are not taken into account when planning it (Hranaturov, Yasenkova, 2007).

Risk is an integral part of any management activity and depends on many factors and actions of counterparties, the impact of which can not be predicted completely and accurately. In general, economic risk is a cost measurement of the results of financial and economic activities of human capital due to untapped opportunities in conditions of uncertainty and imperfect information support (Yevtushenko, 2011).

According to T. Tsyrukunova and M. Myhunova, tax risk is a threat to the subject of tax relations to incur financial or other losses

associated with the taxation process (Tsyrukunova, Mihunova, 2005).

V. Vitlinskyi, O. Tymchenko note that tax risk is the probability not to receive actual tax revenues compared to the planned (forecasted) (Vitlinskyi, O. Tymchenko, 2007). In his turn, N. Yevchenko defines tax risk as an economic category that reflects characteristics of tax relations, which are expressed in the objectively existing uncertainties and conflicts inherent in management and decision-making processes in the field of taxation, accompanied by possible threats and untapped opportunities for participants of tax relations (Yevchenko, 2011).

Lack of unambiguous interpretation of the concept of risk is explained by the multifaceted nature of this phenomenon, ignoring it in current legislation, and in some cases by the limited application in real economic practice and management of the enterprise.

According to normative and legal acts, the concept of tax risk is considered solely as an opportunity for taxpayers to evade taxation. Thus, subparagraph 14.1.221 of the TCU defines risk as the probability of non-declaration (incomplete declaration) of tax liabilities by taxpayers, taxpayers' non-compliance with another legislation controlled by regulatory authorities (Tax Code of Ukraine, 2011). In subparagraph 1.3 of the Order, the term "tax risk" is defined as "the probability of non-performance (improper performance) by taxpayers of tax liability, confirmed by the totality of available tax information". Both the TCU and the Order define tax risk too narrowly, restricting it by the probability of law violation by taxpayers. Risk is a very complex phenomenon, an integral attribute of the market economy that must be considered in any field of activity (Donets, 2012).

To determine the tax risk, it is necessary to clearly understand what form it may have, so it is necessary to consider the types of tax risks. The main classification feature is the dependence on the reasons leading to one or another tax risk. These include the following: tax risk of the economic crisis; tax risk of inflation; tax risk of reducing the solvency of taxpayers; tax risk of changing the legal framework; tax risk of delays in tax and other transfers; tax risk of planning errors; operational risks of tax administration (Bechko, Lysa, 2009).

Having analyzed the classification of risks, we consider it appropriate to note the lack of a separate concept of tax risks, despite

their importance and place in the system of economic risks. Tax risk is an economic category that reflects some uncertainty in the activities of an entity or the state regarding the stability of tax policy, as well as the possibility of deviations from planned tax revenues to the state and local budgets due to tax evasion or tax law violations (Frolov, Kuzmenko, 2015). Thus, the concept of “tax risk” concerning the subjects of tax relations is divided into tax risk of the taxpayer and tax risk of the state.

The work “Sources and types of tax risks, their interrelation” by V. Vitlinskyi and O. Tymchenko is devoted to building the structure of tax risks of both the state and taxpayers (Vitlinskyi, Tymchenko, 2007). M. Stepura emphasizes the expediency of using the concept of “tax risks” in the plural and defines it as a set of objective and subjective (action or inaction of stakeholders in tax relations), internal and external factors of influence, the probability of which causes financial benefits of the subjects of tax relations” (Stepura, 2011).

Risk is objectively an inevitable element of any management decision because uncertainty is often one of the characteristics of business conditions. In this case, only those management decisions are effective and reasonable, which are correlated with the allowable level of risk determined for each transaction separately, which eliminates catastrophic losses. This circumstance requires the study of risks and improvement of the methodological and methodical foundations of their management, including their assessment and determination of the allowable level of tax risks.

An effective tool for regulating changes in the economic environment of the enterprise, which are associated with risk, is risk management as a set of management actions of an integrated nature that are aimed at identifying, analyzing and minimizing risks. Accounting and control support as a component of the information base of the enterprise provides an opportunity to increase the efficiency of decision-making at all levels of risk-oriented management, providing management with relevant information about economic activities of the enterprise. The methods aimed at preventing, minimizing risks and compensating for their consequences include the creation and effective use of security for future costs and payments.

In Ukraine, the basis for risk-oriented management of enterprises,

regardless of the organizational form, is the international standard ISO 31000: 2018, which establishes the principles, structure and process of risk management and should help to regulate the uncertainties of business entities. In Ukraine, the analogue of the State Standard ISO 31000: 2018 “Risk Management. Principles and Guidelines” that came into force on January 1, 2019 is applied.

The standard defines the concept of general risk assessment and risk management, which can be fully applied in the management of corporate enterprises and involves the following steps:

- analysis of the environment – collection of information and processing of data on the structure and properties of the object, determination of strategic and tactical goals of entrepreneurial activity in conditions of risk, analysis of the state and prospects of internal and external environment;

- risk identification – monitoring of changes in the external and internal environment of the organization, moving on to the disclosure of all elements of risk; assessment of the probability of occurrence of risk events, determination of areas of high risk, determination of the degree of risk impact, level of danger and possible consequences and extent of damage and documentation of their characteristics;

- risk analysis – obtaining necessary information on the structure and properties of the risk object, identifying the main types of risk affecting this object and its assessment: understanding each risk, its consequences and probabilities of these consequences (acceptable level of risk for the company);

- risk optimization – development of risk management mechanisms (planning and financing of risk management measures, assessment of the risk management system effectiveness, monitoring the dynamics of risk change, risk management reporting, periodic training of risk management staff, etc.), drawing up a strategic plan of measures aimed to reduce economic losses and mitigate risk factors, development of methods and technologies for neutralizing the impact of risk, risk acceptance, transfer of part or all of the risk to third parties (Diachkov, 2015).

Implementation of risk assessment and risk management at the enterprise is fulfilled by the risk management system, which includes the subject, object, methods, techniques, management tools and is based on certain principles of effective management.

However, in our opinion, it should be considered that in modern conditions the system of risk management of corporate enterprises has certain features.

First of all, considering the object of the risk-oriented management system, namely external and internal sources and risk factors that adversely affect the activities of the enterprise, as well as identified dangers and threats, which the corporate enterprise is exposed to in its activities, it becomes obvious that it is vulnerable to certain risks of corporate governance, in particular: the level of risk of “erosion” of the shareholders’ share in the authorized capital; risk of conflict of interest; the degree of validity of the introduction of transfer pricing; the degree of bankruptcy probability; the level of risk of reorganization of the enterprise and withdrawal of shareholders from the stakeholders; the level of risk of changes in the corporate structure of the company (incomplete consolidation of holdings); the level of risk of the absence of representatives of minority shareholders in the Board of Directors; the level of risk associated with participation in joint stock companies of the state as a shareholder.

Risk management is a system for managing risks based on the process of their identification, assessment and analysis, as well as the selection and use of methods to neutralize their consequences, aimed at achieving a necessary balance between strategic capabilities and level of risk, and finding the optimal ratio between a high level of risk, which can lead to bankruptcy of the enterprise and complete abandonment of it that results in the loss of competitiveness. In the enterprise management system, the risk management system aims to become part of the management subsystem of the organization, i.e. it should be integrated into its overall policy, work plans and activities. Under this condition, application of the risk management system is an effective process.

Tax risks are of great significance in the financial management system, since tax relations mediate most financial transactions, and therefore they are an important factor determining their effectiveness. In our opinion, the criteria for assessing the quality of decisions in the field of impact on both the parameters of taxation of economic entities and parameters of national tax planning in financial management should involve maximization of the financial result and/or cash flow in order to strengthen the financial condition as well as minimize the

risks of such impact (Kolomiets, 2009).

Thus, sometimes only the external component of tax risk is considered, due to the classification of events related to the occurrence of risk, such as the introduction of new tax payments, changes in their rates and terms of payment, abolition of tax benefits, etc. (Kazenkova, 1999). Taking into account such an internal source as tax errors, S.A. Filin defines tax risk as the probability of losses associated with adverse changes in tax legislation or errors in the calculation of tax payments (Filin, 2002). Probability of negative consequences are considered to be the main feature of the concept of risks. A detailed analysis of the composition of negative consequences allows to divide them into two groups: material losses, including financial ones (losses, loss of profit), and the occurrence of any negative events. However, more often there is only a material aspect in the definitions of different types of economic risks. Thus, the authors of the article “Financial risks” in the Financial and Credit Encyclopedic Dictionary define them as “the probability of losses, shortfall of planned income, profit” (Hriazovoi, 1999). It seems more legitimate that the generic features of economic risks should include both types of negative consequences. Economic dictionaries define risks as the possibility of events with negative consequences as a result of certain decisions or actions (Bahautdinova, 2001), or as the probability of incurring losses or losing profits; uncertainty in obtaining a significant income or loss (Azrylyana, 1999).

In the practice of domestic tax risk management, tax risk is defined as the probable possibility of violating the law (the definition is aimed at the process/event) or with the addition “resulting in possible budget losses”. The main ways of responding to the risks of non-compliance with tax legislation, in accordance with the international practice, include the following:

- 1) non-audit activities: interviews, profile interviews (survey of payers); correspondence, including bringing the content of the risk to the taxpayer in order to provide an opportunity to correct violations; risk research through the development of databases and information of government and commercial organizations;
- 2) audits: scheduled inspection; unscheduled inspection; on-site inspection, in-house inspection, electronic inspection;
- 3) special (criminal) investigations (Brekhova, 2018).

Thus, V.Ya. Kniazkova fairly points out that a risk-oriented system is designed to introduce a systematic approach to tax administration and is based on the fact that tax authorities respond to about possible violations of tax law in proper way being informed them at an earlier stage (Kniazkova, 2012).

The basic essence of the risk-oriented system of tax control has been quite optimally clarified by the Belarusian researcher A.S. Prokurat, who argues that the risk-oriented system is an element of tax risk management. The author emphasizes that the risk-oriented system, as an integral part of tax management, is an important element necessary for the effective functioning of the tax system and is designed to influence its elements such as tax relations between entities, tax process and tax mechanism. Due to the influence on these elements, tax risk management also affects their components, namely fiscal, regulatory, control and distribution functions; tax policy, taxation and tax law; tax planning and forecasting, tax regulation and administration, tax control (Prokurat, 2018).

M. Sepura emphasizes the expediency of using the concept of “tax risks” in the plural, defining it as a set of objective and subjective (action or inaction of stakeholders of tax legal relations), internal and external factors of influence, the probability of which causes the failure to obtain financial benefits from the subjects of tax relations” (Sepura, 2011).

At the same time, it would not be entirely legitimate to limit legal consequences to criminal liability. In our opinion, for the practical application the definition of “tax risk” should be result-oriented (consequence-oriented), as the process of violating the law is criminal liability (Aleksandrov, Andrushko Antypov, Klymenko, Matyshevskiy, 2002). We agree with the scholars’ opinion that in modern conditions the main focus is made on tax risks, the occurrence of which is accompanied by criminal law factors, namely tax evasion (Hranautov, 2007). However, we consider that risk factors in the field of taxation should be considered in a broader sense. In the monograph “Risk Management Made Easy” E. Osborne describes a universal list of risks that any organization can face in its activities (Osborn, 2012). This list forms eight risk groups: strategic, operational, financial, regulatory, health and safety, personnel, technological and project. As any organization, fiscal authorities are characterized by all groups of

risks, but, as a rule, only some of them lead to a decrease in tax revenues: operational errors and failures are among operational ones; shortcomings of the regulatory framework are among the regulatory ones.

Ukrainian society often perceives taxes quite contradictory being not fully aware of their essence. The ideology imposed on the citizens of Ukraine for decades has shaped this attitude towards the concept of “taxation”. Tax culture of modern Ukrainian society is still not high enough and in most cases this is the determining source of risk situations. In this context, it is worth noting the increase in the tax culture of citizens and thus contributing to the increase of voluntary payment of taxes and fees. First of all, this applies to young people who are a progressive part of society, without any imposed ideologies, stereotypes, etc. (Tkachyk, 2016).

In 2016, the IMF presented a strategy aimed to promote voluntary tax payments. Ensuring compliance with tax laws has been identified as a top priority for tax authorities. The core of this strategy is the use of Compliance risk management (CRM) by tax authorities. This IMF strategy and, consequently, the developed cycle are based on the OECD risk management model. It should be noted that the OECD model is more focused on the operational aspect of tax risk management, which includes the following stages: identification, analysis, ranking, application of appropriate measures and evaluation of the final result of the actions of tax authorities.

The role of tax risks in the life of the state and the taxpayer has become apparent now, when there is a purposeful improvement of tax legislation in terms of limiting the ability of the taxpayer to minimize tax payments, strengthening the forms and methods of tax control.

References

Aleksandrov Yu.V., Andrushko P.P., Antypov V.I., Klymenko V.A., Matyshevskiy P.S. Naukovo-praktychnyi komentar do kryminalnoho kodeksu Ukrainy / S.S. Yatsenko (red.). 2-he vyd., pererob. ta dop. Kyiv.: A.S.K., 2002. 966 p.

Aleksandrova M. Zakordonnyi dosvid formuvannia ta rozvytku system strakhuvannia silskohospodarskykh kultur. Mizhnarodnyi zbirnyk naukovykh prats. 2011. Vypusk 2(20). P.18-28.

Antypenko I.V. Upravlinnia politychnymy ryzykamy v umovakh hlobalizatsii. dys. dokt. polit. nauk (doktora filosofii): Kyiv, 2021. 528 p.

Balabanov I.T. Osnovy finansovogo menedzhmenta. Moskva: Finansy i statistika, 2000. 525 p.

Bechko P. K., Lysa N. V. Podatkovi menedzhment: navch. posib.dlia stud.vyshch.navch. zakl. Kyiv: Tsentri uchbovoi literatury, 2009. 288 s. 92-97 s. URL: http://lukyanenko.at.ua/_ld/4/410____.pdf

Bernstajn P. Protiv bogov: Ukroshhenie riska / per. s angl. A. Mrantidi. M.: ZAO "Olimp-Biznes", 2000. 400 p.

Boldova A. A. Podatkovi ryzyk-menedzhment na finansovomu rynku Ukrainy. Zbirnyk naukovykh prats Natsionalnogo universytetu derzhavnoi podatkovoi sluzhby Ukrainy. 2015. No. 1. S. 27-33. URL: http://nbuv.gov.ua/UJRN/znpnudps_2015_1_5.

Bol'shoj jekonomicheskij slovar' / Pod red. A.N. Azrilijana. - 4-e izd.do- p.i pererab. Moskva: Institut pravovoj jekonomiki, 1999. 1248 p.

Cherevko O.I. Analiz mekhanizmiv upravlinnia ryzykamy v sferi opodatkuvanniazh URL: http://chtei-knteu.cv.ua/herald/content/download/archive/2013/v3/ NV- 2013-V3_52.pdf.

Compliance risk management : managing and improving tax compliance. Centre for tax policy and administration. Organization for economic cooperation and development. URL: <https://www.oecd.org/tax/administration/33818656.pdf> (access date: 19.03.2022).

Cyrkunova T., Migunova M. Nalogovye riski: sushhnost' i klassifikacija. Finansy i kredit. 2005. No. 33. P. 48-53.

Diachkov D.V. Formuvannia systemy ryzyk menedzhmentu pidpriemstva. Ekonomichnyi forum. 2015. No. 4. S. 235-241.

Filin CA. Finansovij risk i ego sostavljajushhie dlja obespechenija processa ocenki i jeffektivnogo upravlennja finansovymi riskami pri prinjatii finansovyh upravlencheskih reshenij. Finansy i kredit. 2002. No. 3. P. 21-31

Finansovo-kreditnyj jenciklopedicheskij slovar'. Pod red. Grjaznoj A.G. Moskva: Finansy i statistika, 1999. 1038 p.

Hranaturov V. M. Podatkovi ryzyk derzhavy: vyznachennia ta klasyfikatsiia. Finansy Ukrainy: Naukovo-teoretychni ta

informatiino-praktychnyi zhurnal Ministerstva finansiv Ukrainy. 2007. No. 10. P. 86-95.

Hranaturov V., Yasenova I. Podatkovi ryzyky derzhavy: vyznachennia ta klasyfikatsiia. Finansy Ukrainy. 2007. No. 10. P. 86-94

Jekonomicheskaja bezopasnost'. Jenciklopedija /Pod red. Bagautdinova. - Moskva.: Izdatel'stvo «Pravovoe prosveshhenie», 2001. 512 p.

Kniaskova V.Ia. Rol Podatkovoho kodeksu Ukrainy u vdoskonalenni podatkovoho kontroliu. Zbirnyk naukovykh prats «Upravlinnia rozvytkom». Kharkiv : KhNEU, 2012. No. 7(128). P. 17-18.

Kolomiets H. Podatkovi ryzyky: sutnist ta klasyfikatsiia. Makroekonomika. 2009. 5-6. S 27-32.

Korobova S.S. Razvitie risk-menedzhmenta v predprinimatel'stve. URL: www.kycherova.ru/delopment/index.html

Kozenkova TA. Nalogovoe planirovanie na predpriyatii. Moskva: AiN., 1999. 64 p.

Lapusta M.G., Sharshukova L.G. Riski v predprinimatel'skoj dejatel'nosti. Moskva: INFRA-M, 1998. 224 p.

Metodychni rekomendatsii po monitorynhu podatkovykh ryzykiv, zatverdzeni nakazom Derzhavnoi podatkovoi administratsii Ukrainy vid 23.10.2001 roku No. 428. URL: <http://zakon.rada.gov.ua>

Metrolohiia, 2014. DSTU IES/ISO 31010:2013. Natsionalnyi standart Ukrainy. Keruvannia ryzykom. Metody zahalnoho otsiniuvannia ryzyku. URL: [http://metrology.com.ua/download/iso\\$iecohsas\\$i\\$dr/87\\$sea/1062\\$dstu\\$ies\\$iso\\$31010\\$2013](http://metrology.com.ua/download/iso$iecohsas$i$dr/87$sea/1062$dstu$iesiso31010$2013).

Nadannia administratyvnykh posluh : navch.-metod. posib. dlia systemy pidvyshchennia kvalifikatsii derzhavnykh sluzhbovtiv ta posadovykh osib mistsevoho samovriaduvannia / ukl. A. V. Lipentsev. K. : [b. v.], 2013. 224 p.

Nakaz DPAU «Metodychni rekomendatsii z orhanizatsii kabinetnoho audytu (dlia yurydychnykh osib» vid 25.11.2002 r. No. 567. URL: <http://zakon.rada.gov.ua>.

Nikitin S. M., Feofanov K. A. Sociologicheskaja teorija riska v poiskah predmeta. Sociologicheskie issledovaniya. 1992. № 10. P. 120-127.

Obgruntuvannia hospodarskykh rishen ta otsiniuvannia ryzykiv : navch. posib. / Za zah. red. L.I. Donets. Kyiv. : Tsentr uchbovoi literatury, 2012. 472 p.

Osborn E. Risk Management Made Easy. BookBoon. Premium. 2012. P. 65.

Patseruk R.R. Teoretychni aspekty pobudovy systemy podatkovoho menedzhmentu v banku. http://www.rusnauka.com/19_AND_2012/Economics/3_113924.doc.htm.

Podatkovyi kodeks Ukrainy : Zakon Ukrainy vid 2 hrudnia 2010 roku. Vidomosti Verkhovnoi Rady Ukrainy (VVR). 2011. No. 13-14, No 15-16, No. 17. Pt. 112.

Podolianchuk O.A. Accounting and information support of tax calculations. The scientific heritage. 2020. № 51. P. 44-54. URL: <http://www.scientific-heritage.com/wp-content/uploads/2020/10/VOL-5-No-51-51-2020.pdf>.

Podolianchuk O.A. Oblik ta opodatkovannia rozrakhunkiv za potochnymy vyplatamy pratsivnykam. Theoretical and practical aspects of the development of the European Research Area: monograph. Edited by authors. 1st ed. Riga, Latvia: «Baltija Publishing». 2020. 322 p.

Pravdiuk M.V. Oblikovo-analitychne zabezpechennia upravlinnia likvidnistiu ahrarnykh pidpriemstv. Ekonomika, finansy, menedzhment: aktualni pytannia nauky i praktyky. 2019. No. 2. S. 124-139. URL: <http://socrates.vsau.edu.ua/repository/getfile.php/20974.pdf>.

Pravdiuk M. Key aspects of the legal regulation of environmental tax in Ukraine. Slovak international scientific journal. 2020. Vol. 3, № 45. P. 13-20. URL: <http://sis-journal.com/wp-content/uploads/2020/10/Slovak-international-scientific-journal-%E2%84%9645-2020-VOL.3.pdf>.

Pravdiuk M. Local taxation under conditions of decentralization: legal regulation. Colloquium-journal. Economic sciences. 2021. Vol. 3, № 12 (99). P. 50-56. URL: <http://www.colloquium-journal.org/wp-content/uploads/2021/07/colloquium-journal-1299-chast-3.pdf>.

Pro zabezpechennia kompleksnoho kontroliu podatkovykh ryzykiv z PDV : Nakaz Derzhavnoi fiskalnoi sluzhby Ukrainy : vid 28.07.2015 r. 105 No. 543. URL: <http://www.ligazakon.ua>

Problemy ekonomichnogo ryzyku: analiz ta upravlinnia: 36. nauk. pr. za materialamy Pershoi Vseukrainskoi nauk.-prakt. konf. 26 — 28 zhovtnia 1998 roku / Kyivskiy natsionalnyi ekonomichnyi universytet / O.D. IIIarapov (vidp. red.). Kyiv.; 1998. 94 p.

Prokurat A.S. Stanovlenie nalogovogo risk-menedzhmenta: ego mesto i rol' v nalogovoy sisteme Respubliki Belarus'. URL: <http://elib.bsu.by/bitstream/123456789/201690/1/253-257.pdf>.

Pushkar R. M., Tarnavska N. P. Menedzhment : teoriia ta praktyka : pidruchnyk. 2-he vyd., pereob. i dop. Ternopil : Kart-blansh, 2003. 490 p.

Riskmanagement Guidelines. URL: <https://www.iso.org/obp/ui/#iso:std:iso:31000:ed2:v1:en>

Rozvytok postmytnoho audytu v Ukraini : monohrafiia / Za zah. red. S. S. Brekhova. Kyiv : Alerta, 2018. P. 125-126.

Rudashevskij V.D. Risk, konflikt i neopredelennost' v processe prinjatija reshenij i ih modelirovanie. Moskva: Jekonomika, 1990. 254 p.

Stepura M. M. Ryzyk-menedzhment formuvannia podatkovykh dokhodiv biudzhetu : dys. ... kandydata ekonom. nauk. Kyiv, 2011. 267 p.

Stepura M. M. Ryzyk-menedzhment formuvannia podatkovykh dokhodiv biudzhetu : dys. ... kand. ekonom. nauk. Kyiv., 2011. 267 p.

Tkachyk F.P. Podatkovi kontrol u sferi vyjavlennia ryzykiv z PDV. Svit finansiv. 2016. № 2. P.113-123.

Upravlinnia finansovoiu bezpekoiu ekonomichnykh subiektiv : navch. posib./ S.M. Frolov, O.V. Kozmenko, A.O. Boiko [ta in.] ; za zah. red. d-ra ekon. nauk, prof. S.M. Frolova. Sumy : UABS NBU, 2015. 332 p.

Vitlinskyi V. V. Tymchenko Dzherela i vydy podatkovykh ryzykiv, yikh vzaiemozviazok. Finansy Ukrainy. 2007. № 3. P. 133-139.

Vitlinskyi V., Tymchenko O. Dzherela i vydy podatkovykh ryzykiv, yikh vzaiemozviazok. Finansy Ukrainy. 2007. № 3. P. 132-139.

Voronkova O. M. Osnovy podatkovoho menedzhmentu : navch. posibnyk. Irpin : Natsionalnyi universytet DPS Ukrainy, 2008. 160 p.

Yevchenko N. Podatkovi ryzyky v diialnosti banku. Chasopys ekonomichnykh reform. 2011. № 2. P. 31-40.

Yevtushenko, N. O. Mekhanizmy minimizatsii ekonomichnykh ryzykiv na promyslovykh pidpriemstvakh: avtoref. dys. ... kand. ekon.nauk: Mariupol, 2011. URL: <http://mydisser.com/en/catalog/view/8760.html>.

Hlazov, Oleksandr, Kalashnikova, Khrystyna, Zolotarov, Volodymyr, Levchenko, Iaroslava, Britchenko, Igor, Lošonczy, Peter. Meждутериториално сътрудничество в контекста на укрепване на нейната икономическа сигурност / Inter-Territorial Collaboration in the Context of Strengthening Its Economic Security. In IJCSNS International Journal of Computer Science and Network Security, Vol. 21 No.12, December 2021. Pages: 675-683. DOI: 10.22937/IJCSNS.2021.21.12.92. ISSN: 1738-7906.

Lošonczy, Peter, Mesároš, Marián. Управлението на кризи като важна отправна точка за предотвратяване на пандемия / Crisis management as an important starting point of preventing pandemic. In: Annals of Burns and Fire Disaster. Palermo, Italy: Euro-Mediterranean Council for Burns and Fire Disaster. Vol. 35, No. 5 is waiting for registration in Scopus) link: http://www.medbc.com/annals/review/vol_35/num_1/v35n1content.htm, ISSN: 1592-9566.

CONCLUSIONS TO PART 2

Assignment of a share of new value by the state is carried out by coercion. The state becomes the owner of a share of national income not as a participant in the production process, but as a body that has political power.

The purpose of the tax system, which is a reflection and organic component of the economic model of development, is not only to collect taxes and provide the revenue side of the budget to perform its functions, but also to promote the strategic goal of national economy.

The Ukrainian tax system is, on the surface, very similar to most tax systems in European countries.

However, unlike the countries of the European Community, the tax system of Ukraine is not a tool to increase the competitiveness of the state, does not contribute to the growth of economic activity of economic entities. The current system of state revenue generation reflects the imperfections of the transition economy and is mainly

fiscal in nature.

The main problem of the Ukrainian tax system is the excessive burden on both businesses and citizens.

An important factor in ensuring the economic stability of the country is the implementation of effective financial policy, which, above all, should be aimed at stimulating economic growth and social development.

Problems of accounting calculations with the budget are one of the most complex, time-consuming, and responsible in accounting. Accounting for calculations with the budget in modern conditions requires constant improvement both in organizational and methodological terms. Improving the system of accounting for settlements with the budget, which should be based on a single system of accounting indicators, reduce additional accounting operations required by current tax legislation.

Analyzing the opinions of scientists, we can summarize certain proposals for accounting calculations with the budget, namely: it is necessary to simplify the forms of tax reporting by eliminating data that are duplicated in other forms of reporting; to reduce to a minimum (1-2) certain appendices to tax returns, as they do not carry significant information when making economic decisions in the process of controlling the activities of the enterprise; to include a separate section "Organization of accounting of tax payments" in the Order on accounting policy; to supplement the notes to the annual financial statements with Section XIV "Taxes, Fees, Contributions"; to distribute responsibilities among the employees of the accounting department, which will ensure the compilation of complete and accurate information about the activities of the enterprise without additional staff costs.

In modern conditions, active tax risk management is becoming highly relevant since it reduces the amount of tax surcharges on the results of inspections, which can be especially painful for financial institutions that are experiencing problems with current liquidity. In order to identify tax risks and their reasons, as well as to improve profitability of financial institutions, it is necessary to develop a program of measures to implement tax activities and minimize the impact of tax risk on the activities of the institution. It is also necessary to determine which of the options for making a tax decision is suitable

for the institution and adjust one's activities depending on it. Sufficient information base created by the SFS of Ukraine, introduction of various electronic services, improvement of the quality of administrative, informational and advisory services provided to taxpayers minimize the risks of violating tax laws because of "ignorance". Therefore, if the taxpayer does not pursue the goal of deliberate evading the repayment of his tax liabilities, he is not likely to fall into the field of view of the tax inspection and can safely focus on the development of its financial institution.

Real measures aimed to reduce tax risk should involve the enhancement of the legal culture of taxpayers, improvement of the coherence of tax authorities, increase in the competence of employees of the State Tax Service, reduction of corruption, establishment of constant and impartial control over the timeliness and completeness of tax payments and fees to budgets and state trust funds, reduction of the impact of a human factor on one's economic activities by the State Tax Service, creation of a modern information and analytical system.

PART 3

DEVELOPMENT OF THE ORGANIZATION AND METHODS OF ANALYSIS IN THE MANAGEMENT OF THE ENTERPRISE

3.1. Organization and methods of analysis of intangible assets: status and development⁷

For domestic enterprises, intangible assets are a key factor in business success, as they contain ideas for doing business, the proposed product, production organization technology and enterprise management. They are the basis of stability and competitiveness of the created or operating business. Globalization processes in the economy have shifted the competition from access to cheap material resources to the possession of unique intangible assets that allow to produce modern products and meet consumer needs, increasing sales of products, goods and services. So, for the effective management of intangible assets available at the enterprise is necessary not only the formation of reliable and relevant accounting information about them, as well as economic analysis of their current state and efficiency of use.

One of the topical issues of intangible assets is their accounting and analysis, because their essence depends on the needs of management, the purpose of the analysis and industry characteristics of the enterprise. Therefore, the study of intangible assets and their role in increasing the competitiveness of the enterprise by conducting a detailed analysis becomes especially relevant.

Large number of foreign and domestic scientists, including Yu. Gorokhovets, T. Knyshenko, S. Legenchuk, O. Litvinov, O. Romanenko, R. Kaplan, S. Kuzubov, D. Norton, R. Reilly, O. Romanenko, S. Yermak, V. Savchuk, T. Mulyk, O. Tomchuk and others pay attention to theoretical and methodological aspects of intangible assets analysis. However, it should be noted that as a result of Ukraine's European integration processes and due to the broader concept of intangible assets in foreign practice, the issue of methodological approaches to the analysis of this category by

⁷ Mulyk T.O.

domestic enterprises remains unresolved.

In today's world, economic analysis of intangible assets is one of the most important components of the analysis of economic activity of the enterprise. Summarizing approaches to the economic analysis of intangible assets in the works of scientists, we can identify such traditional areas as:

- analysis of the share of intangible assets in the property of the enterprise (as part of non-current assets and as part of all assets of the enterprise);

- analysis of the availability and movement of intangible assets;

- analysis of intangible assets and their recovery;

- analysis of the structure of intangible assets in terms of various classification features (by type and purpose, the degree of legal protection, the sources of their income and disposal, the useful life);

- analysis of the need and security of intangible assets;

- analysis of the degree of liquidity of intangible assets;

- analysis of investments in intangible assets;

- analysis of the effectiveness of the use of intangible assets;

- analysis of the impact of factors on the efficiency of intangible assets;

- analysis of reserves to increase production through the use of intangible assets (Katkova, Lakutina, 2017).

At the same time, based on the generalization of research results, new approaches to the economic analysis of intangible assets are identified.

The assets of the enterprise in the balance sheet are divided primarily into two groups: non-current and current assets. Let's consider their dynamics and structure in Ukraine on the basis of statistical data for 2018-2020 (Table 3.1).

The total value of assets of enterprises of all types of economic activity for the period 2018-2020 increased by UAH 1,804.4 billion, or 16.6%. Non-current assets and disposal groups increased by 10.3%, but they do not have a significant impact on the formation of assets of enterprises, as their share is about 0.1%. The structure of assets is dominated by current assets, their share at the end of 2020 was 58% and this is positive, because they are more mobile and provide liquidity to enterprises. Non-current assets account for 41.9%. In three years, the structure of assets has not changed significantly. However,

there was an increase in both current (by UAH 1,075.5 billion or 17.1%) and non-current assets (by UAH 728 billion or 15.9%).

Table 3.1

Dynamics and structure of Ukraine's enterprise assets

Indexes	2018		2019		2020		Deviation 2020/2018	
	<i>billion UAH</i>	%	<i>billion UAH</i>	%	<i>billion UAH</i>	%	<i>billion UAH</i>	%
Non-current assets	4584,3	42,1	4844,5	42,1	5312,3	41,9	728,0	15,9
Current assets	6285,1	57,8	6640,3	57,8	7360,6	58,0	1075,5	17,1
Non-current assets and disposal groups	8,7	0,1	10,2	0,1	9,6	0,1	0,9	10,3
Balance	10878,1	100,0	11495,0	100,0	12682,5	100,0	1804,4	16,6

Source: formed by the author on the basis of (State Statistics Service, 2021)

Next, we analyze the presence of non-current assets by type of asset (Table 3.2).

Table 3.2

**Availability of non-current assets by types of assets, Ukraine,
UAH billion**

Types of non-current assets	2018	2019	2020	Deviation (2020/2018)	
				Absolutely (+,-)	Relative, %
1	2	3	4	5	6
Total	3907,9	4274,4	4594,7	686,8	17,6
<i>Tangible assets</i>	3754,0	4092,1	4394,2	640,2	17,1
residential buildings	547,4	512,7	516,5	-30,9	-5,6
non-residential buildings	988,8	1037,7	1104,0	115,2	11,7
engineering structures	616,2	714,2	814,3	198,1	32,1
machinery, equipment and inventory	928,9	1048,4	1146,0	217,1	23,4
vehicles	260,5	295,5	307,2	46,7	17,9
land	164,2	186,0	200,9	36,7	22,4
long-term biological assets of crop production	4,6	5,4	5,8	1,2	26,1
long-term biological assets of livestock	29,8	30,3	30,5	0,7	2,3

Continuation of table 3.2

1	2	3	4	5	6
other tangible assets	129,1	169,8	169,7	40,6	31,4
Investment real estate	84,5	92,1	99,3	14,8	17,5
<i>Intangible assets</i>	153,9	182,3	200,5	46,6	30,3

Source: formed by the author on the basis of (State Statistics Service, 2021)

The data in the table show that the main share of non-current assets are tangible ones. During the study period, they increased by UAH 640.2 billion or 17.1%. Among them, growth is observed in almost all types of tangible fixed assets (non-residential buildings, engineering structures, machinery, equipment and inventory, vehicles, land, long-term biological assets of crop production, long-term biological assets of livestock, other tangible assets, investment property). The decrease in value is observed for the analyzed period for residential buildings (-30.9 billion UAH).

Intangible assets increased by UAH 46.6 billion or 30.3% during the study period.

The presence of non-current assets by types of assets in Ukraine can also be observed in Fig. 3.1.

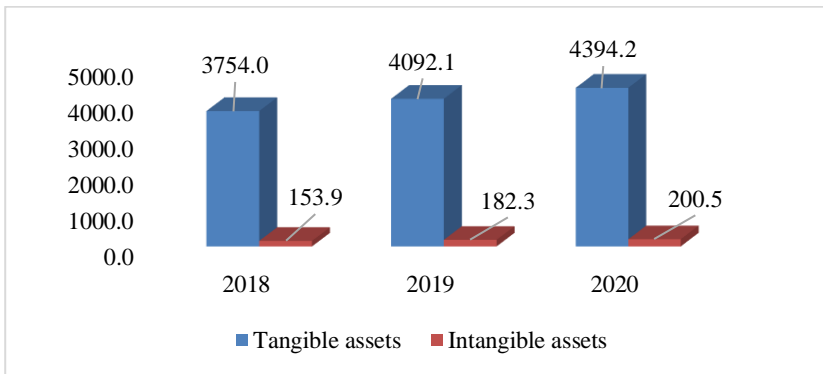


Fig. 3.1. Availability of non-current assets by types of assets, Ukraine, UAH billion

Source: formed by the author on the basis of (State Statistics Service, 2021)

The purpose of non-current asset management is to ensure their timely renewal and efficient use.

The management process solves the following tasks: identifying possible forms of renewal of fixed assets, determining the need to increase non-current assets to expand activities, identifying possible ways to expand fixed assets, ensuring efficient use of fixed assets and intangible assets, forming the necessary intangible resources to reproduce non-current assets and optimization of their structure (Fedorova, Bulygina, 2016).

To ensure effective operation, companies need to restore their material and technical base. Reproduction occurs mainly through capital investment, which provides income from fixed assets, intangible assets and other non-current tangible assets to the enterprise.

Table 3.3 provides information on the volume of capital investment by enterprises of all types of activity in Ukraine.

Table 3.3

Capital investments by types of assets, Ukraine, UAH billion

Capital investments in assets	2018	2019	2020	Deviation	
				Absolutely (+,-)	Relative, %
Total	578,7	624,0	508,2	-70,5	-12,2
<i>investments in tangible assets</i>	542,3	600,6	483,3	-59,0	-10,9
residential buildings	57,4	58,0	34,9	-22,5	-39,2
non-residential buildings	88,8	100,5	78,9	-9,9	-11,1
engineering structures	111,3	149,2	128,0	16,7	15,0
machinery, equipment and inventory	187,7	198,5	161,6	-26,1	-13,9
vehicles	73,9	65,9	50,1	-23,8	-32,2
land	1,7	2,2	2,3	0,6	35,3
long-term biological assets of crop and livestock	4,5	6,0	5,2	0,7	15,6
other tangible assets	1,7	2,0	2,2	0,5	29,4
<i>investments in intangible assets, of which</i>	36,4	23,4	24,9	-11,5	-31,6
rights to commercial designations, industrial property, copyright and related rights, patents, licenses, concessions	24,4	8,4	8,4	-16,0	-65,6
software and databases	9,5	10,2	12,4	2,9	30,5

Source: formed by the author on the basis of (State Statistics Service, 2021)

During 2018–2020, the volume of capital investments in the reproduction of non-current assets decreased by UAH 70.5 billion or 12.2%. Among them, investments in tangible assets decreased by UAH 59.0 billion or by 10.9%.

Decrease in investment in tangible assets is observed for almost all types of assets, except for engineering structures (+ UAH 16.7 billion), land (+ UAH 0.6 billion), long-term biological assets of crop and livestock (+ UAH 0.7 billion) and others tangible assets (+ 0.5 billion UAH).

Investments in intangible assets also decreased by UAH 11.5 billion during the analyzed period. In particular, investments in rights to commercial designations, industrial property, copyright and related rights (including entertainment programs and originals of literary and artistic works), patents, licenses, concessions decreased by UAH 16.0 billion or 65%. Investments in software and databases increased by UAH 2.9 billion or 30.5% over the analyzed period.

The analysis conducted in this study shows that non-current assets of enterprises of all activities are growing. Among the shortcomings in the management of non-current assets a tendency to build a suboptimal asset structure was revealed, untimely renewal of funds, inefficient use of fixed assets, the use of investment opportunities in full.

And despite the fact that depreciation of fixed assets and intangible assets remains quite high, the increase in capital investment, which has recently been directed to the reproduction of intangible and tangible assets, gives hope for accelerating the pace of non-current assets recovery, which in turn will improve -technical base of enterprises and the economy as a whole.

The formation of the optimal structure of enterprise assets, timely renewal and efficient use of non-current assets, capital investment and capacity building of enterprises should be a necessary element of effective management of non-current assets in enterprises to eliminate identified negative trends and effective reproduction of non-current assets.

The above information once again confirms that economic analysis plays an important role in the management of intangible assets.

The main tasks of the analysis of intangible assets are to determine the needs of the enterprise in intangible assets; study of opportunities

to increase the volume and expand the species composition of intangible assets; study of causal relationships of the impact of intangible assets on the effectiveness of the enterprise; evaluation of the company's work on the formation of intangible assets; determining the effectiveness of the use of existing intangible assets.

However, based on the generalization of research results, we can identify new approaches to economic analysis of intangible assets. Thus, to formulate the tasks of analysis of the use of intangible assets Dyba V.M. proposes to combine the intellectual property of enterprises, characterized by the results of scientific and inventive activities, into a separate object of analysis – the “patent portfolio” of intangible assets of the enterprise. This approach to determining the object of analysis of the use of intangible assets allows to group security documents included in the “patent portfolio” of intangible assets, according to the degree of liquidity in 3 groups: key patents, secondary patents, useless patents (Dyba, 2017).

Portfolio analysis of intangible assets of innovation-oriented enterprises means a tool according to which the company's management identifies and evaluates the usefulness of intangible assets in order to make capital investments in the most profitable or promising intellectual property rights or reduce (terminate) capital investments in inefficient investments. projects (Dyba, 2017).

According to the author, the main components of the analysis of the use of intangible assets of innovation-oriented enterprise should include: – analysis of the patent environment in the field of enterprise operation; – analysis of the company's needs for intangible assets to form a profitable patent portfolio; – assessment of the value of the patent portfolio of intangible assets of the enterprise; – assessment and analysis of the dynamics of the patent portfolio of intangible assets to forecast trends in its growth; – assessment and analysis of the group structure of the patent portfolio of intangible assets and its changes (by sources of income, by types of legal protection of security documents, in terms of useful life and level of liquidity, by reasons for disposal of intangible assets); – analysis of the life cycle of production and assessment of the usefulness of intangible assets; – study of the causal relationships of the impact of the volume and structure of the patent portfolio of intangible assets on income from the sale of new products of the enterprise; – analysis of patent return and profitability of the

patent portfolio of intangible assets of the enterprise; – analysis of patent activity and patentability of the enterprise and its changes; – analysis of the competitiveness of innovations introduced into production (Dyba, 2017).

To assess the competitive advantage of the corporation, taking into account intangible assets, a set of criteria is proposed. Within each of the selected evaluation criteria, a system of analytical indicators of intangible assets is proposed for scoring the competitive advantages of the corporation:

1) the criteria for the degree of novelty of intangible assets, the presence of domestic or foreign analogue, the degree of similarity with such an analogue, the nature of changes that will occur during the use of intangible assets, competitiveness in the domestic market, competitiveness in foreign markets, the possibility of reducing imports or increasing exports as the result of the use of intangible assets);

2) the criterion of complexity (the number of industries in which intangible assets can be used, the degree of satisfaction of internal needs of the organization, the number of technologies used in the creation of intangible assets);

3) the criterion of efficiency (the need for intangible assets in the domestic market, the need for intangible assets in foreign markets, the efficiency of intangible assets, the need to involve specialists from outside to implement intangible assets, the probability of success of the enterprise in implementing intangible assets);

4) the criterion of readiness for use in further economic activities (the amount of costs necessary to bring intangible assets to the level of use in production or sale, the number of specialists to be involved to bring intangible assets to practical use, the range of industries to involve for the sale of intangible assets, the readiness of staff, equipment and other objects, related to intangible assets, to interact effectively);

5) criterion of social significance of intangible assets for the enterprise (social significance of introduction of intangible assets, change of employment situation as a result of intangible assets use, change of requirements to professional level of workers during introduction of intangible assets, change of ecological situation as a result of intangible assets application in practice) (Dyba, 2017).

Anokhina K.O. proposed a method of comprehensive analysis of

intangible assets, which includes assessment, analysis of efficiency use, levels of depreciation and development of intangible assets of the enterprise (Anokhina, 2015).

To the generalizing indicators of efficiency of intangible resources use the author carries such system of indicators. As direct resource indicators it is proposed to use indicators of profitability and productivity of intangible assets (profitability of intangible assets characterizes the amount of profit of the enterprise per hryvnia of intangible assets, productivity of intangible assets – the volume of products produced per hryvnia of intangible assets). Inverse resource indicators are the payback period of intangible assets (indicates the time during which the value of intangible assets will be returned by making a profit, or how many times the value of intangible assets exceeds the company's profit) and the capacity of intangible assets (shows the amount of intangible assets involved for the production of one hryvnia products of the enterprise) (Anokhina, 2015).

The quality of the analysis depends on the information sources.

The main sources of analysis of intangible assets of domestic enterprises are the forms of financial and statistical reporting, in particular, f.1 “Balance Sheet”, f.5 “Notes to the annual financial statements” and the statistical reporting form No. 1-innovation. These forms of content should provide sufficiently detailed information on intangible assets, compared, for example, with IFRS. However, information even in these forms is mostly absent. This means that either companies do not own intangible assets or that their recognition, measurement and accounting do not have adequate organizational support.

Based on the indicators of financial reporting, the analysis of intangible assets should be directed to the areas summarized in Fig. 3.2.

At the first stage of the analysis, it is necessary to analyze the needs of the enterprise in intangible assets. The business entity's need for intangible assets is determined by comparing the technical characteristics of the enterprise's products and those of its competitors. The generalizing indicator characterizing the security of the enterprise in intangible assets can be their share in the assets of the enterprise and comparison with similar indicators of competing enterprises.

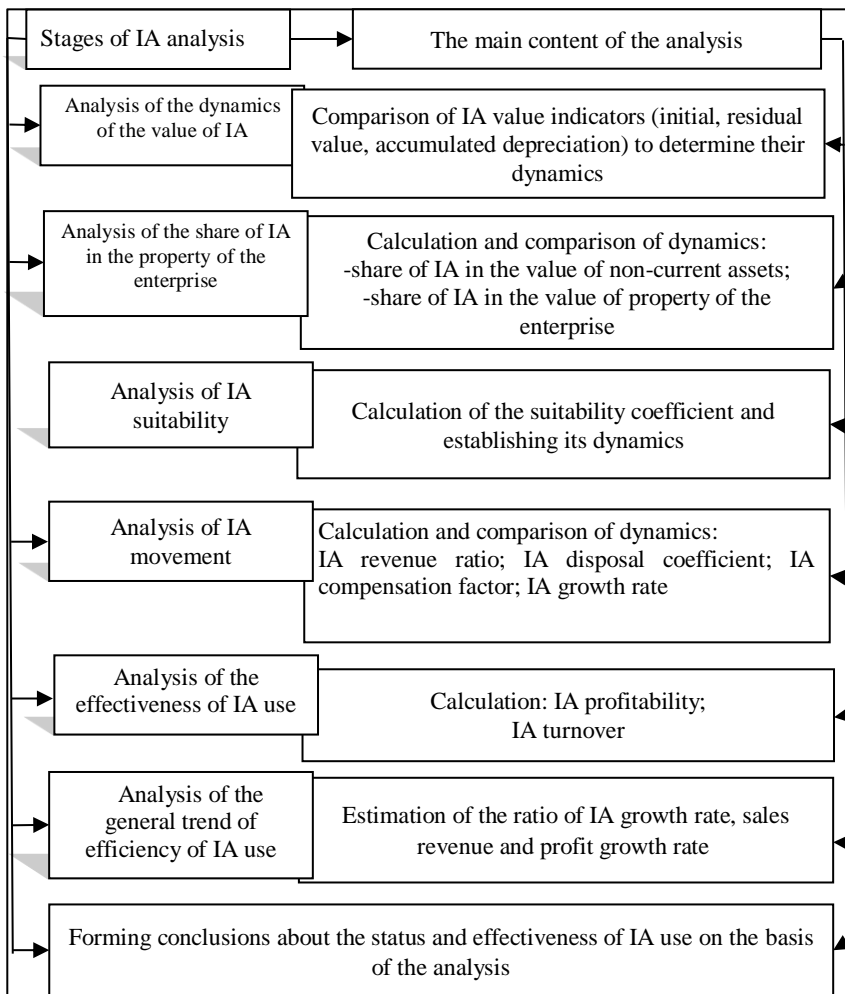


Fig. 3.2. Stages of analysis of intangible assets of the enterprise and their general characteristics based on financial reporting indicators

Source: formed by the authors on the basis of (Yasyshena, Pylyavets, 2021)

The next stage is the analysis of the resource base and directions of formation of intangible assets at the enterprise. For the formation of

intangible assets, the need for resources depends on the method of obtaining an intangible asset (IA).

Thus, there are different areas of obtaining an intangible asset: the acquisition of a separate intangible asset, the creation of an intangible asset through research or implementation of own developments, the acquisition of an asset in the process of acquiring an existing enterprise.

Depending on the means of obtaining an intangible asset, the entity's need for the resources required to create the intangible asset is determined.

An important area of analysis of intangible assets is their evaluation as part of the property, which will allow to form an idea of the state and use of intangible assets in the enterprise.

Another step in the analysis of intangible assets is the study of their movement. These processes can characterize the following indicators:

- revenue ratio – shows the revenue capacity of intangible assets, which is calculated as the ratio of the value of intangible assets received during the reporting period to their original value at the end of the period;

- disposal ratio – determines the intensity of their disposal from the sphere of production and is calculated as the value of intangible assets that were disposed during the reporting period, to their value at the beginning of the same period;

- disposal compensation ratio – means the intensity of replacement of intangible assets that have been disposed of, and is defined as the ratio of intangible assets received during the reporting period to those that were disposed of;

- growth rate – characterizes the level of growth of intangible assets for the reporting period and is calculated as the ratio of the value of growth of intangible assets to their value at the beginning of the period (Fadeeva, Sorokina, 2011).

The analysis of the dynamics of costs for research and development gives a chance to assess the ability of the company to create intangible assets on their own. It is also advisable to assess the dynamics of foreign investment in other enterprises and projects aimed at implementing innovative projects that the entity is not able to implement on its own. Many companies use the process of merging and transitioning to integrated structures as a means of obtaining

intangible assets.

Under the conditions of integrated enterprises, the issue of high value of intangible assets can be solved through the group use of basic knowledge obtained through the acquisition of licenses, and the resources for their acquisition are formed by the corporation as a whole.

The next stage of the analysis involves the study of the magnitude and dynamics of the value of intangible assets of the enterprise. To do this, it is advisable to use such indicators as basic growth rate and chain growth rate. An important cost indicator that characterizes their importance is the share of the value of intangible assets in the structure of production costs. According to the Notes to the Financial Statements and the Accounting Regulations (Standards) (ARS) and International Financial Reporting Standards (IFRS), it is possible to track not only their availability, but also their movement and depreciation.

Then the analysis of intangible assets structure is performed. The distribution of intangible assets into separate groups for analysis purposes can also be carried out according to the following criteria: useful life, level of use in production, areas of disposal, level of legal protection, prestige, and so on.

Analytical assessment of the structure of intangible assets by useful life is significant from the standpoint of determining the needs of the enterprise in certain types. Thus, the analysis of the structure by the level of protection, allows us to conclude about the decrease or increase in the share of assets that are protected by licenses, copyrights, patents etc.

During the analysis, it is also necessary to assess the disposal of intangible assets. This analytical assessment is carried out in the dynamics for the following reasons:

- a) write-off after the end of service;
- b) write-off of previously established service life;
- c) sale (assignment) of exclusive rights;
- d) free transfer of intangible assets.

Particular attention in the analysis of the composition of intangible assets of enterprises should be paid to the analytical assessment of goodwill. Goodwill of the enterprise is its unique internal resource, which characterizes the increase in the value of the enterprise, which

is achieved primarily through effective management. In the theory and practice of accounting, goodwill should be considered in terms of its valuation and in terms of reporting. However, according to ARS 8 “Intangible Assets” (AR(S), 1999), goodwill is not classified as intangible assets. For example, American corporations confidently reflect goodwill in both non-current tangible and financial assets.

The next stage of the analysis involves assessing the effectiveness of the use of intangible assets. Intangible assets are created and purchased in order to ensure a positive effect of the enterprise, which will be reflected in the performance of operating activities.

As businesses have different intangible assets, it is difficult to distinguish the effectiveness of each type. Therefore, the cost-effectiveness of such facilities should be assessed in terms of: increasing production and sales, increasing revenue, reducing costs and production costs, improving the efficiency of all resources, and so on.

In general, the impact of intangible assets is considered positive if the growth rate of revenue from sales or profits exceeds the growth rate of intangible assets. Return on intangible assets is estimated on the basis of the ratio of profit from sales to the average annual value. For the needs of strategic analysis, it is important to study the effectiveness use of separate types (Plekan, 2016).

The main factors of growth of profitability of intangible assets are: increase of profitability, increase of profitability of sale and acceleration of turnover of intangible assets. However, this analysis has a drawback due to the fact that the high profitability and turnover of intangible assets are associated with their low share in the value of property. Generalized indicators of the efficiency of use of intangible assets of the enterprise are limited by the amount of financial statements (Yasyshena, Pilyavets, 2021).

It is expedient to improve the quality of financial analysis of the efficiency of use of intangible assets through the study of the share of income and the share of profit that companies received from the use of intangible assets.

Also noteworthy is the approach to the analysis of the efficient use of intangible assets, proposed by economist T.A. Pozhidayeva. She states that the following conditions must be met in order to recognize the efficient use of intangible assets:

$$Gr^{ia} < Gr^{sr} < Pgr, \quad (3.1)$$

where Gr^{ia} – the growth rate of intangible assets;

Gr^{sr} – growth rate of revenue from sales of goods, products, works and services; Pgr – profit growth rate (Pozhidaeva, 2007).

Based on the ratio of growth rates of intangible assets, sales revenue and profit needed to assess the effectiveness of intangible assets, scientists propose to establish an appropriate level of efficiency, which is fixed by certain ratios (Table 3.4).

The use of intangible assets should be considered effective if during a certain period their level increases with a sufficient share of intangible assets in the property of the enterprise, which corresponds to the actual availability of intangible assets.

Table 3.4

Estimation of the ratio of growth rates of intangible assets, sales revenue, profit growth rates

The level of efficiency of IA use	Rating
Effective use of IA	$Gr^{ia} < Gr^{sr} < Pgr$
Conditionally effective use of IA	$Gr^{ia} < Gr^{sr} > Pgr ; Gr^{ia} > Gr^{sr} < Pgr$
Inefficient use of IA	$Gr^{ia} > Gr^{sr} > Pgr$

Source: formed by the authors on the basis of (Pozhidaeva, 2007; Yasysheva, Pylyavets, 2021)

At the same time, the efficiency of intangible assets is confirmed by rather high indicators and tendencies of suitability, growth, profitability. Provided that these indicators are recorded on the basis of higher growth rates of revenue from sales of goods, products, works, services and profit growth rates. One of the important conditions for effective intangible assets is the actual reflection of these assets in the financial statements.

Intangible assets that are in the company should be analyzed from the standpoint of liquidity, which forms the sixth stage of analysis. Intangible assets that have a high level of protection, long service life, and therefore are characterized by the ability to create economic effects in the future, have a high level of liquidity, and vice versa. In general, intangible assets by liquidity level can be divided into three groups: highly liquid, medium liquid, low liquidity. Assessing the

level of liquidity of all assets of the enterprise intangible assets are traditionally classified as low-liquid, because we believe that they are much more difficult to sell compared to current assets and other non-current.

O.V. Romanenko as promising directions for the development of methods for analyzing the use of intangible assets proposes to analyze the impact of intangible assets on the value of the enterprise and analyze the use of intangible assets in integrated structures (Romanenko, 2012).

According to the results of her research, O.V. Vakun identifies a new direction in the field of economic analysis – economic analysis of the use of intangible capital, the use of which allows to identify new indicators of efficiency of the enterprise. She proposes to subdivide the analysis of intangible assets in a broad sense into the analysis of intangible assets directly and the analysis of intangible capital. By intangible capital, the author understands the positive difference between the value of internally generated intangible assets, calculated on the basis of the costs incurred for their creation, and the fair value of internally created intangible assets (for these purposes the author proposed to allocate an account “Intangible additional capital” as part of the liabilities of the balance sheet. Use of the proposed account “Intangible additional capital” in the accounting system allows to separate the capital of the enterprise, which is formed due to the specific features of intangible assets and simultaneously is an information source for economic analysis of intangible capital (Vakun, 2012).

In order to assess the level of development of intangible assets K.O. Anokhina has developed a system of aggregated indicators of the level of development of intangible assets, which are disclosed using the corresponding partial indicators (Anokhina, 2015).

1. The level of development of intangible assets related to technology is revealed by such aggregated indicators as enterprise costs (characterize all types of costs incurred by the enterprise in connection with the reproduction of this type of intangible assets), research and development costs (R&D); the amount of venture funding from the organization; losses on the acquisition of new technologies; number of objects (characterize the arithmetic number of all intangible assets of this type (the number of documented patents

and other rights to intangible assets related to technology; the level of development of Internet technologies (domain names, the quality of web site, the number of site visitors, etc.), the degree of coverage of software needs, the level of development of non-proprietary technologies), the level of depreciation (is both a partial and aggregate indicator of the level of development of IA related to technology).

2. The level of development of intangible assets related to the use of natural resources, property and other rights is characterized by partial indicators of the level of development, namely the number of documented rights to use natural resources, property, etc. ; the number of permits for construction, operation and other permits; the level of economic or other privileges secured by the rights to use the property, land plots, business permits, etc.

3. The level of development of intangible assets related to creative activities is proposed to be disclosed in aggregated indicators that coincide with partial (number of rights to literary, artistic, musical works, etc.; the level of economic or other privileges secured by rights to literary, artistic, musical works, etc.).

4. The level of development of intangible assets associated with commercial designations. Aggregate indicators of this level of development of intangible assets coincide with partial and include the number of intangible assets that are associated with commercial designations (trademarks, service marks, logos, slogans, conformity marks, certification marks); the level of depreciation of intangible assets associated with commercial designations; the level of consistency of intangible assets objects associated with commercial designations, properties and qualities of goods.

5. The level of development of intangible assets related to communication relations is characterized by such aggregated indicators as the level of stability of communication relations (characterizes the stability of relations with the immediate external environment and is revealed by such partial indicators as the share of customers with stable communication relations, the share of suppliers and partners with whom stable communication relations; the share of regular customers, suppliers, partners (5 years or more) to the total); the level of development of communications (assesses the quality of communications of the enterprise and reveals two partial indicators, such as the development of PR-activities and the level of development

of customer feedback); number of complaints from customers, suppliers, partners (number of social conflicts).

6. The level of development of intangible assets related to human capital. It is proposed to include the level of staff training to the aggregated indicators (characterizes and contains partial indicators: level of education of employees, share of employees with higher education); costs of education and training per employee; level of professional knowledge (by type of employees)); indicators of personnel dynamics (average length of service of the employee and the coefficient of staff stability); the level of staff incentives (characterizes the degree of motivation of staff to perform their functions. To assess this indicator, it is proposed to use partial indicators such as staff motivation; microclimate in the workforce; staff participation in innovation).

7. The level of development of intangible assets, which is related to reputation. Aggregate indicators are financial sustainability (describes the degree of economic stability and attractiveness of the enterprise and includes such indicators as the level of financial stability and investment attractiveness of the enterprise) and perception of the enterprise by external environment (it is proposed to use such partial indicators as product quality; level of social responsibility; history of the enterprise) (Anokhina, 2015).

In general, generalized methods of analysis of the use of intangible assets make it possible to include them, as an object, in a system of comprehensive analysis of the enterprise, which will create the prospect of determining their place in the development of the enterprise. The analysis of intangible assets becomes especially relevant in the context of ensuring the strategic development of the enterprise.

Here is an example of the analysis of intangible assets in the enterprise. To assess tangible assets, we present the data in table. 3.5. based on the information presented in the company's reports.

These tables show that the intangible assets of Ltd "Agrana Fruit Ukraine" increased by UAH 13,136,000 during the study period. In the structure of non-current assets, their share ranges from 0.3% to 5.9%. During the study period, it increased. In the structure of total assets, their share ranges from 0.06 to 1.6. It also increased during the study period.

Table 3.5

Valuation of intangible assets in the asset structure of Ltd “Agrana Fruit Ukraine”

Types of assets	2018	2019	2020	Deviation (+,-)
Intangible assets, thousand UAH	644	472	13780	13136
Non-current assets, thousand UAH	141841	169386	233402	91561
in% to non-current assets	0,5	0,3	5,9	5,4
Total assets, thousand UAH	766519	771136	863015	96496
in% of total assets	0,08	0,06	1,60	1,51

Source: formed by the author on the basis of financial statements of the enterprise

The dynamics of changes in intangible and non-current assets of Ltd “Agrana Fruit Ukraine” for 2018-2020, we can also observe in Fig. 3.3.

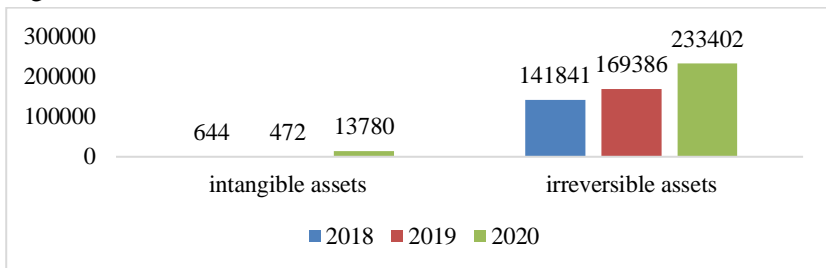


Fig. 3.3. Dynamics of intangible and non-current assets of “Agrana Fruit Ukraine” Ltd for 2018-2020, UAH thousand

Source: formed by the author on the basis of financial statements of the enterprise

The composition of intangible assets in “Agrana Fruit Ukraine” Ltd will be presented in table. 3.6. As you can see, the company has only other intangible assets, which increased in dynamics by 13,136 thousand UAH.

Enterprises make capital investments in the acquisition of fixed assets and the acquisition (creation) of intangible assets. The data are presented in table. 3.7.

These tables show that the company’s capital investments are made in the following non-current assets: capital construction, acquisition (manufacture) of fixed assets, acquisition (creation) of intangible assets.

Table 3.6

The composition of intangible assets in Ltd “Agrana Fruit Ukraine”

Types of intangible assets	2018	2019	2020	Deviation (+,-)
Rights to use natural resources	-	-	-	-
Property use rights	-	-	-	-
Rights to commercial designations	-	-	-	-
Rights to industrial property	-	-	-	-
Copyright and related rights	-	-	-	-
Other intangible assets	644	472	13780	13136
Total	644	472	13780	13136

Source: formed by the author on the basis of financial statements of the enterprise

The value of these investments during the study period decreased by UAH 4,405,000. The value of investments in intangible assets increased by UAH 12,814 thousand. Capital investments in other non-current assets decreased during the period under review.

Table 3.7

Capital investments in non-current assets Ltd “Agrana Fruit Ukraine”

Capital Investments	2018	2019	2020	Deviation (+,-)
Capital construction	213	25449	-	-213
Acquisition (manufacture) of fixed assets	28094	20842	11088	-17006
Acquisition (manufacture) of other non-current tangible assets	-	-	-	-
Acquisition (creation) of intangible assets	661	-	13475	12814
Acquisition (growing) of long-term biological assets	-	-	-	-
Others	-	-	-	-
Total	28968	46291	24563	-4405

Source: formed by the author on the basis of financial statements of the enterprise

To improve the analysis of intangible assets of the enterprise it is important to develop its methodology in the system of cost-oriented management.

Management of intangible assets as a factor in creating the value of the enterprise is a continuous process, to improve the efficiency of

which it is necessary to solve the following tasks:

- identify the components of intangible assets that are most important from the standpoint of creating its value;
- introduce mechanisms to identify shortages and surpluses of intangible assets at the enterprise;
- identify the main internal users of accounting and analytical information on intangible assets;
- develop policies and models of decision-making based on indicators that characterize the use of intangible assets in the enterprise;
- develop channels for the transfer of accounting and analytical information on intangible factors of value creation for external users (Gorokhovets, 2018).

The main purpose of improving the methodology of economic analysis of intangible assets is seen in the interpretation of data on intangible resources of the enterprise to form an unbiased opinion of the transformation of the value of its intangible capital carried out through business processes in which it is used and provides value for a long time.

Realization of the defined purpose provides both the analysis of existing process of creation of value of the enterprise by use of its intangible assets taking into account influence of internal and external factors of generation and destruction of their cost, and carrying out the economic analysis of process of formation of future economic value based on identifying possible ways to improve the efficiency of existing intangible assets in existing and new business processes, taking into account changes in fundamental value factors (Gorokhovets, 2018).

Evaluation of foreign scholars' researches suggests that researchers have recently argued the priority role of intangible assets in the formation of enterprise value along with financial factors, because in the current conditions it's the analysis of intangible factors that makes it possible to identify the way to achieve financial results of business entity.

The study of the place of intangible assets in the formation of the market value of the current enterprise is becoming extremely important. It is intangible assets that provide it with advantages in the face of growing competition and increase their market value, and the

success of the enterprise largely depends on the efficiency of investment in intangible assets.

To date, scientists have made a significant number of proposals for the formation of the subsystem of economic analysis of intangible assets of the component system of cost-oriented enterprise management, which, in our opinion, can be combined into two main groups (Fig. 3.4).

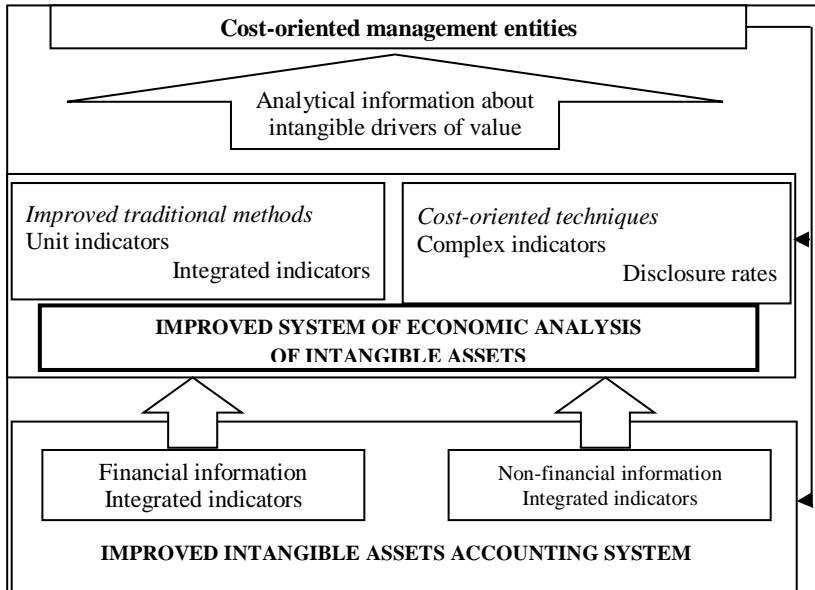


Fig. 3.4. The structure of the system of accounting and economic analysis as a source of information support for cost-oriented management

Source: formed by the authors on the basis of (Gorokhovets, 2018)

The presented model (Fig. 3.4) reflects the relationship between improvements in the current system of accounting and economic analysis in terms of intangible assets in the direction of improving the efficiency of cost-oriented management of intangible drivers of value.

Based on the use of financial and non-financial information on intangible assets at a particular enterprise, the existing methods of economic analysis of intangible assets can be improved or cost-

oriented methods can be introduced (Gorokhovets, 2018).

In case of inconsistency of analytical information on intangible drivers of value creation to the requests of cost-oriented entities based on the feedback mechanism, partial improvements or radical transformation of existing methods of collecting, forming, processing and presenting accounting and analytical information should be carried out (Gorokhovets, 2018).

I. Improved traditional methods of economic analysis of intangible assets in most cases involve meaningful expansion of intangible assets to the level of intangible resources and establish their role in shaping the value of the enterprise. The main hypothesis of the representatives of this approach is the need to ensure the formation of analytical information about the state and dynamics of all intangible drivers of enterprise value creation. In this case, the relationship between such drivers and the market value of the enterprise is considered a constant value, so it is unnecessary to establish the level of impact of a particular intangible driver on the value of the enterprise (Gorokhovets, 2018).

As part of the methodologies referred to the first group, we can distinguish two groups of indicators that are developed to improve the efficiency of cost-oriented management of intangible assets.

Individual indicators relate to new types of intangible assets and their more detailed components, which are identified by domestic scientists. Due to the change in the classification of groups of intangible assets as a result of such proposals, which is given in paragraph 5 of GAAP 8 “Intangible assets” (GAAP 8), there is an opportunity to calculate new types of indicators.

Integrated indicators provide simultaneous measurement of the value of all intangible assets (intellectual capital) available at the enterprise on the basis of direct calculation, i.e. determining their value without correlation with the market value of the enterprise (Gorokhovets, 2018).

II. Cost-oriented methods of economic analysis of intangible assets involve the simultaneous use of accounting data and information from financial markets on the market value of the enterprise during their implementation. Thus, the market value, which reflects the assessment of the company by investors in accordance with their expectations about its future profitability, is a criterion for comparison in the

calculation of various analytical indicators for intangible assets of the enterprise. Such methods assume that the market value of the company, established in the financial markets, is a function of various types of assets of the enterprise, in particular, intangible (Gorokhovets, 2018).

The market capitalization of an enterprise is a dynamic concept that is under the influence of constant changes due to changes in investors' expectations about the future profitability of the enterprise. Market value has been used in the system of economic analysis before, but its active use in the post-industrial economy is justified by the need to eliminate the shortcomings of the company's accounting system, which does not provide reliable and relevant information about intangible drivers of value creation. Analysis of market value, in relation to other accounting indicators, allows to display all intangible resources that provide value creation of the enterprise.

For effective cost-oriented management of intangible assets of the enterprise, scientists propose to develop a strategic panel of indicators that provides:

- monitoring the functioning of the main business processes of the enterprise related to direct (acquisition, development, transfer to the use of third parties, etc.) and indirect (use in economic activities) use of intangible assets;

- identifying the root causes of inefficient use of intangible assets in the enterprise based on the use of relevant and up-to-date accounting information;

- people and business processes management in order to find optimal solutions aimed at maximizing the efficiency of internal and external use of intangible assets of the enterprise (Gorokhovets, 2018).

Thus, the analysis of the availability and use of intangible assets is an important component of the analysis of the financial condition of the enterprise, which improves the efficiency of managing the competitiveness of products in domestic and foreign markets and is a promising area of further research (Gorokhovets, 2018).

Thus, the analysis of the availability and use of intangible assets is an important component of the analysis of the financial condition of the enterprise, which improves the efficiency of managing the competitiveness of products in domestic and foreign markets and is a promising area of further research.

References

Anokhina K.O. Efficiency of use of intangible resources of the enterprise: author's ref. dis. for the degree of Candidate of Sciences econ. Science: special. 08.00.04 economics and management of enterprises (by type of economic activity). Odesa, 2015. 20 p.

Vakun O.V. Economic analysis of the use of intangible capital. *Problems of theory and methodology of accounting, control and analysis*. 2012. № 1. P. 55-60.

Gorokhovets Yu. A. Directions of development of economic analysis of intangible assets. Implementation of innovations of accounting and analytical support for sustainable development of modern business: materials of the first international scientific-practical internet conference (Kharkiv, March 22, 2018). Kharkiv, 2018. P. 59-60.

Gorokhovets Yu. A. Accounting and analysis of intangible assets in the system of cost-oriented management: dis. ... cand. econ. Science: 08.00.09; State Statistics Service of Ukraine, Nat. acad. statistics, accounting and auditing. Kyiv, 2018. 287 p.

State Statistics Service: official website. URL: <http://www.ukrstat.gov.ua/> (date of access:23.03.2022).

Dyba V.M. Accounting and analysis of intangible assets in terms of institutional changes: theory and methodology: dis. ... Dr. Econ. Science: 08.00.09 / V.M. Dyba; KNEU. Kyiv, 2017. 443 p.

Katkova N.V., Lakutina K.S. Methodical approaches to the analysis of intangible assets. *Eastern Europe: Economy, Business and Governance*. 2017. № 11. P. 339-344.

Mulyk T.O. Analysis of fixed assets of the enterprise: methodological and practical aspects. *Market infrastructure*. 2020. № 46. P. 113-122.

Mulyk T.O., Materynska O.A., Plyonsak O.L. Analysis of economic activity: a textbook. Kyiv: Center for Educational Literature, 2017. 288 p.

Mulyk T.O., Fedoryshyna L.I. Organization of analytical work in agricultural enterprises: textbook. Kyiv: Center for Educational Literature, 2020. 236 p.

Plekan M.V. Accounting and analysis of intangible assets in terms of information economy development: author's ref. dis. for science degree of Cand. econ. Science: 08.00.09. Center union of consumer

societies in Ukraine, Lviv. commerce acad. L., 2016. P..20.

Pozhidaeva T.A. Analysis of financial statements. Moscow: Knorus, 2007. 320 p.

Accounting Regulation (Standard) 8 “Intangible Assets”: Order of the Ministry of Finance of October 18, 1999 No. 242. URL: <http://zakon.rada.gov.ua/laws/show/z0750-99> (date of access: 20.03.2022).

Regulation (standard) of accounting 8 “Intangible assets”: the order of the Ministry of Finance of Ukraine 18.10.99 No. 242. URL: <https://zakon.rada.gov.ua/laws/show/z0750-99#Text> (date of access: 10.03.2022).

Romanenko O.V. Methodological support for the analysis of intangible assets of the enterprise use. *Accounting and finance*. 2012. № 4 (58). P. 21-24.

Fadeeva A.A., Sorokina E.M. Intangible assets: recognition, valuation, accounting and analysis. Irkutsk, 2011. 209 p.

Fedorova V.A., Bulygina O.K. Evaluation of the effectiveness of management of non-current assets of the enterprise. *Economic space*. 2016. № 112. P. 177-185.

Yasyshena V.V., Pylyavets V.M. Methods of analysis of intangible assets of enterprises. *Innovative economy*. 2021. № 1-2. P. 147-157.

Britchenko I. The establishment of the inflation target and the corridor of fluctuations of the target: analysis of world trends and practice in Ukraine/Shapran V., Britchenko I.//VUZF Review. – VUZF, Sofia (Bulgaria). - № 6(3). - 2021. - P. 13 - 20. ISSN 2534-9228
DOI:10.38188/2534-9228.21.3.02
<http://papersvuzf.net/index.php/VUZF>

Britchenko I. Ensuring the financial safety of Ukrainian agricultural enterprises in the context of export products and the impact on macroeconomic indicators/Bezpartochnyi M., Britchenko I., Bezpartochna O.//VUZF Review. – VUZF, Sofia (Bulgaria). - № 6(3). - 2021. - P. 186 - 195. ISSN 2534-9228 DOI: 10.38188/2534-9228.21.3.20 <http://papersvuzf.net/index.php/VUZF>

Britchenko Igor. Content marketing model for leading web content management / Iryna Diachuk, Igor Britchenko, Maksym Bezpartochnyi // Advances in Social Science, Education and Humanities Research. – Atlantis Press: Proceedings of the 3rd International Conference on Social, Economic and Academic

Leadership (ICSEAL 2019). – Volume 318, May 2019. – P. 119-126. (<https://www.atlantis-press.com/proceedings/icseal-19/125909025>) ISBN 978-94-6252-729-4, ISSN 2352-5398

Britchenko I. Financial mechanisms of ensuring the development of business under high interest rates/ Vitaliy Shapran, Igor Britchenko//VUZF review. – VUZF, Sofia (Bulgaria). - № 6(2). - 2021. - P. 16 - 24. <https://doi.org/10.38188/2534-9228.21.2.03> ISSN 2534-9228 <http://papersvuzf.net/index.php/VUZF/issue/archive>

Britchenko Igor. Central banks as leaders in ensuring financial stability / Viktoriia Biloshapka, Igor Britchenko, Iryna Okhrymenko // Advances in Social Science, Education and Humanities Research. – Atlantis Press: Proceedings of the 3rd International Conference on Social, Economic and Academic Leadership (ICSEAL 2019). - Volume 318, May 2019. – P. 173-181. (<https://www.atlantis-press.com/proceedings/icseal-19/125909033>) ISBN 978-94-6252-729-4, ISSN 2352-5398.

Lošonczy, Peter, Haniš, Jozef. Analysis of occupational risks in the profession of a paramedic / Анализ на професионалните рискове в професията фелдшер. In: Annals of Burns and Fire Disaster. Palermo, , Italy: Euro-Mediterranean Council for Burns and Fire Disasters Vol. 35, No. 5 is waiting for registration in Scopus) link: http://www.medbc.com/annals/review/vol_35/num_1/v35n1content.htm, ISSN: 1592-9566.

3.2. Modernization of the system of economic security of economic entities in the management process ⁸

In the process of exchanging goods and services, there were inevitably and looting in the process of transportation, storage, loading (unloading), as well as sale to end users. To regulate such relations, statesmen developed special rules and appointed authorized persons to monitor compliance with such rules.

At the very beginning of its development, the term “security” covered a rather narrow range of characteristics of life with a limited list of signs and characteristics. Mostly, security meant physical

⁸ Polova O.L.

protection from external invasions by foreign forces. And only since the XVIII century in European countries, the security of the state began to be characterized in terms of its economic stability, development of production and trade and so on. The term “security” developed under the influence of the works of prominent philosophers of the time, in particular, J. Locke, T. Hobbes, J.J. Rousseau. The prevailing theory of mercantilism at that time determined the direct dependence of military security on the level of economic development of the country (Vorotina, 2015).

Economic security is a universal category that reflects the security of the subjects of socio-economic relations at all levels, from the state to each of its citizens. In the first approximation, it can be argued that the economic security of the enterprise is the protection of its activities from the negative effects of the environment, as well as the ability to quickly eliminate various threats or adapt to existing conditions that do not adversely affect its activities. The content of this concept includes a system of tools that ensure the economic stability of the enterprise, as well as contribute to improving the welfare of employees.

A fundamental difference between the later understandings of economic security of the enterprise is the recognition of the impossibility of fully protecting the activities of the enterprise from the negative effects of the external environment, because the company carries it out in this external environment and outside it is impossible.

Subsequently, the term «security» has undergone transformations with the development of socio-economic relations, and in modern interpretation is seen as a situation in which a complex system, when the action of external factors and internal factors does not lead to processes considered negative in relation to of this complex system in accordance with the existing, at this stage, needs, knowledge and ideas.

Thus, we can conclude that the term “security” is a characteristic of the state of a particular object, process or phenomenon that moves (does not move), or occurs (does not happen) in space and time in the absence of various adverse events, such as danger of delay (destruction, destruction, other damage at the physical level) and vital conditions for the existence of such an object, process or phenomenon. The economic security of the enterprise is aimed at the creation and

development of any commercial company is to make a profit, including through the basic needs of man, society, country, group of countries and the world, respectively.

Therefore, the economic security of the enterprise should characterize the ability of the enterprise to generate profit at a sufficient level, taking into account all possible areas of business. In order to clarify the essence of the economic security of the enterprise, it is advisable to consider the existing definitions of economic security of the enterprise.

In theory, there are three main concepts of understanding economic security at the national level, namely, chamberlain, keynesian and institutional, the main characteristics of which are presented in Table 3.8.

Table 3.8

Concepts of understanding economic security at the national level

Characteristic	Chamberlain	Keynesian	Institutional
Founders	Friedrich Liszt 1840	John M. Keynes 1930	Hernando de Soto 1980
Understanding the main threat to national economic security	Competition or other actions of other countries	Market failures leading to instability of economic growth, unemployment, inflation	The failure of the state, which is manifested through administrative barriers, the search for political rent, corruption
The purpose of the struggle for national economic security	Economic independence	Economic and social stability	Board of law, protection of property rights
Methods of struggle for national economic security	Protectionist trade policy	State regulation of money circulation, employment and production	Simplification of bureaucratic procedures, fight against corruption

Source: formed by the author on the basis of his own research

For the first time the term “economic security” at the state level was used by US President F.D. Roosevelt in 1934. At the same time, a special Federal Committee for Economic Security (CEB) was

established, whose main tasks included addressing issues of normalization and stabilization of the social situation in the country, developing a legislative framework for state pensions and social insurance for the unemployed (Gubsky, 2011).

In the process of developing the theory of economic security, its hierarchy is built, which is created from several interrelated elements, namely, global, international, national, regional and local (business) security (Table 3.9).

Table 3.9

Levels of economic security

Economic security	Characteristic	The main forms of implementation
1	2	3
Global	A set of measures aimed at ensuring sustainable global economic development	Development and implementation of supranational measures aimed at neutralizing the economic backwardness of countries; environmental disasters, including COVID-19 pandemic, radiation infection; dependence of some countries on imports of traditional energy sources; directing significant financial resources to prevent war, fight terrorism
International	A set of international conditions for the existence of agreements and institutional structures, in which each member state of the world community is given the opportunity to freely choose and implement its strategy of social and economic development	Development and implementation of measures aimed at ensuring the stability of international trade; increasing the mobility of factors of production (labor, capital) and new technologies
National	A set of effective measures of official state bodies that ensure resilience to external and internal threats, characterizes the ability of the national economy to expand self-reproduction	Ensuring sustainable development of the national system capable of neutralizing external challenges arising from global financial and economic and political crises, strengthening control over capital movements, improving

Continuation of table 3.9

1	2	3
	and meet the needs of citizens, society and the state at a certain level and time	information exchange between countries, increasing investment attractiveness, building a competitive fiscal system.
Regional	The ability of the regional economy to function in the mode of expanded reproduction, ie sustainable economic growth, to provide the most acceptable living conditions and personal development for the majority of the population	Preventing the depletion of production and technical potential, deteriorating environmental conditions, rising unemployment and shortages of basic necessities, unfair distribution of financial resources of the state in the system of intergovernmental regulation, fixing the optimal list of own revenues
Entrepreneurial (business)	Prevention of internal and external negative influences (threats) in the process of effective and stable functioning and dynamic socio-economic development of an enterprise or group of enterprises (business)	Strengthening the ability of enterprises to respond quickly and effectively to various challenges and threats of the external and internal environment based on the

Source: formed by the author on the basis of his own research

Of course, this list is not exhaustive. A separate vector in the theory of security is the safety of human life, where the economy, ie the financial capacity of man to earn, save, invest, is central. However, for the purposes of this analysis, the question of the economy of the individual may not be considered, because in most cases they depend on the above types of security. Of course, this does not apply to individual entrepreneurs, creative individuals and the self-employed. The such individuals make up a relatively small number of workers, who are mostly employees in the public or private sector of the economy.

The theoretical and applied literature on economic security identifies five main threats that need close attention both at the global and international levels and at the level of the ordinary enterprise (Gladchenko, 2014; Belarus 2011).

1. The threat of cyber attacks, from the growing number of conventional cyber thefts to the likelihood of a full-scale cyber war.

2. The threat of deteriorating global demographic situation, which increases the pressure on the financial system in developed countries and poses serious threats to social stability in developing countries.

3. Problems of limited resources, causing extreme instability of the resource market and rising prices for energy and goods in the long run, when supply can no longer meet high demand.

4. The austerity regime in the context of globalization as a result of populist attitudes towards economic inequality, if developing countries do not take the lead.

5. Uncontrolled proliferation of weapons of mass destruction, especially the likelihood of resumption of nuclear proliferation.

In almost all definitions of economic security of enterprises provided by domestic and foreign authors, a significant word is “threat”, ie a clear sign of real danger. Therefore, almost all the main approaches to the disclosure of the content of economic security of the enterprise include recommendations for neutralizing or minimizing such a threat. Revealing the essence of economic security of enterprises is often a vision of economic security of the enterprise in terms of its ability to rationally use resources, features of markets, advanced technologies in not always favorable phenomena or processes occurring outside, around such an enterprise or inside it.

Economic security of the enterprise is considered as a property of the enterprise, which is built on the principles of profitability, self-sufficiency, integrity, adaptability, resistance to environmental challenges. After all, the successful operation and sustainable development of the enterprise of any organizational and legal form depends on the reliability, manageability and efficiency of the economic security of the enterprise. In addition to the above, there are also: legality, economic feasibility, a combination of preventive measures and reactions, continuity, coordination and control. In the theory of generalization and systematization of existing approaches to the formulation of the principles of economic security of the enterprise carried out in the works of scientists (Datskiv, 2016).

In the course of the entire life cycle of the enterprise, economic security protects each of these properties. After all, failures and destructive effects of external and internal factors can lead to the death of the entire enterprise. The construction of such a system is based on a number of principles, including targets for the organization of an

appropriate system of economic security.

Economic security is also considered as a certain state of protection of its scientific and technical, production and personnel potential from direct (active) or indirect (passive) threats, or from threats and unwanted changes. There is a definition of economic security as the state of the enterprise, which provides the least likelihood of undesirable changes in any qualities and parameters of the assets of the enterprise, providing competitive advantages of the company. In addition, economic security means the state of the most efficient use of resources (financial, labor, production, information, etc.) to prevent threats and ensure the stable operation of the enterprise.

Economic security is also characterized as the state of optimal for the enterprise level of use of its economic potential, in which real and / or possible losses are lower than the limits set by the enterprise. This state is achieved through the rational use of all types of resources and entrepreneurial opportunities, which guarantee their most effective use for stable operation and dynamic scientific, technical and social development, prevention of internal and external negative influences (threats) (Chirva, Nesterenko, 2016).

Economic security is also considered as a state of its protection from external and internal threats, as well as provide flexibility and speed of its adaptation (adaptation) to various destabilizing factors generated by the external environment. In other interpretations, economic security is seen as a set of measures that help increase the financial stability of economic entities in a market economy, protecting their commercial interests from the effects of negative market processes. Some authors to the defining conditions of economic security of the enterprise include safe storage and protection of information. Proponents of the concept of economic security of the enterprise on the basis of the development of competitive advantages recommend focusing on the compliance of material, personnel, technological and organizational potential of the enterprise to its main strategic goals and objectives.

Proponents of the approach to the formation of the company's system of protection of its economic interests on the basis of improving organizational, legal, socio-economic and engineering tools to adapt to changes in the external environment, maintaining its sustainable development and ability to generate profits at a sufficient

level . At the same time, it emphasizes the need to invest in human capital development and technological innovation, which strengthens the stability of the enterprise, expands its opportunities for further development through continuous modernization of management, marketing and production technologies. Views on economic security as an adaptive and self-organizing system with elements of self-learning, which ensures the sustainability of the enterprise, are becoming increasingly popular (Gritsenko, 2018).

After analyzing the definitions of economic security provided in the theoretical literature, we can identify some similar characteristics and qualities that must meet the system of economic security. Management of economic security is one of the key tasks of strategic management of the enterprise, which involves the safe storage, use and protection of information and assets of the enterprise, including by restricting access to them by outsiders, in particular, for raids, kidnappings assets, ordinary robberies.

Economic security involves constant monitoring of predetermined indicators (variables) both in certain periods of time and in dynamics, which allows to identify undesirable trends and tendencies and promptly take measures to neutralize them

Vulnerability diagnostics take into account the history of not only a particular enterprise, but also similar entities, using several alternative methodological approaches and proven heuristic methods. Thus, we can conclude that economic security is both a property, the state of such an enterprise, and a set of measures to achieve and maintain such a state. Thus, there is every reason to believe that economic security is an element of the enterprise management system, the importance of which is growing as a result of increasing environmental variability.

Therefore, such a system should be standardized, ie, built on certain principles with features and characteristics that will allow the company to more confidently build its future. An important element of the management mechanism of economic security is standardization and certification, which, in a broad sense, involves streamlining, legalization and implementation of indicators and standards of product quality, technological and management processes based on modern science and technology, environmental requirements, economic feasibility, benefits for consumers and the

state in general. On the basis of standardization and certification harmonization of the enterprise with international, national, regional and, if necessary, industry standards is achieved (Kalambet, Kirilenko, 2016).

For manufacturers, standards are the standard and target, the requirements and recommendations of which should be aimed at the system of economic security of the enterprise. For example, standardization involves the classification of products by quality, dividing it into categories, varieties and classes, which, ultimately, affects the results of economic activity of the enterprise. In practice, international, national and industry standards are applied, which are mandatory in various economic activities. In particular, in construction it is the State building norms, in the financial sector – norms of obligatory reserve. Special requirements are placed on products, their consumer qualities that can harm the health and lives of people and their property. First of all, it is the products of the food industry, the bakery industry in particular. In the case when the company carries out foreign economic activity, an important element in the quality management system is its certification, which confirms the conformity of products to certain characteristics, certifies its safety and environmental friendliness for consumers and the environment. Products are certified by special bodies that issue certificates of conformity and licenses.

Standardization and certification of enterprises for compliance with certain criteria is becoming increasingly popular in the business environment. Thus, today in practice a series of international standards ISO 9000 is used, which are adopted by more than 190 countries and apply to any enterprise, regardless of their size, ownership and field of activity. The standards contain terms and definitions, basic principles of quality management, requirements for the quality management system of organizations and enterprises.

Certification of enterprises is carried out by special audit organizations according to a single standard with a two-tier system of confirmation of conformity. Compliance with the requirements of ISO 9001 indicates high reliability and a positive image of the company. The standards help companies to formalize their management system, introducing such system-forming concepts as internal audit, process approach, corrective and preventive actions, as well as define 7

principles of quality management, provide for the use of process approach for continuous improvement. The ISO 9001 certificate of compliance allows companies to feel more confident in foreign markets, enter into various partnerships, associations and organizations, strengthens its competitive advantages, demonstrates a continuous process of improving the goods and services of the enterprise. Ultimately, this leads to increased levels of economic security of the enterprise and “sources” of such danger and “victims”.

The international standard ISO 14000, which contains requirements for the environmental management system, is gaining popularity. ISO 14000 requirements are an integral part of the European Union’s Environmental Management and Audit Scheme (EMAS) ISO 14001 is currently used by almost 400,000 organizations in 181 countries.

The standards of the environmental management scheme are applied to various levels of the company’s activity, from organizational to the level of production and provision of services. Their implementation in production is based on a certain algorithm based on the analysis of compliance with the requirements of the standard of current processes of the organization, includes documentation of all processes and procedures. In the future, the company monitors and periodically measures its performance to ensure that the environmental goals and objectives of the organization are met. After the inspection, a planned review of the organization’s activities is carried out to ensure that the goals of the environmental management system are achieved, the degree of their achievement corresponds to the established, ie, properly managed.

The ISO 14001 standard introduces the concept of continuous improvement in 3 areas:

- development on the basis of constant expansion of business areas covered by the implemented system of environmental management;
- saturation by increasing the types of activities, production volumes, number of processes, resources;
- improving the structure and organization of the environmental management system, including based on the development of their own methods of managing environmental issues.

In theory, many subcodes have been developed to systematize economic threats and classify the components of economic security of

the enterprise. It should be noted that the lack of a single universal approach to the classification of components of economic security is due to the fact that each enterprise is unique and unique. Therefore, the same threats of different origins will have different effects on different businesses, which may be similar in their main economic indicators and carry out the same type of economic activity. To this end, as well as to more fully reveal the essence of economic security in the study of various forms of classification of economic threats, we can propose an author's classification of economic threats (Table 3.10), which is not exhaustive and final.

Table 3.10

Classification of threats to economic security of the enterprise

Threats	Characteristic	Effect
1	2	3
Internal (endogenous)		
Staff	inadequate competence of managers and executors, lack and insufficient attention to professional development	Errors and miscalculations in the management of enterprise resources, leading to losses of a financial and property nature due to loss of assets or fines and sanctions
Organizational	lack of business process planning; improper storage of trade secrets; insufficient attention to labor protection violations of labor discipline	Injuries, conflicts, thefts, absenteeism
Technical and technological	depreciation of fixed assets, outdated production technologies, software	Low quality of production and communications
Logistics	unreliable storage and supply of finished products, delays in contracts and supply of goods	Thefts, fines for violating the terms of supply, disputes in the workforce
External (exogenous)		
Global and international	pandemics and epidemics, fluctuations in world energy prices	Temporary cessation of activities in the usual mode, money laundering due to the depreciation of the national currency or the rise in price of energy resources
Political	change of the ruling elite, re-subordination of territories in which economic activity is	Reforming the organizational and legal conditions for economic

Continuation of table 3.10

1	2	3
	carried out	activity, including increase taxes and tariffs.
Macroeconomic	instability of the national currency, bankruptcy of commercial banks, demographic crisis; high discount rate of the Central Bank	Complications in terms of financial support of economic activity, the outflow of potential consumers to other regions and jurisdictions, the rise in debt capital
Regulatory	high tax burden and tight control by regulatory authorities; imperfect and unstable organizational and legal conditions for doing business; high fines	Laundering of working capital to pay taxes, spending time and money on innovations in licensing, reducing business activity, in some cases, termination during various audits
Entrepreneurial	non-fulfillment of product supply conditions and mutual settlements; difficulty in accessing borrowed capital and entering new markets	Penalties for late performance of contractual obligations with other contractors.
Information	formation of negative opinion in society, including at the expense of negative PR by competitors	Decrease in market value of the enterprise, loss of trust in the enterprise at contractors, shareholders and consumers

Source: formed by the author on the basis of his own research

The processes of globalization and digitalization of the economy accelerate the processes of generation and implementation of innovations. However, at the same time, given the limited resources, competition for factors of production is intensifying in almost all markets for goods and services. These trends complicate the processes of production and distribution of products, causing structural changes in the economy. The bakery industry of Ukraine is no exception, increasing the productive role and importance of which in the food system of Ukraine on the basis of renewal and rational use of the industry's potential should become one of the priorities of state support of legal and economic enterprises.

Among the priority tasks of reforming the organizational, legal and socio-economic conditions of the bakery industry in Ukraine are:

- revision and improvement of regulatory documentation on the production of bakery products;
- stabilization of the bakery industry with the necessary volumes of raw materials, first of all, high-quality baking flour;
- improvement of statistical accounting of bread and bakery products production;
- protection of consumers from low-quality bakery products, etc.

The main factors reducing the level of production of bakery products in Ukraine in the scientific and applied literature are: low efficiency of the bakery industry; reduction of purchasing power of the population; rising prices for bread and bakery products; emergence of a large number of mini-bakeries, low-capacity enterprises; difficulty in delivering products to villages and settlements far from regional or district centers due to lack of transport and marketing infrastructure; excessive tax burden and state regulation of the selling price; quality of raw materials, high depreciation of fixed assets; reduction of industrial production of bakery products and increase in the percentage of home baking products; loss of sales risks and shutdown of some enterprises in the occupied territories.

In order to clarify the requirements and the main vectors and current trends in the bakery industry in Ukraine, it is advisable to analyze the basic statistics, their dynamics and proportions. According to official statistics, the dynamics of production of bread and bakery products in Ukraine has a steady downward trend.

According to the State Statistics Service of Ukraine In 2020, compared to 2019, the production of bakery products decreased by 12.5%, or 107.192 thousand tons to 750.347 thousand tons. In August 2021, compared to August 2020, the production of bakery products decreased by 1.6%, or 1,054 thousand tons. In January-August 2021, compared to January-August 2020, the production of bakery products decreased by 2.5%, or 13,020 thousand tons to 507,763 thousand tons. The decline in the production of bread and bakery products has been observed since 2011. Per capita in 2020, the production of bread and bakery products is about 39.0 kilograms per year or 106 grams per day (Molchanova 2021). The minimum consumer basket, which is reviewed every 5 years, provides for the consumption of bread and bakery products per person in the amount of 39 kg of rye bread and 62 kg of wheat bread per year for the working population.

According to regulations, one person averages per day consumes 0.3 kg of bread and bakery products, which is approximately per year 108 kg of this product. According to statistics, 48.6 per person is produced kg of bakery products. Thus, one person consumes 2.2 times more bread than is produced (see Fig. 3.5). Based on the above, it arises conclusion that in the market of bread and bakery products there is a shortage of this products or there is no reliable data on actual output bakery products in Ukraine.

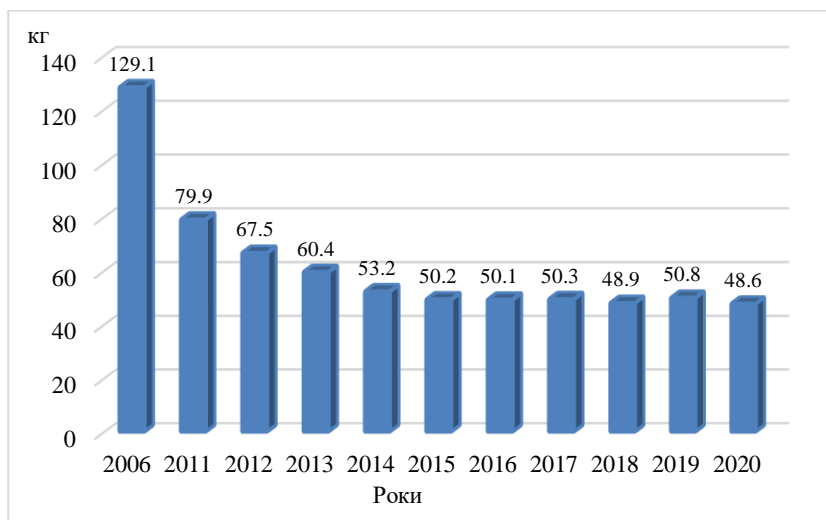


Fig. 3.5. Production of bread and bakery products in Ukraine on one person in 2006-2020

Source: formed by the author on the basis of (State Statistics Service, 2021)

Flour production capacity in our country as a whole are about 10 million tons per year, in the current conditions the mills are loaded at 30%. According to official data, large flour mills produce about 75% of flour from total production. The main customer of flour in the domestic market – the domestic bakery industry, which uses more than 70% of flour produced.

For the production of bread and bakery products, domestic enterprises use: wheat flour of four grades, rye flour of three grades,

rye-wheat and wheat-rye wagon flour and flour second grade of durum wheat. Depending on the requirements of bakery enterprises, flour mills produce different types of composite flour. For making bread from five grains crops use a composite mixture of wheat, rye, barley and oat flour and flour enriched with wheat germ.

Analysis of flour production in the regions of Ukraine in 2020 shows the fact that most products are produced in Donetsk (299 thousand tons), Dnipropetrovsk (240 thousand tons), Kharkiv (234 thousand tons), Odessa (157 thousand tons), Vinnytsia (153 thousand tons) and Luhansk (132 thousand tons) regions. In Ukraine as a whole in 2020 the volume of flour production was 2942 thousand tons, which compared to 2006 is less than 4729 thousand tons. Among the regions of our state in 2020, the growth of production bakery products were observed in: Dnipropetrovsk (111%), Kyiv (109%), Mykolaiv (102%) and Odessa (102%) regions. Significant reduction in the production of bakery products caused a number of problems for the bakery industry, including low the level of utilization of production capacity of bakeries on average by 30-40%, except for bakeries in Kiev and some large cities.

Low level congestion of bakeries leads to irrational use technological equipment, especially bakery ovens in the mode two-shift work, which increases fuel consumption in production, and this negatively affects economic indicators, in particular the profitability of work bakeries. In recent years, the profitability of bakeries on average in the industry decreased from 12% to 5% and shows a tendency to further decrease. In 2019, a third of Ukrhlibprom's enterprises will be profitable bread production was zero and even negative.

The main goal of economic security of the enterprise is to ensure its stable and most efficient operation in the present and high potential for future development. The main functional goals of economic security include:

- ensuring high financial efficiency, financial stability and independence of the enterprise;
- ensuring technical independence and achieving high competitiveness of the technical potential of the facility;
- achieving a high level of staff qualifications and intellectual potential, proper R&D efficiency;

- minimization of the destructive impact of the results of production and economic activities on the environment;
- high-quality legal protection of all aspects of the enterprise (organization);
- ensuring the protection of the information field, trade secrets and achieving the required level of information support of all departments of the enterprise and departments of the organization;
- effective organization of security of the personnel of the enterprise, its capital and property, as well as commercial interests

The deterioration of the financial condition of bakery enterprises was due to administrative regulation of the level of prices for bread and bakery products, while at the same time significantly increasing their prices for flour and fuel and energy resources. The cost of flour in the cost of bread is 50%, so with its rise in price inevitably increases the cost of bread. Over the past ten years, the price of wheat flour has increased 4 times, and the price of rye and rye-wheat bread 3 times (Table 3.11).

Table 3.11

Dynamics of the average price of bread and flour in Ukraine in 2015-2020

Product	Retail price per 1 kg, UAH						Deviation (+,-)
	2015	2016	2017	2018	2019	2020	
Wheat flour	1,18	1,83	1,47	1,26	2,23	2,25	1,07
Rye and rye-wheat bread	0,96	1,54	1,43	1,33	1,76	1,77	0,81
Consumption of bread and bakery products, kg / year	28,0	28,1	25,9	23,6	21,4	21,2	-6,8

Source: formed by the author on the basis of (State Statistics Service, 2021)

Because bread plays a significant role in human nutrition, so does the state constantly pays attention to the regulation of prices for bread and bakery products in order preventing their growth. At the same time, the state had almost no control grain exports and did not purchase grain from the State Reserve. It is through lack of transitional food stocks in the country and low yields in 2018, prices for food wheat and, accordingly, for flour increased almost twice. This has led to higher bread prices in the opposite direction administrative pressure.

Trying to increase the profitability of bakery production expand the

range of products. In recent years, many bakeries set up low-capacity bakeries, which allowed them to change quickly range of products according to consumer demand. A promising area for expanding the range of bakery products are the production of special bread and medical and dietary varieties. With this purpose at some domestic enterprises mastered the production of new so-called «healthy» varieties of rye bread with food additives: oatmeal, soy flour, flattened buckwheat.

In recent years, most domestic bakeries, in particular bakeries of medium and large capacity, mainly operates morally and physically obsolete baking equipment, especially ovens. IN The industry operates about 1,800 furnaces that have worked for more than 25-30 years and double or triple exceeded all standard service life. More than 70% of the equipment of the bakery industry is physically worn out and morally obsolete. According to Ukrkhlibprom, major renovations have taken place in recent years production in the industry was 4-5% per year, now this figure approaching zero

The downward trend in the production of bread and bakery products, given the adequacy of flour, suggests that there is a tendency to expand the shadow market for the production and sale of bread. One of the reasons for this may be the state regulation of prices for bread produced by industrial bakeries, which causes financial difficulties and leads to their loss and bankruptcy.

Such a low rate of hardware upgrades on domestic enterprises will continue to survive, as observed low profitability of production and the state does not provide support bakery industry both at the national level and at the regional level.

Thus, in May 2020, the regulation of bread prices was resumed, which was suspended in 2017. In addition, the development of the mini-bakery sector, which tends to be on a simplified tax system and is therefore more maneuverable in the market, including through price competition, increases the likelihood of shadowing of bread and bakery products. One of the defining indicators of the attractiveness of an industry or type of economic activity is capital investment. As can be seen from Table 3.12, the bakery industry shows an increase in capital investment, mainly directed to the construction and reconstruction of buildings, as well as the renewal of production capacity.

Table 3.12

Capital investments of enterprises engaged in the production of bread and bakery products, thousand UAH

Years	Capital investment – total	Among them				
		capital investments in tangible assets	among them		capital investments in intangible assets	among them
			in the construction and reconstruction of buildings	in machinery and equipment		in purchasing software
2015	442,6	435,3	44,5	359,6	7,3	3,7
2016	519,5	508,8	66,7	386,5	10,7	4,4
2017	901,6	887,3	134,3	699,1	14,3	5,1
2018	1476,4	1472,3	213,4	1196,4	4,1	2,6
2019	2714,7	2699,0	1729,0	902,0	15,7	8,4
2020	4009,1	3999,9	2562,3	1236,7	25,1	6,5

Source: formed by the author on the basis of (State Statistics Service, 2021)

Such positive dynamics gives every reason to believe that in the future the industry will increase production potential both in terms of gross volumes and in terms of quality and safety of products, which is especially important in the production of socially important goods such as bread and bakery products. Because, the enterprises of the industry, in addition to a significant renewal of the fixed assets, in the long run increase the importance of domestic sources of investment resources by increasing the amount of depreciation.

Accordingly, after the introduction of the method of integrated assessment of components of economic security of bakery enterprises in the direction of analysis of the significance of each indicator of the system, the integrated indicator of comprehensive assessment of economic security of bakery enterprises in the direction of analysis will be determined as an arithmetic mean:

$$IP = \frac{\sum_{i=1}^n \delta_{ii} * \lambda_i}{n} \quad (3.2),$$

where: IP – an integrated indicator of a comprehensive assessment of economic security of enterprises in the bakery industry; – normalized value of the i-th indicator, which is part of the integral; – the coefficient of importance of each of the system of N indicators.

It should be noted that the calculated indicator of the level of economic security of the bakery industry in accordance with its threshold values shows that:

- at the level of the indicator [0-0.25] – approaches to economic security management at the enterprise are formal (the company's management does not pay enough attention to economic security);

- at the level of the indicator [0,26-0,5] – approaches to the management of economic security of the enterprise are limited (only certain areas of economic security are implemented, which do not allow to achieve a high level of efficiency of the enterprise;

- at the level of [0.51-0.75] – approaches to managing the economic security of the enterprise are almost fully implemented in practice (however, there are some difficulties in attracting resources, including financial, for the implementation of production technologies and implementation of social programs ;

- at the level of [0,76-1] – approaches to economic security management give tangible benefits to the enterprise.

In the bakery industry of Ukraine there are more than 1000 bakeries of various capacities, including about 400 bakeries of medium and large capacity located in large cities and district centers. Rural demand the population for bread is provided by small bakeries of consumer cooperatives, private bakeries and the population alone. Currently all in In the past, state bakeries operated in the form of open joint-stock companies societies.

Bakeries produce 6.8 thousand tons of bread and bakery products daily products. A number of business associations have been formed in the industry, including: Ukrkhliprom, Ukrzernoprom, Ukrkoopspilka, Ukrprodspilka, All-Ukrainian Association of Bakers, etc. The largest among them is Ukrkhliprom. which includes 384 bakeries with a total capacity of 18.1 thousand tons bread per day. By unit daily capacity bakeries are divided thus: 10-30 tons per day – 131 companies, 30-60 tons per day - 148 enterprises, 60-100 tons per day – 72 enterprises, 100 and more tons per day – 33 enterprises.

Status and general trends in the production of the bakery industry for 2020 in terms of regions of Ukraine are characterized by corresponding fluctuations processes related to external and intra-industry factors that formed in the transformational process of the economy of the industry.

Table 3.13

Assessment of the level of economic security of bakery enterprises

Indicator	2015	2016	2017	2018	2019	2020	Deviation (+,-)
<i>Prod-Mova LLC</i>							
Indicator of the economic component	0,09	0,10	0,10	0,13	0,17	0,19	0,1
Indicator of the financial component	0,25	0,27	0,31	0,28	0,30	0,32	0,07
Indicator social of the component	0,29	0,24	0,29	0,31	0,33	0,32	0,03
Comprehensive indicator of the level of economic security	0,18	0,19	0,20	0,22	0,26	0,28	0,1
<i>Trostryanetskhlib LLC</i>							
Indicator of the economic component	0,08	0,09	0,16	0,15	0,15	0,14	0,06
Indicator of the financial component	0,26	0,30	0,33	0,31	0,29	0,28	0,02
Indicator social of the component	0,26	0,31	0,31	0,32	0,29	0,28	0,02
Comprehensive indicator of the level of economic security	0,18	0,20	0,25	0,25	0,23	0,24	0,06
<i>Hlibzavod №1 LLC</i>							
Indicator of the economic component	0,11	0,1	0,08	0,11	0,16	0,15	0,04
Indicator of the financial component	0,29	0,31	0,33	0,32	0,30	0,31	0,02
Indicator social of the component	0,27	0,27	0,30	0,33	0,30	0,32	0,05
Comprehensive indicator of the level of economic security	0,21	0,20	0,20	0,23	0,24	0,24	0,03

Source: formed by the author on the basis of his own research

Low level congestion of bakeries leads to irrational use technological equipment, especially bakery ovens in the mode two-shift work, which increases fuel consumption in production, and this negatively affects economic indicators, in particular the profitability of work bakeries. In recent years, the profitability of bakeries on average in the industry decreased from 12% to 5% and shows a tendency to further decrease. In 2020, a third of Ukrhlibprom's

enterprises will be profitable bread production was zero and even negative.

Based on the established criterion of threshold values of the studied indicator, we can draw the following conclusion: all enterprises are characterized by inadequate attention to economic security, which negatively affects the efficiency of enterprises as a whole.

Deterioration of the financial condition of bakery enterprises occurred due to administrative regulation of the level of prices for bread and bakery products in at the same time their significant growth in flour and fuel and energy resources. The cost of flour in the cost of bread is 50%, so with its rise in price the cost of bread inevitably increases. The cost of flour over the last ten years wheat increased 4 times, and the price of rye and rye-wheat bread 3 times.

The system of economic security management of bakery enterprises is determined by its composition. A clear division of the concepts of element, component and subsystem has a decisive influence on the process of systemic economic security. Adequate and reasonable determination of the composition of components and subsystems reduces the complexity of the creation and operation of the system, which in the case of economic security is very relevant, as its methodological approaches are only at the stage of formation, and therefore the correct separation of elements, components and subsystems an important scientific task, the implementation of which depends on the formation of the overall security of the enterprise.

Economic security of the enterprise largely depends on the level rational allocation of resources that can be based on use optimization models. Resources are understood as everything that is necessary for organization of the production process. These can be financial and labor resources, raw materials, equipment and technologies (Yarova, Artemenko, 2016).

The effectiveness of the management of economic security of bakery enterprises largely depends on the timely, prompt identification of existing and potential threats and challenges. Therefore, the creation and development of information and analytical support is a priority of economic security management of the enterprise. The solution of this problem is possible only in the presence of information monitoring subsystem, which is based on a database, which accumulates in real time as accounting information

that reflects the financial and economic activities of the enterprise and information related to changes in the environment.

The main elements of any information system are a dynamic database; information technology, organizational structure and functional components (a set of basic problems that the information system is designed to perform).

The information system provides effective interaction of structural units of the enterprise, provides management of operational analytical information on the current and projected financial condition of the enterprise and possible external and internal threats that adversely affect the level of financial and economic security. In our opinion, to adequately assess the level of economic security of the enterprise it is necessary to develop an information subsystem of monitoring, which will analyze, comprehensively assess and forecast key indicators and factors that are indicators of economic security, stability, competitiveness and sustainable development.

The category of “monitoring the level of economic security of the enterprise” will be considered as a continuous systematic process of monitoring, collecting, analyzing, forecasting and integrated evaluation of quantitative and qualitative information using modern information systems to develop strategies for effective economic security management.

The basis for the creation of monitoring systems are the following provisions (Bondarenko-Beregovich, 2020):

1. Monitoring systems are not only the fixers of certain parameters of enterprises, predefined by the user, but can also replenish their parametric base depending on the specifics of a particular enterprise.

2. Monitoring systems are the basis for creating integrated management systems for the current and strategic activities of industrial enterprises.

3. Industrial enterprise monitoring systems are in fact intelligent tools that help managers at different levels to make decisions that affect the economic condition of the enterprise.

The functional purpose of the monitoring system of economic security of the enterprise is that it provides the subject of management information not only to choose one or another alternative from the existing set, but allows to develop new management alternatives, ie. to form a set, and then in the event of a certain situation to choose one

of the developed management alternatives to ensure the safe development of the enterprise (Malyuta, 2018).

The advantage of such a monitoring subsystem is the ability to monitor the level of economic security of the enterprise in real time. As a rule, the analysis and evaluation of the main parameters is carried out on a quarterly and annual basis. Such a point estimate does not reflect the financial and economic activities of the enterprise throughout the period. Thanks to the introduction of the monitoring information subsystem, management and relevant units responsible for financial and economic security can monitor the process based on a shorter period of time.

The economic security of the enterprise largely depends on the rate of change in production costs. It is necessary to conduct a factor analysis of production and overhead costs, which form the production cost of products for each type of bakery and other products. First of all, the possibility of reducing the cost of raw materials by analyzing the raw materials market and finding new suppliers is being investigated. Rising inflation and low productivity of the agro-industrial sector of the economy have led to a significant increase in prices for raw materials used for the production of bakery products.

Prices for bread are formed from the cost of its production. This is, above all, the cost of raw materials, fuel and electricity, road transport services are mandatory payments to various state funds, wages to workers, etc. (Table 3.14).

So, the share of raw materials in the cost of production is 45-60%, fuel and electricity – 4%, overhead costs – 8-12%, the cost of sales – more than 12%, administrative costs – 8-13%, wages fee – 5%, profit – 2-5%. However, in addition, to keep production in good condition and ensuring social protection of workers to the cost of production added value added tax (20%) and 8-10% of the trade margin.

At the present stage of socio-economic development, the key task of producers is to provide the population with products assortment, quantity and quality that would correspond to his tastes and traditions. The main part of bakery products in the country produced by industrial enterprises (83%), the share of small bakery enterprises (including subsidiary farms) is 17% of the total production of bread and bakery products. Trace note that every year the volume of bakery production increases products by small businesses.

Table 3.14

The structure of wholesale prices for bread in 2020

Cost items	Bread “Podolsky improved” (0.75 kg)		Bread “Ternopil special” (0.54 kg)	
	Cost, UAH / ton	Specific weight in cost products,%	Cost, UAH / ton	Specific weight in cost products,%
Raw materials	699.59	48.34	1234.48	60.13
Fuel and electricity	55.67	3.85	52.41	2.55
Wages	81.57	5.63	107.56	5.24
Salary accruals	31.06	2.15	40.96	2.00
Overhead costs	192.62	13.31	166.34	8.1
Production cost	1060.51	73.28	1601.75	78.02
Administrative expenses	197.52	13.65	174.69	8.51
Sales expenses	189.21	13.07	276.59	13.47
Cost realized products	1447.78	100.00	2053.03	100.00
Profit	74.98	-	45,74	-
Value added tax	304,45	-	419,75	-
Profitability,%	4,9	-	2,2	-
Wholesale price per 1 ton	1826,67	-	2518,52	-
Wholesale price for 1 piece.	1,37	-	1,36	-

Source: formed by the author on the basis of his own research

Small bakeries are potential competitors in the market of bread and bakery products. Their range products are quite diverse, but its quality does not always meet the standard requirements. Therefore, consumers prefer products that are better quality market of bread and bakery products.

The sharp rise in prices for energy and grain has led to that cost flour increased three times, and bread – only 1.8 times. Of course, small bakeries could not counteract external factors, therefore their number in the market of bread and bakery products has decreased

This situation forces manufacturers to change the range of products by reducing the quality, reducing the weight of products, exclusion from the production of bakery products, which were in demand from consumers despite the relatively high price. The emergence of a large number of mini-bakeries in large supermarkets has led to a sharp decline in demand for bakery products, despite the fact that the price of bakery products in supermarkets may be inflated. This is where the effect of this type of product works: hot bread is better than bread that

has been delivered to the point of sale for several hours, despite the higher price. In this situation, it is necessary to develop a competent strategy for optimal management of inventories, taking into account all the negative influences of the external environment.

Thus, the management system of economic security of the enterprise allows to offer a set of organizational and managerial measures aimed at optimizing and stabilizing the level of economic security. The results of monitoring are the basis for developing a strategy of economic security of the enterprise for the long term. Enterprises with a projected high and sufficient level of security are classified in the first group, for which an offensive strategy is recommended, while enterprises in the second group, as a rule, develop simulation and defense strategies.

References

Bondarenko-Beregovich V.V. Economic security of the enterprise as an object of management. *Bulletin of the National Technical University "KhPI"*, 2020. №5 (7). P. 63-67.

Chirva Yu. Ye., Nesterenko O.M. Methodical bases of the mechanism of economic security management riemstva. *"Young scientist"*. 2016 № 6 (33). P. 150–153.

Datskiv RM Economic security of the state in the conditions of global competition. L.: Center of Europe, 2016. 160 p.

Gladchenko T.M. Scientific and methodical bases of creation of the mechanism of state management and regulation of system of safety of business activity: regional aspect: dis. ... Ph.D. management : 25.00.02 "Mechanisms of public administration" Donetsk, 2014. URL: <http://disser.com.ua>.

Globalization and security of development: a monograph. Head of the author's team and scientific editor O.G. Belarus. K.: KNEU, 2011. 733 p.

Gritsenko AS Strategic principles of strengthening economic security of agricultural enterprises. *Accounting and finance*. 2018. № 2 (80). P. 118-124.

Gubsky BV Priorities of ensuring economic security in the context of globalization of the Ukrainian economy. National program of ensuring economic security in the context of the strategy of socio-economic development of Ukraine: materials of the Round Table. –

Kyiv: National Institute of Ukrainian-Russian Relations under the National Security and Defense Council of Ukraine, 2011. P. 121.

ISO 14001:201. Environmental management systems – Requirements with guidance for use. URL:<https://www.iso.org/standard/60857.html>.

Kalambet SV, Kirilenko BO Economic security as a multilevel system. *Economics and society*. 2016. № 5. P. 344–349

Malyuta L. Ya. Institutional determinants of organizational support of economic security of enterprises in the context of their innovation and technological development: dis. ... Doctor of Economics. Sciences: 08.00.04. Ternopil National Technical University named after Ivan Pulyuy. Ternopil, 2018. 586 p.

Molchanova K. In Ukraine, began to bake more bread, 2021. URL: <https://ukranews.com/ua/news/804682-v-ukrayini-staly-vypikaty-bilshe-hliba>

Vorotina L.I. Methodology of economic security management of the enterprise. *Theoretical and applied issues of economics*. 2015. № 1 (30). P. 15-24.

Yarova Yu. O. Artemenko LP The structure of economic security of the enterprise in times of crisis. *Economic Bulletin of the National Technical University of Ukraine “Kyiv Polytechnic Institute”*. 2016. №13. P. 257–263.

Брітченко І.Г. Маркетинг у банках: навч. посіб. / Брітченко І.Г., Белявцев М.І., Тягунова Н.М. – Полтава: РВЦ ПУСКУ, 2008. – 345 с.

Britchenko Igor. Banking liquidity as a leading approach to risk management / Stanislav Arzevitin, Igor Britchenko, Anatoly Kosov // *Advances in Social Science, Education and Humanities Research*. – Atlantis Press: Proceedings of the 3rd International Conference on Social, Economic and Academic Leadership (ICSEAL 2019). – Volume 318, May 2019. – P. 149-157. (<https://www.atlantispress.com/proceedings/icseal-19/125909030>) ISBN 978-94-6252-729-4, ISSN 2352-5398

Britchenko I. Areas and Means of Formation of Transport Regional Complexes and Mechanisms for Managing their Competitiveness in Ukraine / I gor Britchenko, Liliya Savchenko, Inna Naida, Oleksandr Tregubov // *Списание «Икономически изследвания (Economic Studies)»*. – Институт за икономически изследвания при БАН,

София (България). – № 3. – Volume 32, Issue 3 - 2020. – P. 61 - 82. ISSN 02053292. <https://www.iki.bas.bg/spisanie-ikonomiche-skizsledvaniia>.

Кováčová, Lucia, Lošonczi, Peter, Reitšpis, Josef. Сравнение на професионалната подготовка за управление на кризи в Словакия и Чехия / Comparison of Professional Preparation of Crisis Management in Slovak and Czech republic. In 19th International Multidisciplinary Scientific Geoconference SGEM 2019 Conference Proceedings. Albena, Bulgaria: STEF92, 2019. ISBN 978-619-7408-87-4, Vol. 19, No. 19. p. 71-78.

3.3. Analytical capabilities of financial statements⁹

In today's market conditions the normal operation of any level of management requires that participants can quickly and reasonably make management decisions, the correctness of which is based on the use of timely, high quality, and reliable information. One of the main sources of such information support is accounting data, which are summarized in the financial statements. It must objectively reflect the processes taking place in the enterprise, as well as meet the requirements of users in terms of information. Reporting is an important means of operational management of the enterprise, a kind of advertising of its activities, as it is often the first source of information about the company. The purpose of the analysis of financial statements is to assess the results of the economic activity of the enterprise for the reporting year and its current financial condition.

Studies of such domestic scientists as S. Golova, V. Zhuk, V. Kostyuchenko, J. Krupka, T. Kaminska, M. Pushkar, N. Tkachenko are devoted to the solution of theoretical and practical issues of formation of financial reporting indicators and their analytical evaluation. P. Khomina, J. Shevery, and others. Foreign scientists such as H. Andersen, D. Caldwell, B. Needles, D. Pankov, J. Sokolov, and others have made a significant contribution to the study of theoretical and methodological aspects of enterprise reporting.

According to NP(S)A 1 "General requirements for financial reporting", approved by the Ministry of Finance of Ukraine dated

⁹ Tomchuk O.F.

07.02.2013 No. 73, financial statements consist of: Balance sheet (statement of financial position) (hereinafter – the balance sheet), Statement of financial performance (statement of comprehensive income) (hereinafter – the statement of financial performance), statement of cash flows, statement of equity and notes to the financial statements (Ministry of Finance of Ukraine, 2013). The balance sheet makes it possible to determine the composition and structure of the company's assets, liquidity and turnover of current assets, the availability of equity and borrowed capital, changes in receivables and payables, and many other indicators. Obtaining such information is a necessary condition for the day of making sound management decisions, as well as to assess the effectiveness of future capital investments and the degree of financial risk.

The balance sheet reflects the economic assets of the enterprise in two aspects: on the one hand, their composition and location, on the other – the sources of their formation and purpose. All assets in the balance sheet are grouped and summarized in monetary terms. In order to reflect the balance of funds, the balance is drawn up at a certain point, ie at the end of the last day of the reporting period. Due to the fact that the balance sheet reflects only the state of funds, ie indicators are reflected in statics and not in dynamics, it does not characterize the movement and use of funds and sources. This information is obtained from the data of current accounting and the system of accounting accounts (Tomchuk, 2018).

The form of the modern balance sheet is built on the principle of the balance sheet – net, in which fixed assets and intangible assets are reflected at the residual value. The structure and content of the balance sheet vary depending on the forms of ownership, the level of productive forces, and the development of production relations of society.

In form, the balance sheet is a table consisting of two parts – left and right (table 3.15). The left part, which reflects the subject composition, placement, and use of the property of the organization, is called the asset balance. The right part is called the liabilities of the balance sheet and shows the number of funds invested in the economic activities of the organization, the form of its participation in the creation of property (Ishchenko, Koval, Podolyanchuk, 2020). The main element of the balance sheet is the balance sheet item, which is

an indivisible indicator in the balance sheet and characterizes a particular type of assets (active item) or type of liabilities or capital (passive item). Each balance sheet item is assigned a line code, within four characters and which is fixed. Balance sheet items are grouped into sections, which are discussed in table 3.15. This allows a general overview of the balance and is very convenient when analyzing information. The basis for combining balance sheet items into sections is the principle of their liquidity and their economic classification.

The items provide an opportunity to comprehensively assess the activities of the enterprise, and for such an assessment to be objective, it is necessary to adhere to the unity in the assessment of the balance sheet items (Pogorelova, 2017).

Table 3.15

Structure of the balance sheet of Fortuna PAC (according to NP (S) A)

Assets	Liabilities	
I. Non-current assets	Equity	
II. Current assets		I. Equity
III. Non-current assets held for sale and disposal groups	Obligation	II. Long-term liabilities and collateral
		III. Current liabilities and provisions
		IV. Liabilities related to non-current assets held for sale and disposal groups
Balance	Balance	

Source: order

The total assets and liabilities of the balance sheet should always be equal. This is a prerequisite for the correctness of its composition. This reveals the balance equation. The basis of the balance sheet is the classical balance equation:

$$\text{Assets} = \text{Liabilities} + \text{Equity}. \quad (3.3)$$

In Fortuna PAC asset items are placed from top to bottom, starting with the least liquid and ending with the most liquid. Liabilities of the balance sheet are grouped and placed from top to bottom on the basis of reducing the time required to repay debts (table 3.16).

Table 3.16

Balance sheet liquidity analysis, thousand UAH

Assets	At the beginning of the reporting period	At the end of the reporting period	Liabilities	At the beginning of the reporting period	At the end of the reporting period	Payment surplus or shortage	
						at the beginning period	at the end of the period
The most liquid assets	163	24	Immediate liabilities	753	760	- 590	- 736
Fast-moving assets	118	195	Short-term liabilities	-	-	118	195
Assets sold in full	9832	11762	Long-term liabilities	229	207	9603	11555
Assets that are difficult to sell	3093	5648	Permanent liabilities	12224	16662	- 9131	- 11014
Balance	13206	17629	Balance	13206	17629	-	-

Source: formed on the basis of financial statements of Fortuna PAC Brytske village, Lypovets district, Vinnytsia region, 2019-2020 years

Table 3.16 shows that the balance of Fortuna PAC at the end of the reporting period is not completely liquid, because not the condition $A1 \geq L1$ at the beginning and end of the reporting period is met.

The difference between the most liquid assets and term (immediate) liabilities is quite large: at the beginning of the period the shortage was 590 thousand UAH, and at the end even more – 736 thousand UAH. The coverage of liabilities was 21,6% and 3,1%, respectively.

The shortage of cash and other most liquid assets of Group A1 at the end of the reporting period was partially offset by the surplus of Group A2 assets, the level of coverage of short-term liabilities of which was currently 100%. However, such compensation is only costly, and in a real payment situation, as noted above, less liquid assets will not be able to replace more liquid ones.

Condition $A3 \geq L3$ for the enterprise is also fulfilled that indicates a high level of its long-term solvency, the presence of the company a

sufficient amount of stocks, goods, and other assets that are slowly sold. Inequality $A4 \leq L4$ at the end of the reporting period is also met, which indicates the sufficiency of the company's equity, which is directed to the formation of current assets. At the end of 2016, there is a shortage of UAH 11014 thousand. due to the fact that the value of non-current assets increases more slowly than the number of fixed liabilities. The amount of excess of equity over non-current assets can be used to cover the growth of current assets, which is an unconditional criterion for the solvency of the enterprise.

Thus, during the study period, we observe an increase in the liquidity of the balance sheet of Fortuna PAC.

Analytical capabilities of the balance sheet are often associated with the analysis of the financial condition of the enterprise. Financial condition is a set of parameters that express the availability, location, and use of financial resources of the enterprise. It is a synthetic expression of the production, economic and financial activities of the enterprise. Analysis and general assessment of the financial condition of the enterprise is determined in order to respond to changes in the internal and external environment of the enterprise and make management decisions related to strengthening the financial condition, ensuring financial stability in the future.

In the study of the methodology of analytical capabilities of the balance sheet comes to the fore comparative or spatial analysis. It provides a comparison of indicators of the study period with similar planned preliminary, normative, average, or best (reference) indicators, which are considered as a basis for comparison. In the process of using this method of analysis, the size of absolute and relative deviations of comparative indicators is calculated. A prerequisite for comparing comparative indicators is the unity of the methodology of their calculations and the comparability of calendar periods of time (Tiutiunyk, 2020).

Analytical capabilities of the balance Yu.M. Tiutiunyk specifies the parameters of the assessment of financial condition (table 3.17) (Tiutiunyk, Dovgan-Pisarenko, 2016). According to the needs of consumers, the considered analytical capabilities of the balance sheet (statement of financial position) of the enterprise can be expanded. The presence of only cost indicators in the balance sheet significantly limits the analytical possibilities of its application.

Table 3.17

Analytical capabilities of the balance sheet

Financial condition assessment parameters	Content of indicators
Changing economic potential	Absolute and relative change in the currency of the balance sheet and certain types of assets and liabilities for the period under study
Investment attractiveness and efficiency of partnerships	<ul style="list-style-type: none"> - The share of working capital in the structure of assets; - Share of highly liquid assets (current financial investments, cash and cash equivalents) in the structure of assets; - Structure and dynamics of receivables; - The structure and dynamics of equity; - Structure and dynamics of accounts payable
Liquidity and solvency	<ul style="list-style-type: none"> - Absolute; - Fast; - General; - Circulation of stocks; - Circulation of receivables and payables
Financial stability	<ul style="list-style-type: none"> - The ratio of equity and borrowed capital; - Share of own working capital in current assets; - Share of long-term borrowed capital; - Balance of receivables and payables
Characteristics of financial activities	Volume and structure of long-term and current financial investments
Credit status	<ul style="list-style-type: none"> - Volume, structure and dynamics of loans; - Change in the share of long-term loans; - Change in the share of short-term loans

Source: (Tiutiunnyk, 2014)

We think that to improve the analytical capabilities of the balance sheet to supplement the balance sheet form (statement of financial position) by decoding inventories (IBE, spare parts, building materials, fuel, raw materials, and supplies), receivables for goods, works, and services by type. This will lead to the introduction of new types of assets in the balance sheet, especially for companies that use a simplified form of financial reporting.

Also, when calculating liquidity and financial stability, it will be easier to obtain information in terms of individual elements of inventories, as the consolidation of the item «Inventories» impairs the analytical capabilities of the balance sheet. In addition, such detail will

allow the factor analysis of changes insolvency to calculate the share of the impact of individual components of inventories, which will also improve the analytical balance sheet.

Moshchenskyi S.H. also proposes to change the format of the balance sheet in the direction of deepening its analytical capabilities (Moshchenskyi, 2017).

So, the value of the balance sheet (statement of financial position) is that in a concise form presents accurate, systematic data on property and economic activity, statics and dynamics of the enterprise.

The statement of financial performance is usually chronologically prepared after the Balance Sheet and should be reconciled with performance indicators. Formula 3.4 is used to verify the compliance of these reporting forms (Guidelines, 2013):

$$C_{FR} = RE_E - RE_B \pm PA + PD, \quad (3.4)$$

де C_{FR} – net financial result (profit (loss)) (form No. 2);

RE_E , RE_B – retained earnings (uncovered losses), respectively, at the end and beginning of the reporting period (form No. 1);

PA – adjustment of retained earnings due to the correction of errors of previous reporting periods, changes in accounting policy, other changes (form No. 4);

PD – distribution of profits due to payment of dividends, making contributions to reserve capital, directing profits to authorized capital (form No. 4).

According to NP(S)A 1 “General requirements for financial reporting” this report has a vertical form, consists of four sections, contains information for previous and reporting periods, which is extremely important for the analysis (Ministry of Finance of Ukraine, 2013).

The report on financial results gives the chance in the course of the analysis to estimate results of the past activity of the enterprise, its profitability, ability to use resources effectively, or degree of risk of achievement of expected results of the activity.

The statement of financial performance (statement of comprehensive income), in contrast to the balance sheet, is compiled at the end of the last day of the reporting period, cumulatively from the beginning of the year.

This form of reporting characterizes the activities of the enterprise in dynamics and has four sections.

The information in the statement of financial performance (statement of comprehensive income) is given on two dates, which is extremely important for the analysis:

- for the reporting period;
- for the previous similar period.

The main equation of this report:

$$\textit{Profit} = \textit{Income} - \textit{Costs}. \quad (3.5)$$

We will also remind that the first, second, and third sections are filled in thousands of hryvnias, without decimal places (without kopecks), and here data of the fourth section give in hryvnias with kopeks.

In accordance with paragraph 4, I NP(S)A1 number of articles of the Statement of financial performance is not regulated, companies may not provide articles for which there is no information before disclosure, except when such information was in the previous reporting period. Preparation of the statement of financial performance (Statement of comprehensive income) provides the ability to add items from the list of additional items of financial statements while maintaining their title and line code, but such additional items must meet two criteria:

- 1) the information in them is significant, ie the lack of it may affect the decisions of users of financial statements;
- 2) the evaluation of the item can be reliably determined (Ministry of Finance of Ukraine, 2013).

One of the purposes of the statement of comprehensive income is to attempt to allocate and present separately all components of profit, as the amount of profit or loss for the period is calculated using the accrual method using historical cost estimates, while total comprehensive income includes revaluation of assets at fair value.

The requirements for the preparation of the Statement of financial performance (Statement of comprehensive income) in accordance with NP(S)A 1 ensured the approximation of the composition of this report to the Statement of profit or loss and other comprehensive income regulated by IAS 1.

The purpose of analyzing the financial results of the enterprise according to the financial statements is to provide users of financial statements with data for management decisions based on profit and profitability, primarily regarding the feasibility of potential or future participation in the capital and reliability of the enterprise as a business partner. The analysis allows to identify the causes of losses, to establish reserves for profit growth, to determine the level of tax burden, to assess the investment and counterparty attractiveness of the company based on calculated key parameters that objectively and accurately reflect the effectiveness of its activities.

The primary task of analyzing the financial results of the enterprise is to assess income, expenses, profit, loss, other comprehensive income, total income according to the Statement of Financial Performance (Statement of comprehensive income) by vertical and horizontal analysis.

We believe that the list of traditional objects of analysis, represented by absolute indicators of income, expenses, profit, loss, needs to be expanded to take into account the substantive update of the Statement of Financial Performance by including other aggregate income and aggregate income.

According to the articles of the Statement of financial performance (Statement of comprehensive income) of the enterprise, it is possible to determine the indicator of the tax burden on income tax as the ratio of income tax to income of the enterprise. The statement of financial performance provides the ability to determine the tax burden on income tax depending on the objectives of the analysis: by determining the share of expenses (income) from income tax in net income from sales of products (goods, works, services), or financial result; or by determining the share of total expenses (income) from income tax together with income tax related to other aggregate income, in net income from sales of products (goods, works, services), or in the total income of the enterprise.

Information on the level of the tax burden on income tax is important for planning ways to optimize taxation, ie the development of organizational measures under current legislation aimed at increasing cash flows by minimizing tax payments, subject to penalties.

Analysis according to the Statement of financial performance

(Statement of comprehensive income) allows the user to provide information on the total impact of income and expenses of the company on the amount of gross profit (loss), calculated based on the dynamics of the main elements of gross income.

Profit (loss) is a conditional estimated indicator, not real cash that can be used in sales transactions. Profit may differ from the actual amount of cash by the number of unpaid receivables, loans, depreciation, etc. As a result, the financial statements may be overstated and, accordingly, the assessment of profitability will be unreliable because the company will experience a lack of cash. Conversely, the amount of profit may be insignificant, and the financial situation – absolutely stable. In addition, in practice, many domestic companies use schemes to “optimize taxation”, which leads to lower profits in order to reduce the tax base. Therefore, it is advisable to analyze the company’s profits in conjunction with the analytical assessment of the company’s cash flows.

To make sound management decisions, the company’s management needs more detailed information about the financial results of its activities for a certain analytical period. Therefore, we fully agree with the proposal of Ya.V. Sheveria and O.V. Hanusych that in order to improve the analytical capabilities of the Statement of Financial Performance (Statement of Comprehensive Income) at enterprises it is necessary to differentiate financial results from operating activities to financial results from the main activities and financial results from other operating activities and keep them separate accounting (Sheveria, Hanusych, 2017).

Businesses that are interested in the return on the use of resources and invested capital, analyze not only the absolute efficiency of the enterprise but also relative. To do this, correlate the effect obtained with the costs incurred, ie calculate the profitability.

In modern practice, the following main groups of profitability indicators are distinguished: profitability of the enterprise, profitability of products, return on assets (capital) of the enterprise.

The analysis of profitability indicators is important for assessing the potential of the company to generate profit and assess its financial condition. Assessment of profitability of the enterprise is carried out using a system of indicators, the calculation of which is presented in table 3.18.

Table 3.18

Analysis of return on capital

No.	Indexes	2018	2019	2020	Deviation, (+, -)
1	Net financial result, thousand UAH	1630	5035	4438	2808
2	Average amount of total capital, thousand UAH	7409,5	10737	15417,5	8008
3	Average amount of working capital, thousand UAH	5164	8114	11047	5883
4	Average amount of equity, thousand UAH	6373,5	9706,5	14443	8069,5
5	Net income from sales of products (goods, works, services), thousand UAH	9241	13945	20596	11355
6	Profitability of total capital, %	21,9	46,9	28,8	6,9
7	Profitability of working capital, %	31,6	62,0	40,2	8,6
8	Profitability of equity, %	25,6	51,9	30,7	5,1
9	Profitability of implementation, %	17,6	36,1	21,5	3,9

Source: formed on the basis of financial statements of Fortuna PAC Brytske village, Lypovets district, Vinnytsia region, 2018-2020 years

The data in Table 3.18 confirm that during the period under analysis, there is an improvement in the company's use of property and sources of its formation. As can be seen from the calculations, the rate of return on capital is at a sufficient level of the 100 UAH.

Of the 100 UAH invested in assets, the company made a profit of 6,9 UAH more than in 2018 year.

The increase in the efficiency of the use of current assets was more significant. Instead of 31,6 UAH profit, which was received from 100 UAH current assets in 2018, the return of 100 UAH funds invested in current assets in 2020 amounted to 40,2 UAH. In 2020, by 5,1 UAH return on equity increased compared to 2018. Profitability of sales in 2020 compared to 2018 increased by 3,9 UAH. Thus, the analysis of profitability indicators of the enterprise indicates positive changes in the direction of growth of the main indicators of profitability. This was due to the fact that the indicators increased: pre-tax profit and net

profit.

When analyzing ways to increase profitability, it is important to distinguish between the influence of external and internal factors. Indicators such as the price of the product and resource, the volume of resources used and the volume of production, profit from sales, and profitability of sales, are closely interrelated.

In order to increase the effectiveness of the analysis of profitability, we propose to supplement the group of cost indicators of profitability with the indicator “profitability of operating activities”, which is calculated as the ratio of profit from operating activities to operating expenses of operating activities. This is due to the fact that the profitability of the main operating activity characterizes the efficiency of production and sales, which is the main purpose of the enterprise.

The report on financial results allows users not only to assess the results of past activities of the enterprise, its profitability but also the ability to effectively use resources or the degree of risk of failure to achieve expected results.

Cash is an important element of economic relations, so today there is a question of providing users for decision-making complete and unbiased information about their financial condition, performance, and cash flow, which is the purpose of the Statement of Cash Flows.

Analytical capabilities of the statement of cash flow of the enterprise are large and extremely important, but not fully used in management decisions by both internal management and external users.

The statement of cash flows reflects the impact of operating, investing, and financing activities of enterprises on the state of their cash and cash equivalents for the reporting period and provides an explanation of the reasons for changes in cash during this period. Of course, information about the business activities of the enterprise can be obtained from other forms of reporting, but the statement of cash flows summarizes all information about the activities that affect cash and cash flows. According to NP(S)A 1 “General requirements for financial reporting” (Ministry of Finance of Ukraine, 2013) cash (money) – is cash, funds in bank accounts, and demand deposits. Cash also includes their equivalents. Cash equivalents are short-term highly liquid financial investments that meet certain conditions (Ministry of Finance of Ukraine, 2013): freely convertible into certain amounts of

money; there is demand in an active market; have a slight risk of changes in value. As a rule, these are highly liquid investments in securities for a period not exceeding three months. It should be borne in mind that cash, which is limited in use for the current activities of the enterprise, is not included in cash and is reflected in the balance sheet as a financial investment.

The balance of cash assets is necessary for the company to carry out current activities (urgent payments) and maintain the required level of solvency for current liabilities of the company and insure against the risk of late receipt of funds due to deteriorating market conditions or slowing payment turnover.

The main purpose of the statement of cash flows is to provide users of financial statements with complete, truthful, and unbiased information about changes in the company's cash and cash equivalents during the reporting period (Guidelines, 2013). According to NP (S) A 1 "General requirements for financial reporting" (Ministry of Finance of Ukraine, 2013) the statement of cash flows is a report that reflects the receipt and disposal of cash during the reporting period as a result of operating, investing and financing activities. Indicators of the statement of cash flows provide an opportunity for interaction:

- source of cash inflows and cash equivalents, ie which activity (operational, investment, or financial) gives the largest cash inflow;
- fixed assets and purposes of payment of cash and cash equivalents, ie where and for what the money was used for the reporting period;
- the reasons for the discrepancy between the financial results obtained from the available reports and the amount of cash in the balance. Some information on the authors called the paradoxes of accounting and financial reporting:

- 1) there is a profit, but no money;
- 2) no money, and no profit;
- 3) profits have increased, and cash is no more, etc. (Lahovska, Lehenchuk, Kuz, Kucher, 2017).

The cash flow is understood as commensurate and distributed over time revenues and expenditures (Maiboroda, Maiboroda, Repluk, 2017).

In the statement of cash flows, receipts and expenditures of cash of the enterprise are given in detail by type of activity. Keep in mind that

cash flows per transaction may include amounts that belong to different activities. Such amounts are given separately in the relevant activities. Internal changes in the composition of cash are not included in the statement of cash flows. Non-cash transactions are also not included in the statement of cash flows, ie transactions that do not lead to a change in the total amount of cash and cash equivalents owned by the enterprise. Such transactions include barter transactions, transactions in toll raw materials, and other various barter transactions (a receipt of fixed assets under financial leasing; acquisition of assets through the issuance of shares, conversion of liabilities into equity, etc.).

Moreover, the reflection of cash flows from operating activities in accordance with NP(S)A 1 “General requirements for financial reporting” (Ministry of Finance of Ukraine, 2013) and in accordance with IAS 7 “Statement of cash flows” (IAS 7, 2012) the enterprise can reflect by direct and indirect methods.

The direct method involves the reflection of transactions by sources of income and areas of expenditure of funds that arise as a result of operating, investing, and financing activities. This method allows you to analyze the direction of cash flows of the enterprise.

Among the advantages of the direct method is its clarity. Indicators of the statement of cash flows, prepared by the direct method, provide an opportunity to analyze and evaluate the direction of receipt and expenditure of money, track cash flows, analyze the net cash flow and determine its structure. This form of report is more accessible and easy to understand, convenient and easy to use information by management, and easier to complete (Table 3.19).

Analyzing the data in Table 3.19, we can conclude that in 2020 the quality of management of Fortuna PAC with the most liquid assets was characterized as negative, as net cash flow amounted to (139) thousand UAH.

During 2020, the structure of cash flows of the enterprise significantly improved due to the growth of revenues from operating activities by 11490 thousand UAH. or 116,4% with a simultaneous increase in operating expenses by 8429 thousand UAH or 83,3%. At the end of 2020, there is an increase in negative net cash flow by 86 thousand UAH.

Table 3.19

**Analysis of the composition and structure of cash flows
Fortuna PAC**

Indexes	2018		2019		2020		Deviation, (+,-)	
	amount, thousand UAH	specific weight, %	amount, thousand UAH	specific weight, %	amount, thousand UAH	specific weight, %	amount, thousand UAH	specific weight, %
Incoming cash flow, including	10069	100	14863	100	21359	100	11290	-
Cash inflows from operating activities	9869	98	14863	100	21359	100	11490	2
Cash inflows from financing activities	200	2	-	-	-	-	- 200	- 2
Outgoing cash flow, including	10319	100	14901	100	21498	100	11179	-
Spending cash from operating activities	10122	98,1	14011	94	18551	86,3	8429	- 11,8
Spending money from investment activities	148	1,5	860	5,8	2892	13,4	2744	11,9
Spending money from financial activities	49	0,4	30	0,2	55	0,3	6	- 0,1
Net cash flow	- 53	-	- 38	-	- 139	-	- 86	-

Source: formed on the basis of financial statements of Fortuna PAC Brytske village, Lypovets district, Vinnytsia region, 2018-2020 years

Thus, the company needs to strive to increase cash flows from operating activities because the main reason for their reduction is the

increase in losses, which is primarily due to a significant increase in the purchase of inventories.

The essence of the indirect method is to gradually adjust the profit or loss from ordinary activities before tax for the amount of depreciation of non-current assets, increase or decrease in collateral, current assets, current liabilities, profit or loss from unrealized exchange rate differences, non-operating activities and other non-monetary transactions.

The statement of cash flows, prepared by the indirect method, reflects the reasons for changes in the balance of cash and their conversion into various forms of assets. The indirect method of reporting cash flows has the advantage of analyzing the performance of the enterprise, as it reveals the relationship of profits with changes in current assets and current liabilities and collateral. But this form of the report does not allow to analyze the real cash flows in terms of operating activities, which is the main activity of the enterprise (Storozhuk, 2019).

The indirect method of reporting is time-consuming due to the need to perform a significant number of calculations to determine indicators and is unclear to fill (for example, the column “Receipts” shows a decrease, in the column “Expenditure” – an increase in current assets; column “Expenditure” – income from exchange rate differences due to the translation of funds and their equivalents in foreign currency (Ministry of Finance of Ukraine, 2013), etc.).

The analytical capabilities of the report, prepared by direct and indirect methods, will be different. The statement of cash flows, like other forms of reporting, is the result of the accounting system, which in the new organization through the expansion of its functions should become a system of information and analytical support of an improved type (Bezverkhyi, Bochulia, 2014).

We think that given the importance and significance of cash flow for the enterprise for effective comprehensive analysis of cash flows and effective management decisions, it is necessary to make both forms of reporting: Statement of cash flows on Form 3 (direct method) – for external and internal use and Report on the movement of funds in the form of 3-n (indirect method) – at least for the management of the enterprise.

Thus, the activity of each enterprise directly depends on the proper

organization of accounting and reporting of cash, because the basis of the enterprise is transactions related to cash flow. The efficiency of the organization of cash accounting will ensure the rational distribution and use of cash, and thus the successful operation of the enterprise.

The cash flow statement is well structured, so each section has its own content and great analytical value. The information presented in the statement of cash flows allows you to analyze the availability of cash at the reporting date, analysis of cash flows for the reporting period, and forecast future cash flows. It even allows you to judge the probability of repayment of debt and dividend payments by the company, as well as the need for external financing, and determine the strategy of its activities.

In order to successfully and correctly use the information contained in the Statement of Cash Flows, it is necessary to clearly understand the relationship of all forms of financial reporting, which is primarily manifested in the understanding of how changes in items of one reporting form affect changes in items of another reporting form. As a rule, Fortuna PAC was created for profit. In the process of activity, the company uses its own capital and borrowed funds. An enterprise can operate continuously and repay borrowed funds only if it preserves its own capital.

The content, structure, form, and methodology of the statement of equity are defined by NP(S)A 1 “General requirements for financial reporting” (Ministry of Finance of Ukraine, 2013). The statement of equity supplements the information on the financial condition of Fortuna PAC and changes between balance sheet dates, which are provided in other reports: balance sheet, statement of financial performance, statement of cash flows. This information is useful for both business owners and other users of financial statements (Kalabukhova, 2016). Analyzing the statement of equity, the user can assess the main factors (transactions) that influenced the changes (increase or decrease) in the equity, and, if necessary, influence their change in order to optimize the structure of equity. Also, the analysis of the composition of equity allows identifying the implementation of its main functions: ensuring business continuity; guarantees for the protection of creditors’ capital and compensation for losses; participation in the distribution of profits; participation in enterprise management. Therefore, the purpose of the analysis of the Statement

of Equity is defined as the understanding of changes in the equity of the enterprise to meet the information needs of shareholders and creditors, and management.

Equity is defined in the Statement of Equity as residual and can be divided into subclasses. It should be noted that there are only two sources of equity: shareholder contributions (source) and the results of the enterprise. From this point of view, the company's equity is divided into only two types: invested capital and accumulated capital (Fig. 3.6) (Kalabukhova, 2016).

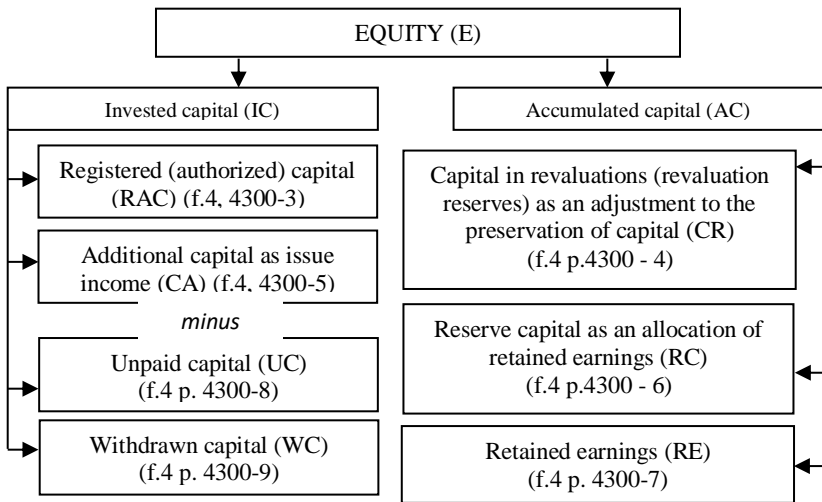


Fig. 3.6. Analytical grouping of information on the two main sources of equity formation in the Statement of Equity

Source: (Kalabukhova, 2016)

The use of net income and equity is reflected in the statement of equity, which indicates the amounts paid to owners (dividends) aimed at replenishing the registered capital of the enterprise or deducted from reserve capital. This report also reflects the amounts for which the revaluation (reduction of the price) of the enterprise's assets was carried out; data on capital contributions by participants, the redemption of shares (units), reduction of the nominal value of shares, etc. (Lakhtionova, 2020).

Changes in the equity of the enterprise between the two balance sheet dates reflect the increase or decrease of its net assets for the period (Fig. 3.7).

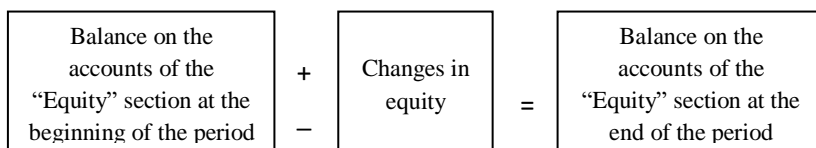


Fig. 3.7. Scheme of equity formation of Fortuna PAC
Source: summarized by the author

In order to analyze the changes in the structure and movement of equity of Fortuna PAC on the basis of the data of form № 4, we will compile an analytical table (Table 3.20).

Table 3.20

Horizontal-vertical analysis of changes in the structure and movement of equity elements according to the Statement of Equity

Indexes	Registered capital (RAC)	Capital in revaluations	Additional capital (CA)	Reserve capital (RC)	Retained earnings (RE)	Unpaid capital (UC)	Total (E=NA)
1. Balance at the beginning of the year	3	-	190	757	11274	-	12224
2. Equity structure at the beginning of the year, %	0,02	-	1,55	6,19	92,24	-	100
3. Increase in equity	-	-	-	251	4187	-	4438
4. Decrease in equity	-	-	-	-	-	-	-
5. The balance at the end of the year (year 1 + year 3 – year 4)	3	-	190	1008	15461	-	16662
6. Equity structure at the end of the year, %	0,02	-	1,14	6,05	92,79	-	100
7. Absolute deviation (changes in equity) (year 5 – year 1)	-	-	-	251	4187	-	4438
8. Changes in the structure of equity, % (year 6 – year 2)	-	-	-0,41	-0,14	0,55	-	x
9. Growth rate, % (year 5/year 1) × 100%	100	-	100	133,1	137,1	-	136,3

Source: formed on the basis of financial statements of Fortuna PAC Brytske village, Lypovets district, Vinnytsia region, 2020 year

These tables show that the amount of equity at the end of 2020 increased by 4438 thousand UAH due to an increase in retained earnings by 4187 thousand UAH and reserve capital by 251 thousand UAH. A decrease in inequity is not observed, and an increase in equity is considered a positive phenomenon that contributes to strengthening the financial stability of Fortuna PAC.

Thus, changes in equity during the reporting period are reflected in terms of its components: registered, revaluation capital, additional, reserve, unpaid, withdrawn capital, and retained earnings.

Note that for the needs of factor analysis the source of increase (decrease) of equity (lines 3 and 4 in table 3.20) should be divided into 1) external (change inequity is influenced by three external factors) – change in the number of shares in circulation, change in par value shares, as well as changes due to the process of reorganization of the legal entity; 2) internal (change inequity is influenced by four internal factors) – change in net profit (loss), change in contributions to reserve capital, changes in dividends and changes in other costs associated with the consumption of profits; 3) others – changes in the amount of deferred income; valuation commitments; results of asset revaluation (Nosova, 2015).

Thus, the analytical capabilities of the statement of equity allow the management of Fortuna PAC to form the optimal ratio of profitability and risk in the development of the enterprise.

An important component of financial statements in the analysis of financial condition notes, because they contain additional information to disclose and clarify the amount, nature, and classification of the transaction, methodological approaches to valuation and recognition and disclosure in the financial statements of the transaction to which it relates.

According to NP(S)A 1 “General requirements for financial reporting”, the notes should disclose accounting policies, information not provided in the financial statements, but required by standards, and information containing additional analysis of reporting items required to ensure its reliability and relevance (Ministry of Finance of Ukraine, 2013).

Notes to the financial statements are a set of indicators and explanations that provide detail and validity of the financial statements, as well as other information, the disclosure of which is

provided by the relevant provisions (standards).

Notes to the annual financial statements consist of fifteen sections that disclose information on balance sheet items and the statement of financial performance.

We believe that there may also be information that is not included in the notes, in which case each company chooses in what form to submit it. For example, it can be displayed in the form of a table, written explanation, graph, etc. Similarly, the management of the enterprise can provide data that it considers important, and which give a more complete picture of the results of economic activity.

The Appendix to the Notes to the Annual Financial Statements “Segment Information” on Form № 6, introduced in NP(S)A 29, discloses information on income, expenses, financial results, assets, and liabilities of reporting segments (P(S)A 29).

A.V. Ozeran proposes the following structure of notes to financial statements (Ozeran, 2019).

As a rule, the content and amount of information that should be provided in any form (explanatory note) depends on the types and scope of the enterprise, as well as whether the enterprise should publish its financial statements.

To increase the informativeness of the notes to the financial statements of agricultural enterprises, we propose to supplement them with special economic information, which should be displayed in a separate form. Improving notes should be primarily in their deeper connection to the main forms, which will increase their analytical value.

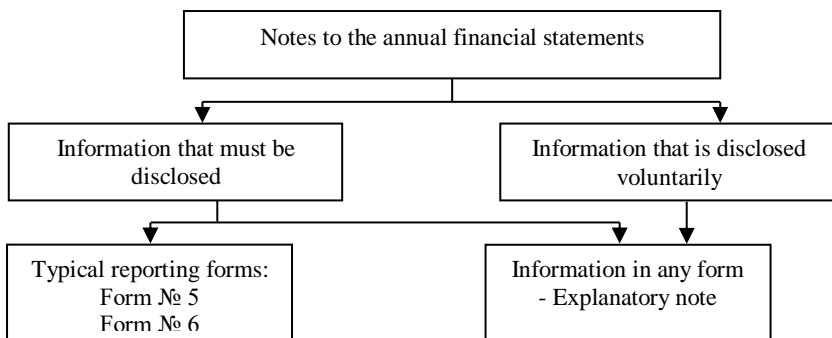


Fig. 3.8. Structure of notes to financial statements

Source: (Ozeran, 2019)

It should be noted that the financial indicators of costs and revenues, as well as the established level of competition and risks for the investor, differ significantly in different regions and industries. Thus, for the purpose of in-depth analysis, it is necessary to obtain detailed information in terms of either geographical regions or industries – segments of activity. At the same time, the information for each segment should show the characteristics in terms of risk and return.

During the collection and processing of information for the preparation of segments of the entity must ensure:

1) the maximum reliability of the information on the basis of which the reporting by segments is made;

2) cost optimization for its collection and processing (Vovk, 2014).

This issue can be solved through the formation of a single information base, which means: development of documents that will be used to generate information on the activities of reporting segments; development of a schedule for providing information to those responsible for reporting by segments; analysis of the provided information and formation of the reporting on segments.

Thus, the analytical capabilities of the notes to the annual financial statements are to deepen the analysis and forecast changes in the financial condition of the enterprise, financial results and resources.

References

General requirements to financial statements (No. 73 of February, 2013). URL: <http://zakon5.rada.gov.ua/laws/show/z0336-13> (date of access: 23.02.2022).

Tomchuk, O.F. (2018). Analytical capabilities of the balance sheet (statement of financial position) of the enterprise. *Black Sea Economic Studie*. Edition 28, Part 2. pp. 152-159.

Ishchenko, Ya.P., Podolianchuk, O.A. & Koval, N.I. (2020) Financial Accounting I: textbook. Vinnytsia: Publishing House Self-employed Kushnir Yu. V. 496 p.

Pohorielova, T. P. & Somina, O. R. (2017). Balance sheet: its essence, history and technology of compilation. *Agrosvit*. No. 1-2. pp. 44-48.

Tiutiunyk, Yu.M., Dorohan-Pysarenko, L.O., Tiutiunyk, S.V. Financial analysis: textbook manual. Poltava: PDAA, 2016. 430 p.

Moshchenskyi, S.H. (2017). Balance sheet as a means of

communication of business stakeholders in the information economy. *Global and national economic problems*. Edition 19. pp. 519-522.

Methodical recommendations for checking the comparability of financial reporting indicators (No. 476 of April, 2013). URL: <http://www.minfin.gov.ua> with changes from 15.04.2014 year. (date of access: 23.02.2022).

Sheveria, Ya.V. & Hanusych, V.O. (2017). Formation of indicators of the Statement of financial results (total income) for management: organizational and methodological approaches. *Market infrastructure*. Edition 7. pp. 404-411.

Lahovska, O. A., Lehenchuk, S. F., Kuz, V. I. & Kucher S. V. (2017). Accounting in enterprise management: textbook. way. Zhytomyr: Zhytomyr State Technological University. 416 p.

Maiboroda, O. Ye., Maiboroda, O. V. & Repluk, O. V. (2017). Directions of cash flow management of the enterprise. *Economy and society*. Issue. 10. pp. 305-309.

IAS 7 Statement of Cash Flows. URL: http://zakon.rada.gov.ua/laws/show/929_019 (date of access: 27.02.2022).

Storozhuk, T. M. (2019). Cash flow statement as an information source for cash flow management of the enterprise. *Business inform*. No. 3. pp. 235-240.

Bezverkhyi, K. V. & Bochulia T. V. (2014). Information system of the accounting system and reporting in Ukraine: monograph. Kyiv: CEL, 184 p.

Kalabukhova, S.V. & Kuzminska, O.E. (2016). Standardization of the analysis of the statement of equity of economic entities. *Global and national economic problems*. Edition 2. pp. 490-495.

Lakhtionova, L.A. (2020). The overall valuation of equity according to the interim financial statements. *Scientific notes of Taurida National V.I. Vernadsky University*. Series: Economics and management. Tome 31 (70). No. 3. pp. 133-139. DOI: <https://doi.org/10.32838/2523-4803/70-3-57>.

Nosova, Ye.A. (2015). Information support of the analysis of the financial condition of enterprises. *Theoretical and applied issues of economics*. Edition 27, Issue 3. pp. 177-185.

Regulation (standard) of accounting 29 “Financial reporting by segments” (No. 412 of May, 2005). URL: <https://zakon.rada.gov.ua/laws/show/z0621-05#Text> (date of access:

10.03.2022).

Ozeran, A.V. (2019). The role and content of the notes to the financial statements. URL: <https://www.sworld.com.ua/konfer27/538.pdf>. (date of access: 14.03.2022).

Vovk, M.O. (2014). Stages of preparation of reports by segments. *Scientific Bulletin of Kherson State University*. Edition 9. Part 4. pp. 208-211.

Britchenko I. Issues of shaping the students' professional and terminological competence in science area of expertise in the sustainable development era / Olena Lavrentieva, Victoria Pererva, Oleksandr Krupskyi, Igor Britchenko, Sardar Shabanov // E3S Web of Conferences. – FDP Sciences, France. – Volume 166, 10031 (2020). – 22.04.2020. – eISSN 2267-1242. – 9 pages. DOI <https://doi.org/10.1051/e3sconf/202016610031>

Britchenko I. Pandemic economic crisis: essence, reasons, comparative characteristics, opportunities / Britchenko I., Bezpartochnyi M. // New trends in the economic systems management in the context of modern global challenges: collective monograph / scientific edited by M. Bezpartochnyi // VUZF University of Finance, Business and Entrepreneurship. – Sofia: VUZF Publishing House “St. Grigorii Bogoslov”, 2020. p. 8-19. ISBN 978-954-8590-85-3.

Levchenko, Iaroslava, Lošonczi, Peter, Britchenko, Igor, Vazov, Radostin, Zaiats, Olga, Volodavchyk, Viktoriia, Humeniuk, Iryna, Shumilo, Oleksii. Разработване на метод за целево финансиране на секторите на икономиката чрез капиталови инвестиции / Development of a Method for Targeted Financing of Economy Sectors Through Capital Investment In: The Innovative Development (2021) Eastern-European Journal of Enterprise Technologies, 5 (13-113), p. 6-13. DOI: 10.15587/1729-4061.2021.243235. ISSN: 1729-3774.

Pozdnyakov, Yuri, Skybinska, Zoryana, Gryniv, Tetiana, Britchenko, Igor, Lošonczi, Peter, Magopets, Olena, Skybinskyi, Oleksandr, Hryniv, Nataliya. Сравнителен анализ на модели за процедура на корекция в независима оценка на стойността на активите чрез сравнителен подход / Comparative analysis of models for adjustment procedure in assets value independent evaluation performed by comparative approach In: Transfer of technologies: industry, energy, nanotechnology (2021) Eastern-

CONCLUSIONS TO PART 3

The main directions of economic analysis of intangible assets are identified and analyzed: analysis of the dynamics of intangible assets; analysis of security with intangible assets; analysis of the effectiveness of the use of intangible assets; analysis of intangible assets volumes; analysis of the structure of intangible assets; analysis of intangible assets in the context of involved resources; analysis of the use of intangible resources of the enterprise. Their dynamics and structure in Ukraine are considered on the basis of statistical data for 2018-2020. The main tasks of the analysis, indicators of efficiency of their use are characterized. The analysis of intangible assets becomes especially relevant in the context of ensuring the strategic development of the enterprise. It is noted that for effective cost-oriented management of intangible assets of the enterprise it is advisable to develop a strategic panel of indicators at the enterprise.

Analyzing the level of use of intangible assets, you can give a cost description scientific and technical potential of the enterprise and assess its ability to compete on product market; intensify the process of attracting investment, increase the total value of assets enterprises, thereby promoting the growth of the image of the enterprise and the degree of confidence in the products that in turn, will contribute to additional profits from goodwill. Proper economic analysis of the use of intangible assets will allow get positive indicators of their use and optimize costs for expansion production volumes. Financial and accounting data of intangible assets are used for analysis condition, movement and use of intangible assets for the purpose of making appropriate decisions use of intangible assets, their implementation, replenishment, provide a methodological basis to audit intangible assets.

One of the important prerequisites for the development of the enterprise is its economic security. Stable functioning and growth of economic potential of any enterprise depends on economic security. Practice and scientific research show that the organization of modern business needs to refine and create a system of economic security that

would take into account the negatives that may be caused by each party or economic action enterprises. By assessing the level of economic security of the enterprise, you can analyze the effectiveness of the organization, identify its problem areas and prevent potential threats to business that may arise in the future.

A distinctive feature of the constructed structural and logical composition of the economic security of the enterprise as an object of management is the reciprocating movement and the determining role of economic choice. Economic choice in the traditional sense is the choice of the best of the alternatives, which allows to achieve maximum satisfaction of needs at minimum cost, but in the context of the study, such an interpretation needs to be clarified. In particular, the implementation of economic choice in the management of economic security of the enterprise means choosing the best of the alternative options for reconciling the interests of the enterprise under the conditions of rational use of resources.

With the development and deepening of market relations, increasing competition, small businesses must be armed with technologies of systematic financial analysis, forecasting, planning and management. Therefore, determining the methodological basis of financial analysis according to simplified reporting is an urgent task. There are several reasons for this. First, the shift of emphasis in the sources of financial resources, which is caused by market development, competitive environment, priority and focus of budget support programs. Secondly, at the enterprise the internal motivational mechanism of activity has mainly a form of self-financing. Third, the finances of enterprises have certain features that must be taken into account in financial analysis.

PART 4

MODERN ASPECTS OF AUDIT METHODOLOGY AND CONTROL OF THE ENTERPRISE

4.1. Status and development of marketing audit ¹⁰

In the context of global trends, the optimization of marketing activities is an important reserve for strengthening the position of the manufacturer in the food market, a necessary condition for increasing sales and improving sales efficiency. Business processes are impossible without proper accounting and audit of marketing activities, as accounting and control information is crucial for justifying management decisions and monitoring their implementation.

The issue of marketing activities at the present stage of development of Ukraine's economy is relevant and will remain so in the future, as advertising and competition acquire new forms and new significance in the development of the enterprise. The company must produce quality products, sell such goods and services to meet consumer demand; choose the right market segment for sales; set competitive prices. In this regard, the study of issues related to the development of methods of auditing the marketing activities of enterprises is quite relevant.

Such domestic and foreign scientists as Ahrens U.F., Burnett D., Broadbent S., Voychak A.V., Gasanenko N.A., Deyan A., Zinovchuk V.V., Karpenko N.V., Kotler F., Litovchenko I.A., Mamonov K.A., Oklander T.O., Pisarenko V.V., Sakhatsky M.P., Wells W., Schmalensi R. and other scientists made a significant scientific contribution for the study of marketing activities. A.B. Guryanov, A.V. Balabanyts, O.E. Sychova, L.V. Balabanova, A.I. Kornienko and others paid attention directly to the study of marketing audit. Without diminishing the contribution of these researchers, it should be noted that a number of topical issues of marketing audit of enterprises remain studied in fragments, do not have sufficient scientific justification, so there is a need to investigate

¹⁰ Mulyk Ya. I.

in more detail the methodology of marketing audit and its development. Marketing audit is one of the types of control, which involves a comprehensive, systematic, comprehensive and independent assessment and analysis of the main factors of the external and internal environment of the enterprise (Suprunova, 2020). Let's consider the definition of the audit of marketing activities provided by various economists (Table 4.1).

Table 4.1

Research on the definition of “marketing audit” by scientists

<i>Scientists</i>	<i>Characteristics of the definition</i>
1	2
Balabanova L.V, Balabanyts A.V.	Comprehensive verification and evaluation of the results of marketing activities through a comprehensive, periodic and independent analysis of the marketing system of the enterprise in order to identify bottlenecks, as well as develop recommendations for improving its effectiveness
Derevyanchenko T.E.	Competent, independent, periodic and comprehensive study of the main factors of the external and internal environment, goals, strategies and activities of the enterprise in order to prevent problems and hidden potential, as well as to develop an adequate marketing strategy
Imran M.S., Mondal S.A.	It is considered as a method and involves not only information but also knowledge and understanding. It can study the sources of intelligence, in terms of their accuracy, regency and adequacy. Provides a study of the effectiveness of the process
Kotler F.	Designed to identify problems and hidden potential, in order to develop an action plan to improve marketing, through a comprehensive, systematic, independent, periodic study by the company (or its divisions) marketing environment, goals, strategies and features of activity.
Lipnik D.	A tool that can be described as a “marketing mirror” of the company being audited.
Loya A.	Systematic evaluation of marketing plans, goals, strategies, activities and organizational structure, as well as staff marketing.
Pavlenko A.F., Voychak A.V., Kardash V.Ya., Pilipchuk V.P.	Competent, independent, periodic and comprehensive study of the main factors of the external and internal environment, goals, strategies and activities of the enterprise in order to prevent problems and hidden potential, as well as to develop an adequate marketing strategy.

Continuation of table 4.1

1	2
Sychova O.E., Guryanov A.B., Kornienko A.I.	Marketing audit is ideally a process of regular and critical research, analysis and control over the marketing activities of the enterprise, on which the success of its functioning as a commercial organization depends.
Tajhan M., Shaw R.N.	Marketing audit involves the collection, synthesis, analysis, including recommendations, justification and projected outcome, using all existing sources of information
Wilson O.	Marketing audit – a method of self-analysis and identification of marketing resources that are underused.
Cheko C., Chetina I., Radulescu V.	A tool to support management decisions in identifying and covering risks that are inherent in the company's activities. Marketing audit examines marketing processes and recommends how these processes can be more effective. Takes into account the opportunities offered in the market, in order to streamline the overall business
Schlidge J.	Assists organizations in understanding aspects of the strategic importance of sales and marketing. Its results become a plan of strategic decisions for future sales and marketing plans, linking company's resources and marketing activities

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

Thus, research shows that the economic literature reflects a rather broad interpretation of the essence of the concept of “marketing audit”, “audit of marketing activities”. Defining the interpretation of marketing audit makes it possible to group them from the standpoint of mechanism, method, tool, system, inspection, audit, evaluation of the marketing component of the enterprise.

Like any field of scientific or practical activity, marketing audit has a purpose, objectives, object, subject, method, functions and subjects of research.

The purpose of marketing audit is to identify problems in the marketing system, preventive detection of non-compliance with the requirements of its market environment, as well as development of recommendations to reduce such possible differences caused by market conditions, the specifics of the enterprise (Koryagina, 2014).

The tasks that need to be performed to achieve the goal of marketing audit are as follows:

- formulate questions that need to be answered, discuss them to

identify problems and develop solutions;

- show not the fact of achieving the goals, but the most effective ways to achieve them;

- obtain appropriate information to change / improve the marketing activities of the enterprise;

- show unclear goals, ineffective strategy, poor balance of goals and strategies;

- identify the strengths and weaknesses of the enterprise and their relationship with external opportunities and threats;

- identify problems and hidden potential, as well as develop an action plan to improve the marketing of the enterprise;

- find out (in some cases): whether the decline in sales is the result of bad strategy, maladministration or ineffective implementation of the strategy;

- evaluate the organization of marketing, marketing systems; assess the level of effectiveness of certain elements of marketing activities;

- to form proposals and recommendations for improving the efficiency of marketing activities of the enterprise;

- accompany the implementation of the provided recommendations, etc.

The object of marketing audit is the external and internal marketing environment of the enterprise (Koryagina, Koryagin, 2014).

The object of marketing audit is detailed by its subject. The subject of marketing audit is its directions (components) (see Fig. 4.1).

The subjects of marketing audit are customers and performers of the audit. There are the following functions of marketing audit (Koryagina, Koryagin, 2014):

- control (inspection of the activities of controlled objects);
- analytical (search and determination of causal relationships of marketing activities of the enterprise and its results);

- system-creating (consideration of the enterprise as an open system that experiences the impact of the environment and affects it itself);

- ascertaining (knowledge of economic phenomena);

- information (informing the subjects of economic relations about the phenomena of economic activity);



Fig. 4.1. Directions (components) of marketing audit

Source: formed by the author based on (Koryagina, Koryagin, 2014)

- heuristic (discovery of new patterns that arise in the proses of development of the subject of study);
- methodological (definition of techniques and methods of verification);
- preventive (prevention of deviations);
- prognostic (determination of trends in the development of the phenomena under study, in accordance with the objective laws of their development);
- synthetic (formation, definition of recommendations for

improving the efficiency of the audited entity).

It should be noted that marketing audit includes not only marketing methods. Scientists propose to divide conditionally these methods into three groups (Andreeva, Zinkovska, 2016):

- General scientific methods are a set of methods used not only in marketing audit, but also in all other sciences.
- General economic methods are a group of methods that are specific to all economic sciences.
- Marketing methods are methods that are mostly used only in marketing.

General scientific methods used in marketing audit can also be divided into three types – empirical, empirical-theoretical, theoretical (Andreeva, Zinkovskaya, 2016):

- empirical methods – related to the empirical level of knowledge (through sensations, perceptions, ideas);
- theoretical methods – related to the theoretical level of knowledge (study of theoretical knowledge in relation to a particular phenomenon);
- empirical-theoretical methods – a group of methods that cannot be unambiguously attributed to only one of the levels of knowledge (Fig. 4.2).

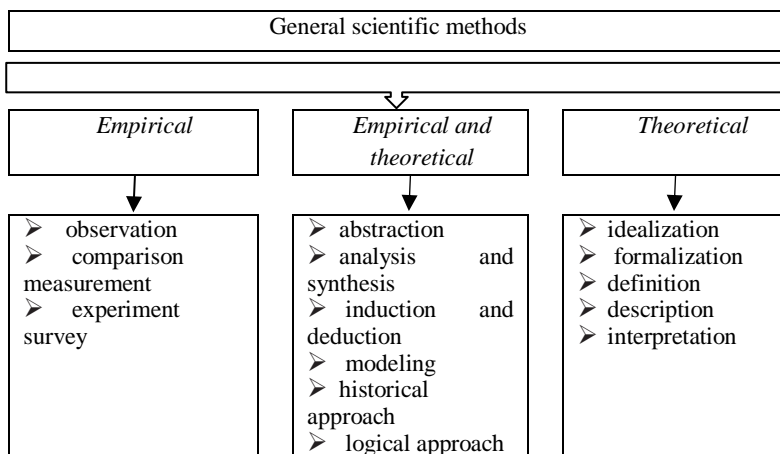


Fig. 4.2. General scientific methods of cognition

Source: formed by the author based on (Andreeva, Zinkovska, 2016)

Each of the types of general scientific methods contains several methods that can be used in marketing audit. We considered each of these methods, its essence, as well as proposed the scope of its use in marketing audit (Table 4.2) (Andreeva, Zinkovska, 2016).

Table. 4.2 shows that in the process of marketing audit any general scientific method of cognition can be used. This indicates a great opportunity for research and comprehensive knowledge of the marketing activities of the company with the further development of an action plan of its adjustment.

Table 4.2

Application of general scientific methods in marketing audit

Method	Essence	Scope
1	2	3
<i>Empirical methods of cognition</i>		
Observation	it is an ordered, systematized, purposeful system of perceived phenomena, its properties, connections, relationships, which provides empirical material for knowledge of properties, connections, relationships	1) marketing research of consumer behavior; 2) monitoring the purchase process; 3) monitoring production and identifying organizational deficiencies
Measurement	method of empirical level of cognition, which determines the ratio of one quantity to another, which is taken as constant in relation to the measured	1) analysis of the dynamics of financial indicators; 2) comparison of production standards with standards; 3) comparison of indicators with the nearest competitor
Comparison	with its help the conclusion about similarity or difference of objects of cognition is made; this method makes it possible to identify quantitative and qualitative characteristics of objects, classify, organize and evaluate them	1) comparison of performance indicators of the firm with competitors; 2) determination of competitive advantages of the enterprise; 3) comparison of possible development options and identify the most attractive
Experiment	research of the object with inter-action with the researched subject, creation of artificial conditions for obtaining empirical data	1) conducting trial marketing; 2) approbation of a new product; 3) testing of new packaging
Survey	information is collected by registering indicators obtained from a survey of people; it provides an opportunity to obtain information not only about the facts, but also about the motives and reasons that led to them	1) determining the motives of consumers to buy; 2) identifying the attitude of consumers to the products of the enterprise; 3) determining the level of loyalty to the company
<i>Empirical and theoretical methods of cognition</i>		
Abstraction	rejection of insignificant thoughts, properties, connections of objects and selection of one of several parties	1) identification of patterns in the development of the industry; 2) identification of possible ways of firm development

Continuation of table 4.2

1	2	3
Analysis and synthesis	complex research method based on the sequential division of the object into elements (analysis) and the connection of its individual parts into a single whole (synthesis)	1) study of the received information and identification of interrelations; 2) selection of factors influencing the phenomenon; 3) on the basis of analysis – synthesis of development strategy
Induction and deduction	directs the process of cognition from the individual to the general and from the general to the specific (deduction)	study of economic trends and their transfer to the enterprise
Modeling	it is the process of studying an object through the elements of the model that model its behavior, with the transfer of knowledge from the model to the original	1) creating a model for further development of the enterprise; 2) modeling scenarios for entering new markets
Historical and logical approaches	are used comprehensively to study the history of an economic object or phenomenon and highlight the essence of the historical process of development	study of dynamics and possible scenarios of further development of the industry and enterprise
<i>Theoretical methods of cognition</i>		
Idealization	it is a type of abstraction associated with the formation and study of ideal objects, endowed with unreal, non-existent properties	identification of scenarios for the development of the firm (ideal, normal and pessimistic) to develop accurate forecasts
Formalization	method of studying the economic process by reflecting its content and structure in symbolic form	conversion of information collected as a result of the survey into digital for further processing
Definition	formulation of features of the object, specific ways of its search	analysis of general information about the company
Description	there is a fixation of research results on the basis of a certain system of definitions	can be used to generate a report
Interpretation	formalized system is brought into accordance with a certain substantive theory	interpretation of information obtained from data analysis, surveys

Source: formed by the author based on (Andreeva, Zinkovska, 2016)

General economic methods. In economics, in addition to general scientific methods, specific methods that are unique to it are used. The most widely used in practice are such methods as economic-statistical, monographic, computational, balance, normative, economic-mathematical, experimental, abstract-logical) (Andreeva, Zinkovska, 2016).

Thus, marketing methods are a set of methods that are used mainly in marketing. Scientists propose to conditionally divide them into four groups.

Methods of marketing research – are used mainly to study the opinion of consumers or experts about the products produced by the company, the level of service, when choosing new products and identify shortcomings in the product already produced (Fig. 4.3).



Fig. 4.3. Marketing research methods

Source: formed by the author based on (Andreeva, Zinkovska, 2016)

Let's consider in more detail each group of marketing research methods (Andreeva, Zinkovska, 2016).

Mathematical and statistical methods in marketing are used to process information collected during surveys, observations and to analyze the financial performance of the firm.

Assessment of marketing risks. It should be noted that the assessment of marketing risks, which is the result of marketing audit, is given insufficient attention, although it is a very important part of the enterprise, especially if it plans the output of a new product, introduce innovative projects or develop a new market.

Marketing risk is the risk of loss a profit as a result of not achieving the planned sales volume or lowering the sales price relative to the planned. To reduce this risk it is necessary to study carefully the market, identify key factors that may affect the project, forecast their occurrence or strengthening, ways to neutralize the negative influence of these factors. Assessment of marketing risks is especially relevant for projects to create new production or expand existing production.

Methods of research of strategic and operational marketing activities include specific marketing methods that serve as a basis for decision-making on the application of strategy, its adjustment, as well as improving all marketing activities of the enterprise.

That is why, in our opinion, this class of methods deserves special attention. We propose to divide this group of methods into four

subgroups: methods of analysis of the general strategy of the firm, method of strategic analysis of macro- and micro-environment, methods of analysis of market strategy, complex methods of strategic analysis. The methods included in each group and their essence are given in table. 4.3.

Table 4.3

Methods of research of strategic and operational marketing activities

Group of methods	Method	Essence
Methods of analysis of the overall firm strategy	“Goal tree”	it is a graphical diagram that shows the transition of the overall goal into several contractual purposes; allows you to follow the hierarchy and internal relationships of the company’s goals
	LOTS- method	provides a detailed, consistent discussion of a number of business issues at different levels - from the corporate mission of the enterprise as a whole to the goals of a particular project
	MOST- method	allows you to follow the relationship between mission, strategy and goals; the position of the enterprise is described according to the criteria chosen by the firm
The method of strategic analysis of macro- and micro-environment	SWOT	is to identify factors of internal and external environment of the organization and divide them into four categories: strengths, weaknesses, opportunities and threats
	STEP	description of four groups of factors: social, technological, economic and political
	SPACE	includes assessment of external and internal factors
Methods of market strategy analysis	Ansoff’ matrix	matrix is a marketing planning tool that helps the company to determine the strategy of product development and market growth
	Porter’s model	provides an analysis of the threat of emergence of substitute products and new players; analysis of market power of suppliers and consumers; analysis of the level of competition
	BCG matrix	allows to determine the place of the enterprise in the market in relation to the main competitors; is based on two indicators - the relative market share and market growth rate
	The McKinsey Matrix	consists of nine segments; the distribution is based on two indicators – ”competitiveness of the enterprise” and “attractiveness of the industry (market)”
	Shell/DPM	matrix size 3x3; indicators -“business competitiveness”, ”business prospects”
Comprehensive methods of strategic analysis	PIMS	analysis of the level of impact of the chosen strategy on profits
	Abel’s model	allows you to define the area of business in three dimensions: groups of customers served; customer needs; technology used in product development and production

Source: formed by the author based on (Andreeva, Zinkovsk, 2016)

In the study, the authors proposed a methodology for using marketing audit methods at all levels of strategic marketing decisions (Table 4.4).

Table 4.4

Application of marketing audit methods at all levels of strategic decision making

Levels of strategic decision making	General scientific methods of cognition	General economic methods of cognition	Marketing research methods
Corporate level of decision making	Theoretical and empirical-theoretical methods of cognition are used mainly to determine the patterns in the industry	The economic-statistical and balance methods are used mainly, which allow to reveal perspective directions of business development in the economy.	Methods of strategic marketing analysis and assessment of marketing risks are used
The level of business strategy	Theoretical (to identify patterns in the industry), empirical-theoretical (to identify the relationship between factors influencing the activities of the firm) and empirical	Methods are used to study the industry (economic-statistical, monographic, balance sheet methods) and determine the level of compliance of the enterprise with the indicators of the industry average.	Includes assessment of marketing risks in the development of new projects, methods of strategic marketing analysis to identify the company's place in the market and factors influencing the efficiency of operation
The level of functional strategy	Empirical methods are used, such as observations, surveys	Calculationhtpel-constructive and economic-mathematical methods are used	Include methods for assessing the attitude of consumers to the company and for internal marketing, identifying attitudes to new marketing decisions; assessment of marketing risks; mathematical and statistical methods for identifying the impact of marketing factors on effectiveness
The level of operational strategy	Methods at the departmental level are used	The normative method is used	Includes methods of marketing research, as well as mathematical and statistical methods of marketing

Source: formed by the author based on (Andreeva, Zinkovska, 2016)

Thus, marketing audit is a tool for making strategic marketing decisions and constant analysis of the effectiveness of the enterprise on it. A large number of general scientific, general economic and marketing materials are used to achieve these goals during the marketing audit.

The current economic environment requires a number of actions from enterprises to improve and increase the efficiency of production. Only constant and timely adaptation of the company's marketing activities to changes in the actions of competitors and in a dynamic external environment can guarantee the maintenance of favorable competitive positions. To achieve these goals, it is necessary to choose the right marketing tools that will allow most effectively adjust the strategic and operational activities of the enterprise. One of such tools is a marketing audit, which allows to monitor the changes in market trends, macro- and micro-factors of the environment, as well as to develop the most effective program of action to minimize losses and maximize profits.

After analyzing the literature, we found that marketing audit is considered only superficially, information is not systematized and detailed, insufficient attention is paid to methods and tools, and its relationship with the strategic decision-making process is not studied.

Let's consider the methodology and organization of marketing audit at the enterprise.

The process of marketing audit can be represented by the following stages (Fig. 4.4):

The stage of preliminary preparation of the audit process determines a high level of preparatory work, which programs the effectiveness of the following analysis of marketing activities of the enterprise and provides:

- the first contact with the top management of the enterprise in order to develop an agreement on the objectives, range, sources of information, the type of final report; discussion of areas that the customer would like to change in the company and how the auditor can help him in this – i.e. a preliminary diagnosis of the problem;
- development of an audit plan based on a preliminary analysis of the problem (provides for the preparation of an audit program to determine the timing and its schedule; preparation of the report and audit opinion; methods and techniques of audit; development of rules

for selection and work with staff, documentation.

– negotiations and concluding a contract for advisory assistance (Derevyanchenko, 2018).

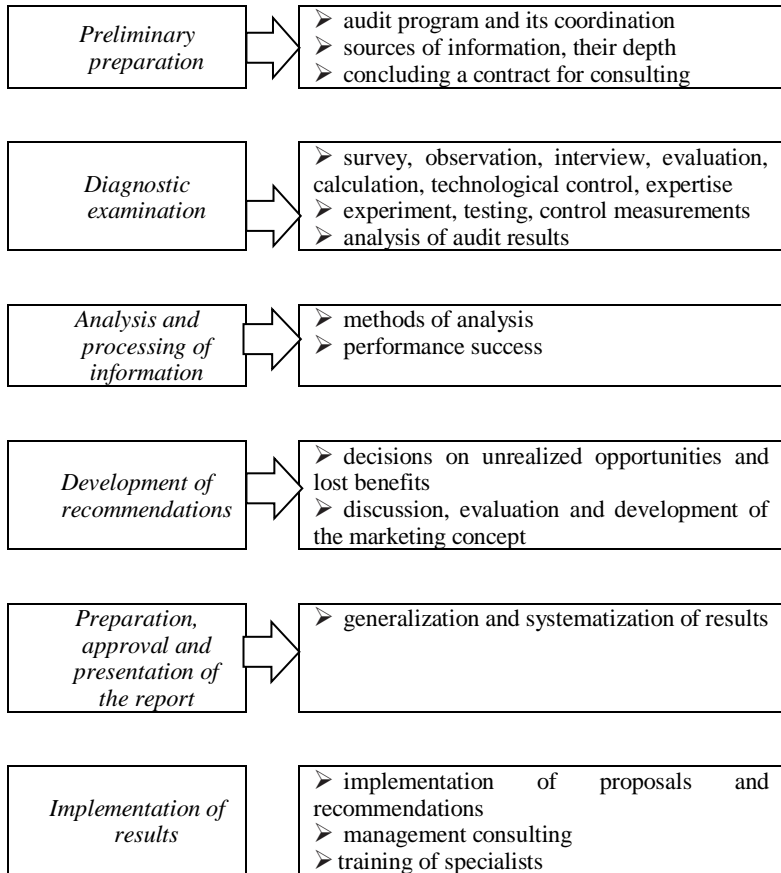


Fig. 4.4. Algorithm of the marketing audit process

Source: formed by the author based on (Derevyanchenko, 2018)

Upon completion, the general plan and program are documented, approved by the management of the enterprise- customer and the management of the audit firm. At complex audit working programs on separate directions of marketing activity are made. However, it is

impossible to develop a universal program, because there are no completely similar companies, even in one industry. There are always circumstances for a particular company that require an individual approach.

The second stage is the stage of diagnostic examination. It involves determining the current state of affairs in the enterprise by collecting and accumulating a variety of information and its thorough analysis. Previously provided information can be used here, as well as the results of surveys, observations, contacts with consumers of the company's products. Additionally, information obtained from senior and middle managers and other employees of the company is used.

The main rule of data collection is to use various sources of information as much as possible, and not just limit yourself to the information received from the employees of the researched enterprise. At this stage, control of data collection is carried out, which involves monitoring the diligence of the data collector, in particular, the duration, place, date, subject and other elements of data collection (Derevyanchenko, 2018). At the stage of analysis and processing of information the success of the interconnected and interacting components of the marketing complex is determined, using herewith a variety of methods and techniques.

The development of recommendations aims to find solutions to receive the lost benefits of unrealized actions, i.e. involves the development of measures to eliminate errors in the marketing system. In addition, qualitative changes in the company's activities are possible, in particular, such as expanding the range, entering new markets; recommendations for consumer research; sales forecast; changes in communication policy; introduction or modernization of marketing services; setting up a marketing information system; marketing budget; development of a control mechanism; regulations on the marketing service; selection and testing of candidates for marketing positions, etc. (Derevyanchenko, 2018).

Preparation, approval and submission of the report to the customer is allocated to a separate stage of marketing audit, as the report summarizes and systematizes the results. An important component of this stage is the reporting of work performed, which involves an oral report to senior management on the results of the audit with the simultaneous submission of written materials. In this case, the report

may be provided confidentially to the general director of the enterprise, separately for business owners, senior management or marketing specialists (Derevyanchenko, 2018).

The stage of implementation of the results involves the preparation and implementation of the action plan for the implementation of the adopted proposals and recommendations, marketing strategy of the enterprise. If provided by the agreement, at this stage the auditor accompanies the implementation of the action plan in the form of preventive advice to senior management and training of specialists of relevant departments of the enterprise (Derevyanchenko, 2018).

Depending on the areas of marketing audit, the work of the relevant departments of the enterprise and their employees will be subject to verification. As practice shows, the most common reasons for inviting marketing auditors are: experience of their work with similar companies or similar problems; availability of special technologies and knowledge; the need for training (cognition through an auditor); obtaining confirmation of the correctness of actions; intensive assistance in solving a specific problem; “Fresh” view of the company and its marketing activities (Derevyanchenko, 2018).

Let's consider the main areas of audit of marketing activities, including audit of marketable products and audit of communication products of Yaltushkiv Experimental and Breeding Station of the Institute of Bioenergy Crops and Sugar Beets (Yaltushkiv EBS IBC and SB) National Academy of Agrarian Sciences of Ukraine.

The audit of product marketing policy and communication product policy in the complex are studies of what to sell and how to do it. Marketing pricing and sales policies are equally important, but their formation and organization are more understandable to the seller, because everyone knows about the impact of low prices on demand.

Marketing product policy is a set of measures to form an effective range of goods and services (from a commercial point of view).

From the standpoint of marketing, the product is considered on four levels:

- 1) the core of the product (meets a specific need);
- 2) the product in actual performance (the product has a certain level of quality, characteristics, name);
- 3) reinforced goods (with the purchase of goods there is an additional list of services and benefits (delivery, installation, etc.));

4) product image (perception of the product by the majority of buyers) (On information: Law of Ukraine, 1992).

Thus, in the process of auditing the product policy of the enterprise it is necessary to investigate the level of quality of goods and services of the Yaltushkiv EBS IBC and SB and competitive advantages; level of prestige and consumer loyalty; opportunities and the need to update the product range; the need to seize certain goods and services.

Yaltushkiv EBS IBC and SB is one of the oldest research institutions in our country for the selection of sugar beets.

The station is working fruitfully in the direction of implementing the achievements of science in production. Specialists of the station regularly hold meetings-seminars on breeding, seed production, technology of sugar beet production and bioenergy crops, provide advice to local producers, implement their research in seed farms for growing sugar beet seeds, successfully carry out work on seed production of cereals, legumes and the introduction of the best varieties in production.

The station actively cooperates with leading European research institutions under the international program Horizon 2020. In particular, the station has a pilot project for growing bioenergy crops on low-yielding lands. This work is carried out under the international project “Sustainable Biomass Growing in Marginal Lands of Europe” (SEEMLA). The station is cooperating with the Renewable Resources Agency (FNR, Germany), the Institute for Energy and Environmental Research (IFEU, Germany), the Brandenburg University of Technology (BTU-CS, Germany), the Democritus University of Thrace (DUTH, Greece), Decentra Macedonia and Thrace (DAMT, Greece), and the Environmental League (Legambiente, Italy).

Yaltushkiv EBS IBC and SB NAASU rightfully remains the leading research center in the region on agricultural production. Currently, the Station carries out marketing research and sales of products in the following areas (Fig. 4.5).

Sales are carried out in three groups, namely: cereals, legumes and industrial crops (Fig. 4.6).

Audit of quality and competitiveness of goods and services of the enterprise. One of the most common methods of determining the quality of goods, services, products is the method of scoring. For each parameter of competitiveness, a score is given to get the total score.

MARKETING AND SALE OF SCIENTIFIC PRODUCTS	
	<ul style="list-style-type: none"> • Technological methods of growing new types of bioenergy crops on marginal lands • Seeds of rop-shaped millet, rhizomes of miscanus and planting material (cuttings) for vegetative reproduction of energy willow and cultivation of new species of bioenergy crops • Parental components of high-yielding sugar beet hybrids – Sulava, Shevchenkivskiy and Kyborg • Marisha single-sprout fodder beet seeds and Burshtyn and Rizon multi-sprout varieties • Seeds of buckwheat of the Large Green variety and spring barley of Oksamytoviy variety • Seeds of high-yielding varieties of winter and spring cereals of other research institutions selection

Fig. 4.5. Marketing and sale directions of scientific products of Yaltushkiv EBS IBC and SB NAASU

Source: formed by the author

Let's analyze the products and services of the company Yaltushkiv EBS IBC and SB NAASU by this method (Table 4.5).

Products of Yaltushkiv EBS IBC and SB NAASU		
↓		
<i>Cereals:</i>	<i>Legumes:</i>	<i>Industrialcrops:</i>
<ul style="list-style-type: none"> -Winter wheat - commodity grain -Winter wheat - seeds -Winter barley - commodity grain -Winter barley - seeds -Spring wheat - commodity grain -Spring barley - seeds (Oksamytoviy variety) -Buckwheat - seeds (Large Green variety) -Buckwheat - commodity grain 	<ul style="list-style-type: none"> - Peas - seeds 	<ul style="list-style-type: none"> -Soybeans - commodity grain -Clover seeds - Beet seeds: -Sugar beet seeds -Fodder beet seeds

Fig. 4.6. Types of marketable products of Yaltushkiv EBS IBC and SB NAASU

Source: formed by the author

Table 4.5

Score assessment of the quality of goods and services of Yaltushkiv EBS IBC and SB NAASU

Evaluation criteria product quality of Yaltushkiv EBS	Rating (Maximum score – 50)	Criteria for evaluating the services of Yaltushkiv EBS	Score (maximum score – 50)
Product certification	10	Availability of skilled craftsmen	10
Product innovation	9	Rationality, convenience for the consumer	10
Compliance with “price – quality”	8	Use of new equipment	9
Perfection of production execution	9	Nomenclature according to consumer demand	10
Appearance	9	Fulfillment of warranty obligations	10
Total	45	49	

Source: formed by the author

Thus, we can conclude that the quality of company’s products is about 90% high quality, services – by 98%. The company always qualitatively fulfills all requests for production and delivery, etc. Other evaluation parameters are subjective, so the result often depends on consumer perception.

You can also conduct an audit of the development of new products or products, product range policy, brand audit. Imagine that the Yaltushkiv EBS IBC and SB plans to start selling new products in early 2023, there is a need to conduct an audit of the development of new products and a comprehensive brand audit. The list of questions for the audit of the introduction of new products of the enterprise is given in table. 4.6.

Therefore, there are no significant restrictions or threats associated with the introduction of these products.

Product range is a set of all product groups and product units. Its main characteristics: depth, width, saturation, harmony. The assortment policy of the enterprise corresponds to the principles of differentiation and focusing. The principle of differentiation involves a variety of goods, choice of models, consignments, parts and a wide

range of services. The principle of focusing is that the company provides services to meet the special needs of consumers in the target segment (design, additional accessories, technical additions, etc.).

Table 4.6

Test of evaluation of putting the product on sale in 2023

Questions	Answer options		Note
	Yes	No	
Is there a market need for these products?	X		This need is due to the active development of the biofuels market
Does the company have a chance to become a leader in sales of these products?	X		There are no competitors in Vinnytsia region
Is it economically profitable for the company to start implementation of this product?	X		Products are in demand, there is a significant number of customers
Is the delivery system of materials for production well established?	X		Suppliers of these materials have been suppliers to the company since 2010
Is there a need for significant additional costs for product sales?		X	Only a small increase in salary production workers
Are there more than 10 potential buyers of this product within the company's activities?	X		In 2020-2021, 6 requests for the availability / possible availability of these products were recorded

Source: formed by the author

Brand audit helps to identify changes in the values and priorities of the target audience and the reasons for declining demand. The result of the brand audit is a report on the current position of the brand in the market and recommendations for its improvement.

In the process of marketing activities, the company interacts with certain target audiences: customers; suppliers; Mass media; state organizations; international organizations, etc. There are often problems in the company's communication with target audiences related to actions, understanding, perception. The company's promotion policy is aimed at eliminating these problems. Marketing communication policy or promotion policy is a set of measures that the company uses to inform, remind and shape consumer views on the

product (service) and image of the company. Verification of the effectiveness of marketing promotion policy is provided by conducting a communication audit.

The tools of marketing communications policy include:

1) advertising as paid promotion (television, newspapers, brochures, catalogs, radio, street advertising, magazines, videos);

2) sales promotion (targeted at consumers, staff) – short-term coercive advertising measures (discounts, loans, the possibility of refunds, etc.);

3) direct marketing (private marketing, personal marketing) – the sale of goods through direct interaction with the buyer: communication with customers by phone, Internet, etc.

4) public relations (public relations) – influence in order to form a positive attitude towards the company using the media (Kotler, Trias, 2004).

Marketing communications are to create an image of prestige of the enterprise, to ensure the perception of recognizability of new products, the formation of a favorable image of goods and enterprises through the choice of communication channels, making decisions about ways to promote.

Audit of marketing communication policy of the enterprise (communication audit) is considered as an analysis and evaluation of the process of development and implementation of marketing communications: measures for effective interaction of business partners, advertising, sales promotion, public relations. The main functions of communication audit are evaluative (assessment of the company's image, the effectiveness of means of communication); managerial and strategic; informational (management receives information about the current position of the enterprise); forecast.

An audit of the effectiveness of advertising activities includes an assessment of the economic and communicative effectiveness of advertising. The economic efficiency of advertising can be determined by the ratio between the result (profit) obtained from advertising, and the cost of advertising activities:

$$P = P / C \times 100\%, \quad (4.1)$$

where: P – profitability of advertising in%; P – profit from advertising of goods, C – costs of advertising goods.

The results of such an analysis are not always accurate, as it is difficult to distinguish the net effect of advertising, as consumer choice is influenced by many factors. That is why the company Yaltushkiv EBS IBC and SB always asks the new buyer where they learned about the company. The structure of marketing costs of Yaltushkiv EBS IBC and SB in 2019-2020 is shown in table 4.7.

Table 4.7

The structure of marketing costs of Yaltushkiv EBS IBC and SB in 2019-2020

Type of advertising	Costs, UAH	Share in costs, %	Costs, UAH	Share in costs, %	Relative dynamics, %	
	2019	2019	2020	2020	Changing the amount of costs	Change in specific weight
Promotion on social networks	24 000	18,32	53 500	31,01	122,9	12,69
Website promotion	36 000	27,49	48 000	27,83	33,3	0,34
Shop window and decoration	17 900	13,67	21 200	12,29	18,4	-1,38
Business cards and other small promotional materials	13 710	10,47	16 300	9,45	18,9	-1,02
Billboard rental	29 500	22,52	23 200	13,45	-21,4	-9,07
Advertising in public transport	9 860	7,53	10 300	5,97	4,5	-1,56
Total	130970	100,00	172500	100,00	31,7	

Source: formed by the author

So marketing product policy involves a set of actions of the enterprise aimed at developing a new product and its introduction to the market, as well as the study of individual components that ensure this process. It is part of the general policy of the company, along with pricing, sales and communication. Commodity policy involves solving the following tasks: the formation of product range and its management; development of goods that meet market requirements; determining the competitiveness of goods and maintaining their competitiveness at the appropriate level throughout their life cycle. The structure of marketing product policy consists of three blocks:

product development; product maintenance; removal of obsolete goods from the market (elimination).

The competitiveness audit showed that the products of the Yaltushkiv EBS IBC and the SB occupy a leading position in terms of quality on the market. However, consumers prefer cheaper goods, so the company's marketing activities in the future should be aimed at proving to the consumer the privileges of using the goods and services of Yaltushkiv EBS IBC and SB by establishing effective communications.

The audit of marketing communication policy of the enterprise is considered as an analysis and evaluation of the process of development and implementation of a complex of marketing communications: measures for effective interaction of business partners, advertising, sales promotion, public relations.

In 2020, the priority of communication policy was the promotion of goods and services by all available methods (website design, promotion in the Internet, distribution of flyers, advertising in public transport, etc.). The company has increased its promotion costs in all ways except advertising by placing ads on billboards. This advertising was ineffective. Profitability of advertising reached 1122,49%, which indicates the high efficiency of the advertising company. During the following periods, the company plans to focus on online promotion of goods and services. The audit of the company's website by the method of expert evaluation showed that the company should make the following changes to the website:

- 1) add photos and video content;
- 2) establish the ability to search for information on the site;
- 3) translate the site into other languages;
- 3) add the ability to chat with the administrator to get detailed information about the service and product.

It is recommended to conduct additional consumer surveys and add the possibility of such a feature to the site for future use; create a QR code for a mobile phone with the ability to go to the company's website.

Recently, much attention has been paid to auditing the effectiveness of marketing activities.

Over the years, discussing the problem of evaluating marketing effectiveness has raised more questions than answered. Unanswered

questions led, first of all, to contradictory and conflicting points of view on this issue, and also left unresolved the main problem – how effective the marketing system is at the micro and macro levels and how it can be measured (Rybachuk, Zhurko, Sidenko, 2016).

To control marketing activities a system for evaluating its effectiveness is required, which will provide information support for corrective actions, taking into account the compliance of the achieved result with the planned, changes in the marketing environment, priorities for further development of the enterprise.

Herewith the scientists understand the nature of marketing effectiveness in different ways:

- the relationship of four main factors: corporate, competitive, customer, exogenous;

- evaluation of marketing effectiveness in certain areas: purchasing, marketing integrations, information adequacy, strategic orientation, operational efficiency (the authors have not defined a system of indicators for evaluating these areas and the algorithm for calculating efficiency) (Balabanova, Kholod, 2006);

- assessment of the implementation of management functions to the use of marketing tools, including the use of marketing resources (Melenchuk, 2015);

- assessment of efficiency in terms of individual components of the marketing complex of the enterprise: preplanning analysis; planning; marketing organizations; interaction of marketing service with other divisions of the organization; motivation of work of managers and employees of marketing service; control over the implementation of some of the above marketing functions (Gerasymyak, 2012);

- a comprehensive approach to assessing the effectiveness of marketing in the following areas: the results of marketing activities; marketing researches; market segmentation and product positioning; sales management; planning and organization of marketing; quality of management and organization of the marketing department; functions of the marketing department; assessment of the contribution of the marketing department in obtaining the final results of the enterprise;

- a set of methods for assessing the effectiveness of marketing activities can be classified as follows: quantitative methods; quality methods; sociological methods; scoring methods (Balabanova, Kholod, 2006).

Quantitative methods of analysis are most often used to assess the effectiveness of marketing activities, as these methods are based on specific quantitative indicators and have a high degree of accuracy.

The use of quantitative methods to assess the effectiveness of marketing activities is primarily based on well-formulated goals. For the correct formation of goals, SMART-technology of goal setting is used, according to which, goals should be (Rybachuk, Zhurko, Sidenko, 2016):

- Specific – specific (clear understanding of what result should be achieved and a clear understanding of the essence of the goal by employees involved in its implementation);

- Measurable – measurable (the presence of criteria that will determine whether the goal is achieved and to what extent);

- Achievable – achievable (the goal, regardless of complexity, must be realistic and employees must be provided with all necessary resources to achieve it);

- Relevant – relevant (the goal should be correlated with other, more general goals, as well as with strategic goals and contribute to their achievement);

- Time bounded – time limited (need to set a time frame).

Thus, if the goal was formulated in quantitative terms, then to check the level of its achievement, namely the effectiveness, you can compare the profits from marketing activities and the costs of it. You can also use income, market share, sales volume, number of customers, sales or profit per customer, and other variables to determine effectiveness, depending on your goal. In addition, the effectiveness of marketing activities can be determined by comparing the absolute values before and after marketing activities: the size of the average check, the number of customers who paid their bills on time, the number of extended contracts (Rybachuk, Zhurko, Sidenko, 2016).

However, in order to achieve high competitiveness of business and sustainability of its successful functioning in the market, it is important to have appropriate indicators to measure the effectiveness of marketing. In our opinion, all the above models for assessing the effectiveness of marketing activities are too general and complicated just for the development of indicators that will allow quantitative measurement of individual areas. Therefore, we support scientists who

propose to identify the following areas of evaluation of the effectiveness of marketing activities: the effectiveness of product policy; efficiency of pricing policy; effectiveness of communication policy (Fig. 4.7).

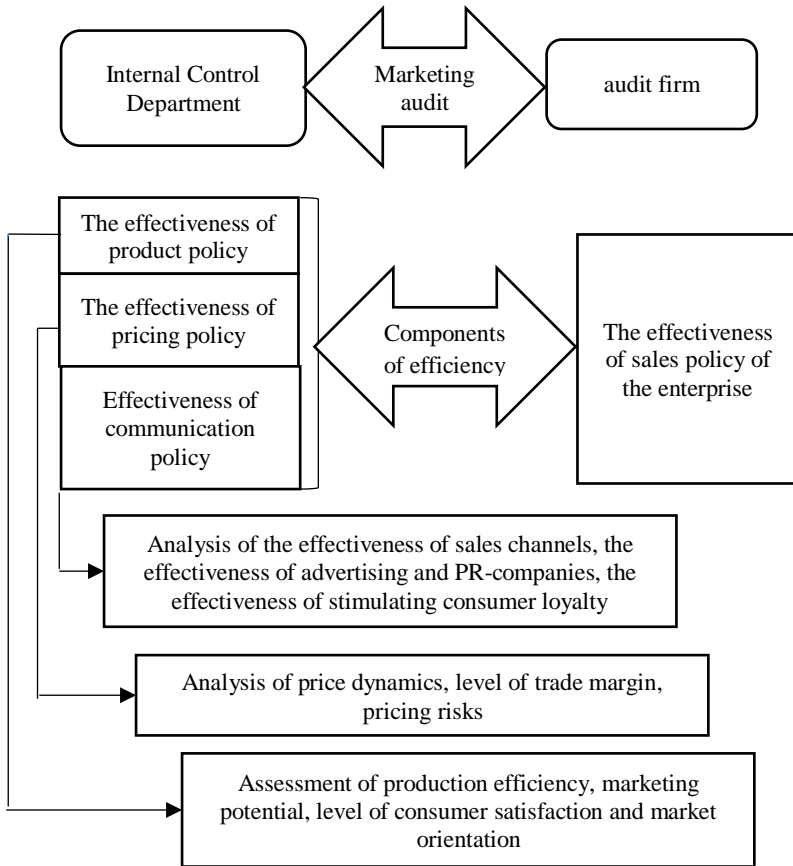


Fig. 4.7. The main directions of the audit of the effectiveness of marketing activities of a commercial enterprise

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

Just such a division will allow the auditor to: adequately assess the effectiveness of sales channels, the effectiveness of advertising and PR companies, the effectiveness of stimulating consumer loyalty; analyze the dynamics of prices, the adequacy of the level of trade

margins and assess the risks of pricing; assess the efficiency of production, marketing potential, customer satisfaction and market orientation (Verzilova, 2020).

To develop a system of such indicators, domestic and foreign scientists identify several key areas of marketing performance research: development of theoretical approaches to performance evaluation (market value theory of the firm, the theory of organizational behavior); search for models of marketing performance and indicators of its evaluation, including on the basis of the allocation of marketing factors (drivers) of profitability or value of the company; study of marketing assets as a factor in the value of companies; research in the field of effectiveness of measures within the marketing complex (product policy, pricing, distribution and communications); development of the theory of partnership marketing and the emergence of new approaches to assessing the effectiveness of marketing (Cherednichenko, 2015).

However, to assess the effectiveness of marketing activities in the enterprise is quite difficult, because to express the quantitative effect of marketing activities is not always possible.

According to V. Sobolev, the effectiveness of marketing activities should be assessed through the prism of consumer satisfaction, thus their reactions and actions under the influence of marketing measures should be evaluated (Sobolev, 2015).

V.I. Savchenko proposes to define the indicator that characterizes the effectiveness of marketing activities as a profit per 1 UAH of marketing costs (Savchenko, 2000). Similarly, according to N.V. Gerasymyak, the effectiveness of marketing activities means the relationship between the result (effect) of marketing activities and the costs associated with them (Gerasymyak, 2012).

O. Sobolev-Tereshchenko and V. Antonova, on the contrary, believe that the level of effectiveness of marketing activities should not be assessed by only one indicator, but correctly combine elements of marketing in a comprehensive assessment of effectiveness (Sobolev-Tereshchenko, Antonova, 2019).

When developing a system of indicators of the effectiveness of marketing activities of the enterprise, we consider it appropriate to adhere to a number of principles that will ensure the universality of such a system of indicators for enterprises of different trade formats,

forms of customer service, average retail space and product range. Such principles should include the following: the effectiveness of marketing activities should be assessed on the basis of compliance with the terms of return on capital invested in the marketing system; it is necessary to take into account the whole set of resources spent on marketing (direct and indirect costs of cash, tangible and intangible assets, labor resources, etc.); in the process of analysis, marketing costs should be reduced to present value using differentiated rates for each marketing event (Verzilova, 2020).

Following these principles, scientists identify a large number of methods for assessing the effectiveness of marketing, in the author's opinion, the most appropriate are quantitative and qualitative methods, as well as sociological, score and information (Melenchuk, 2015).

The most objective in determining the effectiveness of marketing is the use of a group of quality indicators based on the ratio of marketing costs and profits or sales, namely: profitability index (the ratio of the share of discounted profits from marketing activities to discounted costs); market share of the organization; dynamics of marginal and net profit; dynamics of sales, as a reflection of the effectiveness of marketing activities; reaching break-even point.

Agreeing with scientists that quantitative indicators of marketing effectiveness provide a more accurate measure of economic effect, as they take into account the main directions of marketing impact on the final results of the company (including the cost of marketing activities). But despite the clear advantages and informativeness of quantitative indicators to assess the effectiveness of marketing activities of the enterprise should not be neglected and qualitative indicators that assess the performance of marketing services in the complex taking into account the interests and expectations of all stakeholder groups (Verzilova, 2020).

Therefore, we propose to assess the effectiveness of marketing activities of enterprises by calculating an integrated indicator of a comprehensive assessment of marketing effectiveness, which allows us to analyze the impact of both quantitative and qualitative indicators. The proposed system of criteria for comprehensive assessment of marketing activities should be included in the program of audit procedures in the form of an audit test, which can identify problematic areas in the marketing activities of the enterprise and develop

measures to optimize the marketing mix.

However, the effectiveness of any activity is primarily associated with the ratio of results obtained and costs incurred. The inclusion in the model of a small set of quantitative indicators limits the use of quantitative methods of comparing marketing costs with gross profit and advertising costs with sales, as well as quantitative methods of assessing the effectiveness of marketing through analysis of financial results of the enterprise. In addition, the disadvantage of this technique is the difficulty of comparing the results of assessing the effectiveness of marketing activities of different commercial enterprises due to significant differences in the set of indicators used in the audit process and is actually a trade secret of the organization (Verzilova, 2020).

Thus, monitoring the effectiveness of the use of financial resources of the enterprise for marketing activities should be an information basis for making management decisions in the process of investing in marketing activities and the use for marketing research funds, which will increase competitiveness and financial stability of the enterprise as a whole.

References

About information: Law of Ukraine No. 2658-XII of October 2, 1992. URL: <https://zakon.rada.gov.ua/laws/show/2657-12#Text> (date of access: 15.03.2022).

Andreeva N.M., Zinkovska D.V. The use of marketing audit methods in making strategic decisions in enterprises. *Bulletin of Odessa National University. Series: Economics*. 2016. T. 21, Issue 2. P. 50-55.

Balabanova L.V., Kholod V.V. Strategic marketing management of enterprise competitiveness. K.: Publishing House Professional, 2006. 448 p.

Cherednichenko T.V. Modern models for assessing the marketing effectiveness of the enterprise and areas for improving the accounting of marketing costs. *Independent auditor*. 2015. № 13 (III). P. 43-49.

Derevianchenko T. Marketing audit of the enterprise. Economic system development trends: the experience of Eastern European countries and prospects of Ukraine: monograph / edited by authors. Riga, Latvia: Baltija Publishing, 2018. P. 159-177.

Gerasymyak N.V. Theoretical and methodological approaches to

assessing the effectiveness of marketing activities of industrial enterprises. *Economic Magazine-XXI*. 2012. № 5-6. P. 40-43.

Koryagina S.V., Koryagin M.V. Marketing audit: textbook. manual. K. : Center for Educational Literature. 2014. 320 p.

Kotler F., Trias B.F. New marketing technologies: Methods of creating brilliant ideas / T.V. Vinogradova (translated from English), LL Tsaruk (translated from English). St. Petersburg: Publishing House "Neva", 2004. 190 p.

Kováčová, Lucia, Drotárová, Jozefína, Lošonczi, Peter. Сравнение на подготовката на избрана целева група в областта на противопожарната защита в страните от V4 / Comparison of preparation of selected target group in the field of fire protection in V4 countries. In: Annals of Burns and Fire Disasterp. Palermo : Euro-Mediterranean Council for Burns and Fire Disasterp. ISSN 1592-9558. ISSN (online) 1592-9566. Vol. 33, No. 2 (2020), p. 162-170.

Lošonczi, Peter. Възможности за приложение на географските информационни системи в образованието по сигурността. / Public wi-fi networks in the global environment and their security. In Globalization and its socio-economic consequences (Part V. : Digital Single Market). Žilina : University of Žilina, 2018. ISBN 978-80-8154-249-7. ISSN 2454-0943, p. 2206-2213.

Melenchuk Yu. T. Theoretical and methodological approaches to assessing the effectiveness of marketing activities of enterprises. *Technological audit and production reserves*. 2015. № 1 (6). P. 18-21.

Mesároš, Marián, Ďurica, Tibor, Lošonczi, Peter, Blišťanová Monika. Възможности за защита на критична инфраструктура преди геопасности / Possibilities for Protection of Critical Infrastructure Prior to Geohazards. In: Ecology, Economics, Education and Legislation, Vol. 5. International Multidisciplinary Scientific GeoConference-SGEM, 2015. p. 663-668. ISSN: 1314-2704. ISBN: 978-619-7105-39-1.

Ostapenko, Tetiana, Britchenko, Igor, Lošonczi, Peter. Изследване на интелигентната ресурсна сигурност на иновационната парадигма на наноикономическото развитие / Research of the intelligent resource security of the nanoeconomic development innovation paradigm. In : Baltic Journal of Economic Studies. Riga, Latvia : Baltija Publishing, 2021. Volume 7, Number 5.

Pages : 159 – 169. ISSN 2256-0742 (print), ISSN 2256-0963 (online)
DOI: <https://doi.org/10.30525/2256-0742>.

Ostapenko, Tetiana, Britchenko, Igor, Lošonczi, Peter, Matveiev, Serhii. Идентифициране на закономерностите в развитието на бебешката икономика като компонент на нанонивото на икономическата система / Identification of regularities in the development of the baby economy as a component of the nanolevel of economic system. In: Eastern-European Journal of Enterprise Technologies, Vol 1/13 (115) 2022, Pages : 92–102. DOI: <https://doi.org/10.15587/1729-4061.2022.252334> ISSN: 1729-3774.

Rybachuk N.V., Zhurko T.O., Sidenko Yu. V. Analysis of quantitative and qualitative methods of evaluating the effectiveness of marketing activities. *Agrosvit*. 2016. № 6. pp. 32-37.

Savchenko V.I. Improving the effectiveness of marketing activities of enterprises: author's ref. dis. ... cand. econ. Science: 08.06.02. Kharkiv State Econ. Un-ty. 2000. 18 p.

Sobolev V.L. The essence of marketing efficiency in the management system of marketing activities of the enterprise. Economic strategy and prospects for the development of trade and services: Coll. Scien. Works. Kharkiv. 2015. Issue 1 (21). P. 322-334.

Soboleva-Tereshchenko O.A., Antonova V.O. Estimation of efficiency of marketing activity in the context of development of programs of loyalty of buyers. *Efficient economy*. 2019. № 5. URL: <http://www.economy.nayka.com.ua/?op=1&z=7058>

Suprunova I.V. Audit of marketing activities of the enterprise: essence and prospects of development. *Efficient economy*. 2020. № 3. URL: <http://www.economy.nayka.com.ua/?op=1&z=8080> DOI: 10.32702 / 2307-2105-2020.3.83

Verzilova G.R. Accounting and audit of marketing activities of trade enterprises: dis. cand. econ. Science: 08.00.09; Kharkiv. State University of Food and Trade. Kharkiv, 2020. 250 p.

4.2. Improvement of the organization of internal control over remuneration ¹¹

A necessary component of the process of production, consumption and distribution of the created product is the work of the personnel of the enterprise. At the present stage of management, remuneration is an important means of increasing the interest of the employee of the enterprise in the results of its activities and productivity, in improving the quality of products or services provided.

If the level of remuneration does not meet the needs of the employee, at least at the minimum level, this may be a threat to the effectiveness of his work, because in this case the employee loses interest in creating high-quality products and increasing the profits of the enterprise.

On the other hand, labor costs make up a significant share of the costs of the enterprise and require constant monitoring in the process of their occurrence. At a time when the state has certain economic problems, each enterprise should have internal control over effective investment and expenditure of funds (Polishchuk, 2019).

Remuneration today is one of the important socio-economic phenomena. Its importance is expressed in several cases. First, it is the main source of income for workers. Secondly, wages are the main part of the costs at both macro and micro levels. In a market economy, the economic situation of the state depends on the efficiency of citizens working in it (Bondarevskaya, 2015).

In addition, in today's conditions, there is a need to strengthen control over the activities of enterprises in the field of labor legislation, including on employee benefits. For such cases, external and internal control is used, which are complementary, although they are aimed at different purposes.

A detailed analysis of pay control studies shows that the problem is being studied by many scientists.

Theoretical and practical issues of internal economic control over payments for remuneration are paid attention in the works of N. Zdirko, M. Bilukha, F. Butynets, B. Valuev, JI. Gavrilovskaya, T. Golovko, A. Maszewska, D. Karpukhin and other economists. At

¹¹ Mashevskaya A.A.

the same time, the question of approaches to improving internal control of payroll settlements remains debatable. The need for constant monitoring and inspection of the existing state of economic and labor resources can be satisfied by the system of internal economic control. It makes it possible to identify in time the shortcomings in the work of the enterprise and its structural units and unused reserves of resources to increase the efficiency of its activities. That is why the role and importance of internal economic control in the enterprise management system today are relevant (Mashevskaya, 2018).

An integral part of the organization of accounting for settlements regarding remuneration is the organization of control. It includes systematic monitoring of the income and expenses of the remuneration fund, accrual of a monetary reward to each employee according to his rate and production and on the timely accrual of these funds to the relevant accounts (Pokataeva, 2015).

It should be noted that labor accounting should be perceived as a share of the total population of system accounting and control. The qualitative organization of accounting and control of agricultural products includes such mandatory items as the selection and implementation in practice of all methods, methods and methods of collecting and processing information, as well as technical means of accounting and office equipment that will meet the specific conditions as much as possible (Shchetinina, 2018).

Internal control is one of the functions of managing the economic activity of the enterprise, so more attention should be paid to improving the functioning of control. It is also important to note that control itself is one of the main functions of management. The main purpose of the control is to predict and prevent possible mistakes, violations, abuses, mismanagement, and other negative phenomena.

When organizing an internal control system at the enterprise, it is necessary to adhere to a systematic approach that ensures its greatest effectiveness and, in turn, determines the rationality of control activities. One of the ways to improve internal control in the enterprise may be its gradual implementation.

These stages provide for the unification of the actions of the accounting department in terms of developing measures to streamline and establish a clear sequence of implementation of control procedures for wages. Methodological support of internal wage

control should take place taking into account the peculiarities of the previous, current and subsequent control (Polishchuk, 2019).

In turn, the essence of external control is to check the activities of a certain controlled object by the relevant authorized control entities.

The advantage of internal control is that it is carried out as a preliminary, current (operational) and subsequent, can be documentary, factual and combined, continuous and selective; can be carried out in the form of: audit, thematic inspection, investigation and official investigation.

Internal control as a management function is a means of feedback between the object of management and the management body, informing about the actual state of the object and the actual implementation of management decisions. The system of internal control of the payment of prices on enterprises is presented in Fig. 4.8.

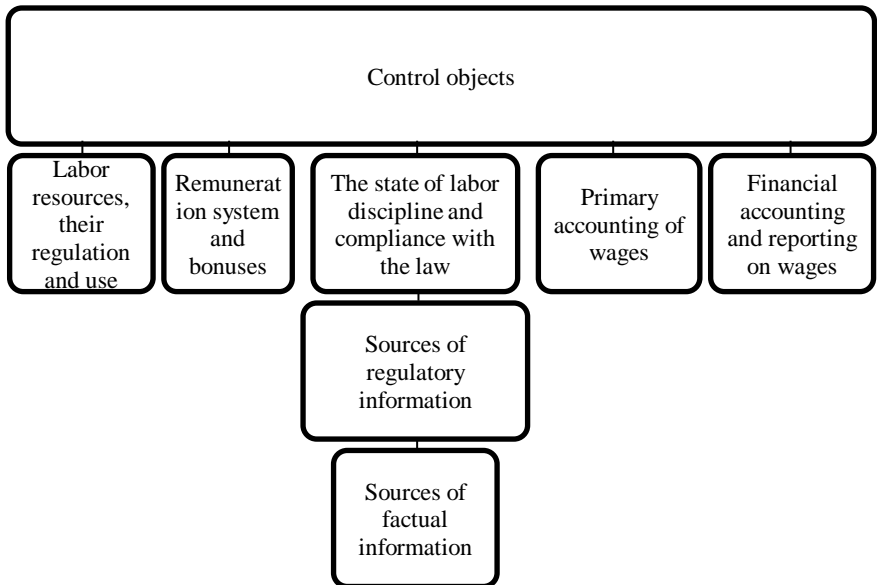


Fig.4.8. The system of internal control of wage accounting (Usach, 2014)

The purpose of internal control of payments for employee benefits is to determine the correctness of accrual, reflection in accounting and

payment of wages; reliability of the reflection of transactions on accrual of contributions and withholding of taxes and fees related to wages; control over the quality of information formation in the accounting for settlements with employees (Melikhova, 2019).

When organizing internal economic control, it is necessary to remember about the adequacy of control measures to the conditions of activity of a particular enterprise.

The degree of complexity should correspond to the organizational structure of the enterprise, the number of management and other personnel, the branching of the network of separate units, the degree of centralization of accounting and other characteristics of the enterprise.

The tasks of internal control of wage accounting are as follows: assessment of the validity and quality of planned tasks for the use of labor resources, norms and regulatory costs of labor; establishment of legality of application of forms and system of remuneration; assessment of the legality and reliability of operations for the use of labor and their reflection in the accounting and reporting of the enterprise; detection and prevention of committed violations of labor legislation.

The process of internal control should be initiated from the form of monitoring and control (Fig.4.9.) (Bondarenko, 2017).

Objects of internal control over settlements on remuneration are:

- State of accounting and reporting on wage accounting operations,
- The state of work with personnel,
- The use of the working time fund,
- Compliance with the staff and labor organization of the enterprise

(Potryvaeva, 2014).

The main goal of internal economic control is that employees of the enterprise that is controlled carry it out. The subjects of control of payments for remuneration can be the head of the enterprise, chief accountant, accounting staff, legal department, economic analysis department, planning and financial department, as well as special control services of the enterprise (audit commission, inventory commission, and internal audit service). The effectiveness of internal control depends on the participation of all structural units in the control and their interaction (Bondarenko, 2017).

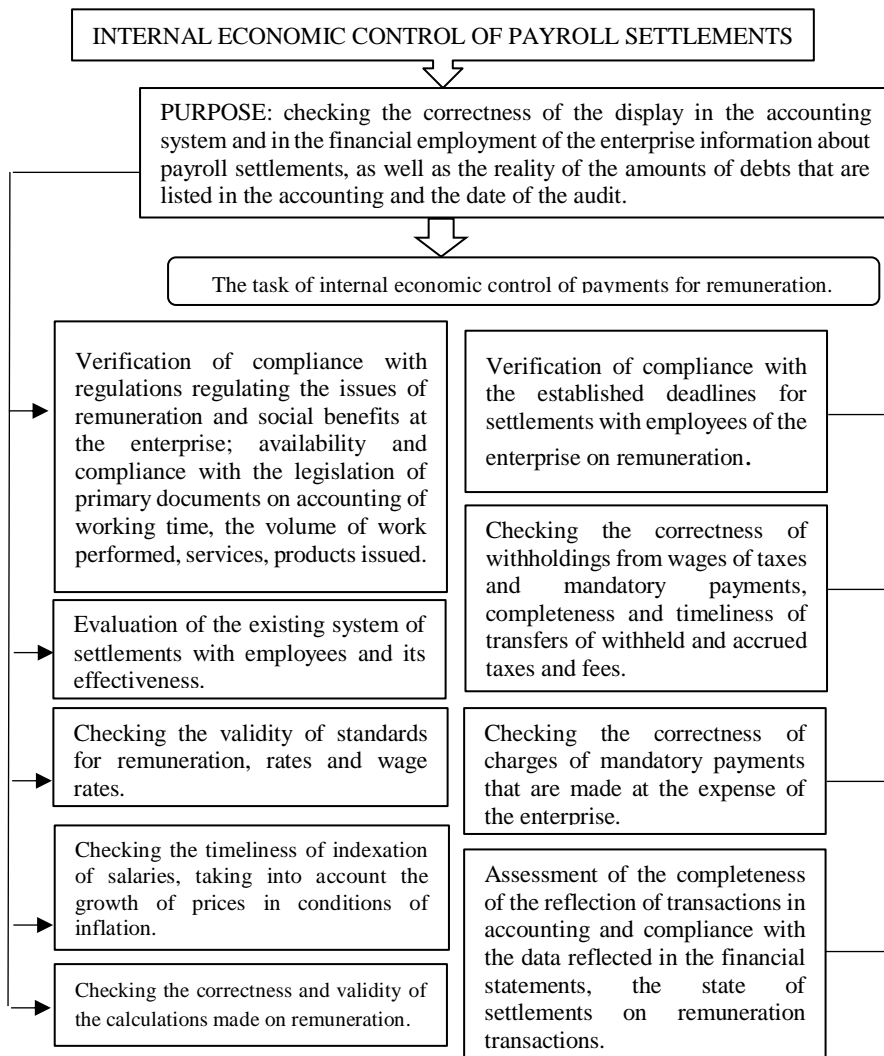


Fig.4.9. The purpose and objectives of internal economic control of settlements on remuneration

Source: formed by the author

According to M.D. Korinko, the general purpose of internal control is the correct and timely reflection of business transactions in

accounting and reporting, the legality of business transactions and their feasibility for a particular enterprise (Korinko, 2007).

As a rule, the composition of costs at the enterprise is regulated and specified by the collective agreement and the regulations on remuneration at the enterprise.

To effectively control labor costs, it is necessary to qualitatively and correctly apply the system of approved and developed standards, set tariffs for piecework, approve salaries for each individual category of employee depending on the conditions, volume and complexity of work.

The tasks of this direction include:

- control of primary documents and accounting calculations regarding the legality and availability of grounds for payroll;
- checking the compliance of the payroll base with the volume of work performed in crop production, animal husbandry, subsidiary farms, on piecework form of remuneration and actually worked hours – by hourly;
- correctness of registration and accrual of components of remuneration: basic, additional wages, surcharges, bonuses, compensations, payments for unworked time (payment of vacations and temporary disability), etc.
- verification of expenses for payment of works under contracts, other civil law contracts, payments to seasonal workers, etc.;
- control over the correctness of the inclusion of labor costs in the cost of crop production, livestock, cost of work, services, etc.;
- verification of the correctness of the calculation of a single social contribution to the remuneration fund (Korinko, 2007).

One of the main tasks of control and management is the formation of a real amount of costs and their reduction, on which financial results, pricing policy, solvency depend.

A number of these tasks are not final and require the definition of opportunities for their expansion.

When determining the directions and goals of controlling labor costs in an agricultural enterprise, attention should be paid to some important aspects that characterize these costs as an object of control:

1) it should be noted that wages are one of the most important elements of production costs.

Uncontrolled and overtime costs are the primary object of internal

economic control in the enterprise management system;

2) low level of remuneration in agriculture in comparison with other industries causes a shortage in staffing of agricultural enterprises, a decrease in the efficiency and productivity of labor, social security of workers.

Internal economic control should be a tool for preventing such negative phenomena;

3) legislative and regulatory regulation of labor relations and liability of business entities for violation of norms in this area update the attention of the management of enterprises to strengthen control over payroll settlements (Korinko, 2007).

Management personnel and employees of the accounting service of the enterprise perform in accordance with their job descriptions preliminary, current and subsequent control.

From the point of view of distribution, wages are the main part of the funds directed to consumption, which is a share of income (net products), which depends on the final results of the work of the team and is distributed among employees in accordance with the amount and quality of labor spent and the real labor contribution of each and the amount of capital invested (Gadzevich, 2008).

Control over compliance with standards, timely analysis of deviations and their essentiality, prompt provision of information for management will allow optimizing the process of agricultural production management as much as possible.

Accounting entities should carry out the following control procedures regarding the accounting reflection of the facts of employee benefits in primary documents, accounting registers and in regulated and management reports:

- ✓ verification of compliance with the current legislation, collective agreement and social package regarding the accounting display of employee benefits;

- ✓ establishing the correctness of the calculation of the amount of social guarantees that depend on the performance of labor duties;

- ✓ ensuring uniform methodological principles for the accounting reflection of employee benefits and the formation and submission of financial, tax, statistical and managerial reporting on this object of accounting display of reporting (Sholyak, 2009).

In addition to Art. 35 of the Law of Ukraine “On Payment of

Property” and Art. 269 of the Code of Laws on Enterprises in Ukraine have been confirmed, as long as there is control over the side of the state bodies for the maintenance of legislation on the payment of prices because of enterprises:

– “the central body of the Government, which is responsible for the implementation of the state policy for the control over the maintenance of legislation on the practice (Berezitska, 2012).

Public control over compliance with the legislation on remuneration is carried out by trade unions and other bodies (organizations) representing the interests of employees. At the level of a particular business entity, internal economic control is carried out by the enterprise itself.

Internal labor control and employee benefits is aimed at establishing the reliability of accounting and reporting data on rationing, documentation, accrual, withholding and settlements on remuneration.

The control of labor costs should be carried out by the internal control service of the higher education institution on the basis of the plan (schedule) of inspections for the current year. At the same time, on behalf of management, unscheduled inspections may be conducted.

The established system of control over employee benefits at the enterprise will ensure the prompt formation of information for the implementation of measures to save labor costs through the creation of effective mechanisms for stimulating, activating labor resources, the ability to bring the level of remuneration to the real cost of labor in the direction of the general social policy of the state (Arap, 2010).

According to Dorosh N.I. – internal control is a process developed to achieve the tasks of the enterprise; starts from the top of the enterprise – the board of directors and managers who create and strengthen the structure and nature of the control measures in the organization; directly or indirectly includes all employees of the enterprise; ... applies to all activities of the enterprise, from functional links, such as marketing and operational units, to relations with other enterprises” (Dorosh, 2014).

Types of control over payments to employees by subjects are submitted in Table. 4.8.

Table 4.8

Types of control over payments to employees by subjects

Type of control	Subject of control	Functions	Documents regulating activities
Outer	Ministry of Social Policy	State control over compliance with labor legislation by legal entities and individual entrepreneurs who use hired labor in their functional subordination, in particular: monitoring in the field of remuneration and labor rationing; control over the correctness of state social assistance.	The Law of Ukraine “On Remuneration”; Labor Code in Ukraine; Regulations “On the Ministry of Social Policy of Ukraine” and other.
	State Fiscal Service of Ukraine	State control over compliance with labor legislation at all enterprises, institutions and organizations, regardless of ownership and subordination, in particular: administration of taxes and fees, single contribution, control over compliance with tax legislation on employee benefits.	Labor Code in Ukraine; Tax Code of Ukraine; The Law of Ukraine “On Remuneration”; Regulations “On the State Fiscal Service of Ukraine” and other.
	State Labor Service of Ukraine	State control over compliance with labor legislation, employment, compulsory state social insurance in terms of appointment, accrual and payment of benefits, compensation.	Labor Code in Ukraine; The Law of Ukraine “On Remuneration”; Regulations “On the State Labor Service of Ukraine” and other.
	Trade unions and their associations	Public control over the payment of wages, compliance with labor legislation and labor protection.	Labor Code in Ukraine; The Law of Ukraine “On Remuneration”; Law of Ukraine “On Trade Unions, Their Rights and Guarantees of Activity”.
Inner	Enterprise /institution/ organization	Control of payments to employees, which is carried out directly by both management and / or authorized persons, as well as special control services in the interests of the enterprise / institution / organization itself.	Labor Code in Ukraine; The Law of Ukraine “On Remuneration”, etc.; Internal documents of the enterprise /institution/ organization.

Source: (Demchenko, 2016)

The effectiveness of control procedures carried out during the verification of employee benefits largely depends on the correct determination of the sequence of actions of the person controlling this process, as well as the integrated use of information sources.

Sources of information for controlling employee benefits are divided in the context of groups, as indicated in Fig. 4.10.

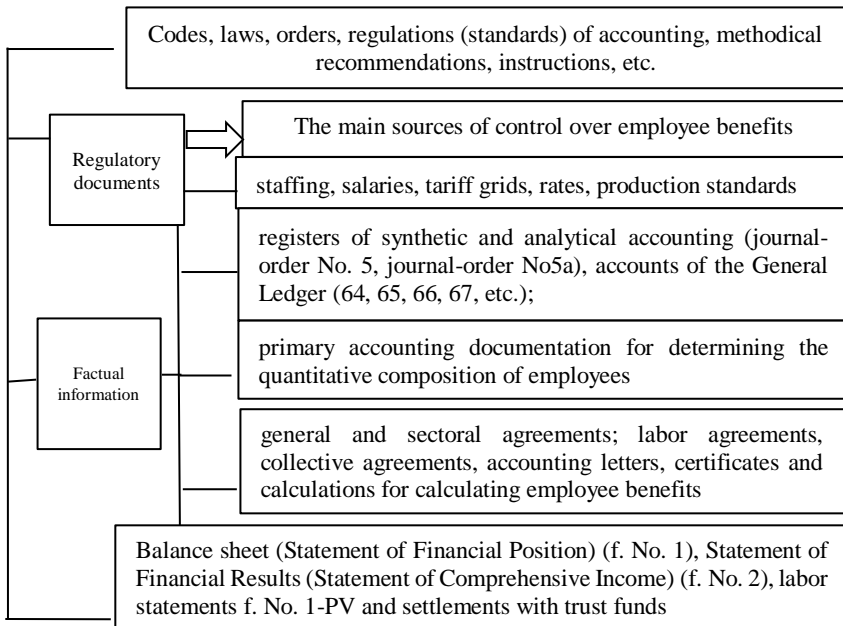


Fig. 4.10 The main sources of control over employee benefits
Source: (Demchenko, 2016)

Summarizing the achievements of many scientists on the procedure for monitoring payments to employees at the enterprise, we formulate a single sequence of control of payments to employees, taking into account the control methods used at each of the stages (Fig. 4.11).

At the preparatory stage, objects, sources of control are determined, tasks are set and control methods are identified.

The sequence of implementation of control procedures at the methodological stage is as follows:

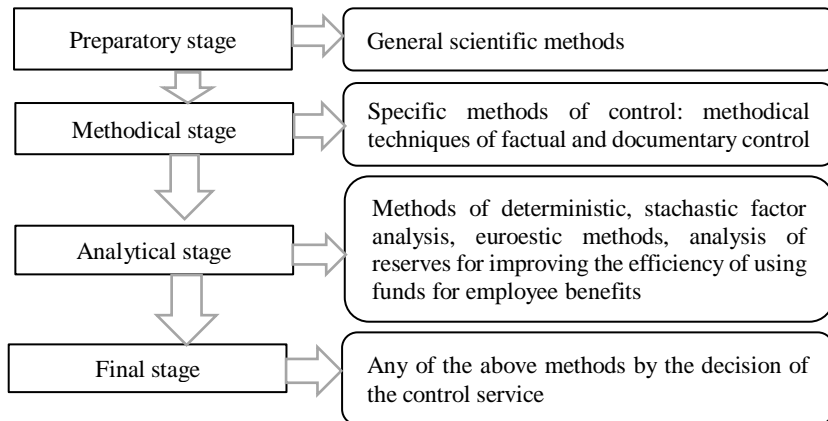


Fig. 4.11. Stages and methods of controlling payments to employees of the enterprise

Source: (Demchenko, 2016)

- checking the legality and validity of enrollment of employees to work and their dismissal;
- verification of compliance with labor legislation and internal documents when calculating and paying employees wages, benefits, bonuses, other incentive and compensation payments, checking the availability of facts of late payments and overdue arrears of employee benefits;
- checking the correctness of calculating the amounts of holiday pay, temporary disability benefits, and other payments to employees;
- verification of the validity of the amounts accrued before the payment of the earned fee actually paid (indicated in the statements for the transfer of funds to card accounts in bank institutions);
- verification of compliance with the law in the implementation of operations with deposited wages;
- verification of compliance with the legislation on the indexation of monetary incomes of the population;
- verification of the correctness of the implementation of mandatory charges and deductions related to employee benefits;
- checking the legality of the reflection in the accounting and reporting of employee benefits, checking the compliance of synthetic

and analytical accounting data on employee benefits;

- inventory of liabilities in terms of obligations for employee benefits.

The analytical stage is characterized by checking the effectiveness of the use of the wage fund and labor resources; analysis of deviations and violations, as well as the development of proposals based on the results of the analysis.

At the final stage of monitoring employee benefits, the following control of the implementation of recommendations for the localization of identified shortcomings and violations takes place.

Violations regarding employee benefits may arise in the following situations:

- inaccurate determination of the amount of work performed or services rendered (detected by comparing the volumes of work specified in the primary labor accounting documents with similar indicators of technological maps, documents on the profit of finished products or control measurements);

- incorrect determination of tariff rates, salaries and rates (detected by comparison with production data and ratification directories);

- incorrect determination of the monetary valuation of business transactions on separate labor accounting documents (detected by means of a control statement);

- unreasonable remuneration of persons who did not participate in the performance of specific works (shown by comparing the names of such employees with the list composition of the enterprise, reconciliation of signatures and survey);

- maintenance of officials who are not provided for by the staff list (establish the comparison of these documents with the staff list), etc. (Redsyuk, 2015).

Violation of the terms of payment of wages and labor legislation has legal consequences and entails liability:

1. Administrative responsibility (according to Art. 41 of the Code of Ukraine on Administrative Offences), in particular:

- for violation of the established terms of payment of wages, payment is not fully provided for a fine on officials of enterprises in the amount of 30 to 100 non-taxable minimum incomes of citizens;

- for violation or non-fulfillment of obligations under the collective agreement, officials are fined from 50 to 100 tax-free minimum

incomes of citizens (Code of Ukraine, 2022).

2. Criminal liability (in accordance with Articles 172, 175 of the Criminal Code of Ukraine), in particular:

– illegal dismissal of an employee from work for personal reasons, as well as other gross violation of labor legislation are punishable by a fine from 2,000 to 3,000 non-taxable minimum incomes of citizens or deprivation of the right to hold certain positions or engage in certain activities for up to 3 years, or correctional work for up to 2 years;

– unreasonable intentional non-payment of wages for more than 1 month is punishable by a fine from 500 to 1000 tax-free minimum incomes of citizens or correctional work for up to 2 years, or imprisonment for up to 2 years, with deprivation of the right to hold certain positions or engage in certain activities for up to 3 years. (Criminal Code of Ukraine, 2001).

In order to improve the representativeness of the results of employee benefit control, we recommend that you compile analytical tables with the active use of the Excel software product, working documents, for example, a report on the results of the control, which will summarize the most important information received during the inspection.

For the purposes of management, it is advisable to draw up a table of identified violations of labor legislation at the controlled object (Table. 4.9).

Table 4.9

Extract from the working document when controlling employee payments

Employee's name	Accrued per month, UAH		Actually paid for a month, UAH		Reason for rejection	Responsibility
	Payment to the employee (by types of payments)	Fees taxes	Payment to the employee (by types of payments)	Fees taxes		
Just						

Source: formed by the author

Thus, control over employee benefits is an important and integral element of the management system at the enterprise and the state as a whole. Dynamic change of the regulatory framework of Ukraine, in

particular labor legislation, eliminates the need to systematize the components of control over employee benefits, taking into account new requirements.

The considered methodology for controlling payments to employees of the enterprise describes a set of actions of controlling entities, ensures the optimization of their time costs and improves the control process as a whole.

An effective control system using all the necessary methods provides management with enough information to make operational management decisions aimed at correcting the negative consequences of violations of labor legislation, preventing and avoiding them in the future. Further studies require control over employee benefits, taking into account the industry characteristics of enterprises (Demchenko, 2016).

Consequently, internal control over the use of funds for the payment of wages at each enterprise is of great importance, during which it is necessary to systematically monitor the use of the wage fund, to identify the possibility of saving money by increasing labor productivity and reducing the complexity of products.

Thus, internal control over wages is a rather labor-intensive process that must be carried out carefully and carefully, because labor costs occupy a significant share in the structure of the enterprise's costs.

The organization of internal control and accounting of remuneration is a very responsible area in the process of management, which affects the performance of workers, the costs of the enterprise and its income. This problem should be considered not only at the enterprise level, but also detailed by regulations at the state level, taking into account industry features, the territorial location of the business entity and the specifics of its activities.

The main attention of the internal auditor should be paid to the verification of those indicators of the institution that can positively affect the efficiency and quality of work of higher education. Such verification should be aimed at preventing (preventing) deviations from regulations or abuses.

Therefore, the process of improving the organization of internal economic control and accounting of remuneration at the enterprise should be carried out on a timely and systematic basis.

References

Bondarenko N. M., Semenova O. V. Internal economic control of settlements on remuneration. *Bulletin of Odessa National University. Series. Economics*. Vol. 22, Vol. 4. 2017. C. 118-123.

Bondarevska K. V. Sukha M. I., Shynkaruk A. O. Improvement of the wage system in modern conditions. *Economic space*. 2015. № 94. C. 77-86.

Code of Ukraine on Administrative Offences (Articles 1-212-20)
URL: <http://zakon2.rada.gov.ua/laws/show/80731-10/c>.

Control and revision: textbook for students of universities of speciality 7.050106 “Accounting and audit”. F.F. Butynets, S.V. Bardash, N.M. Malyuga, N.I. Petrenko. Zhitomir. ZHITI. 2000. 512 c.

Criminal Code of Ukraine 05.04.2001 No. 2341-III URL:
<http://zakon4.rada.gov.ua/laws/show/2341-14/page5>

Demchenko M. M. Control of payments to employees of the enterprise. *Young scientist*. 2016. № 3. C. 70-74.

Gadzevych O.I. Remuneration in market conditions: theory, practice. K.: CONDOR. 2008. 400 c.

Korinko M.D. Control and analysis of the activities of business entities in the conditions of its diversification: theory, methodology, organization: monograph. K.: Information and analytical agency. 2007. C. 464.

Lošonczy, Peter, Vacková, Martina, Nečas, Pavel. Сигурността на WI-FI мрежите в университетска среда / The Security of the WI-FI Networks in University Environment In *Dilemas contemporáneos - educación, política y valorep*. Toluka : Asesoria and tutorias investigacion científica educacion, 2019. ISSN 2007-7890. Vol. 7, No. 1 (2019), p. 1-12.

Lošonczy, Peter, Kováčová, Lucia, Vacková, Martina, Mesároš, Marián, Nečas, Pavel. Системи за сигурност: Калъф на CAD програмата за създаване на 3D модели / Security systems: Case of the CAD program for creating 3D models In *Journal of Security and Sustainability*. ISSN 2029-7017. Vol. 6, No. 1 (2016), p. 137-144.

Melikhova T. O. Chakalova N. S., Ivashchenko E. E. Improvement of internal control of payments for payments to employees to improve the quality of information formation in accounting. *Economy and state*. 2019. № 3. C. 95-101.

Pokataeva O. V., Koshulynska G. O. Ways to improve the system

of remuneration at the enterprise. State and regions: science.-production. *Journal. Series: Economics and Entrepreneurship*. 2015. № 3. С. 139–14.

Potryvaeva N. V. State and perspective of accounting for payments on remuneration: theoretical aspect. *Economic Forum*. 2014. № 1. С. 93-98.

Redzyuk T. Yu., Demyanenko S. S. Peculiarities of control of payments for remuneration. *Global and national problems of the economy*. 2015. Birch. (See also 4). 1027-1031.

Shchetinina L. V., Rudakova S. G. Remuneration of scientific workers: peculiarities of legal regulation and ensuring the requirements of dignity. *Business Inform*. 2018. № 6. С. 128-133.

Shelvchuk T.V. Improvement of the system of internal control of payments for remuneration at enterprises in modern economic conditions. *Science online: International Electronic Scientific Journal*. 2019. №1. Pp. 8-16

Tomchuk O.F., Mashevskya A.A. Control and management of labor costs. Market infrastructure. *Electronic scientific and practical journal*. 2018. №17. С. 457-461.

Usach B. F. Control and revision: textbook. 7th form. and complement. K.: Knowledge-Press. 2008. 263 с.

Vacková, Martina, Kováčová, Lucia, Kancírová, Mária, Lošonczi, Peter. Необходимостта от иновации в образованието по сигурността за укрепване на резултатите от традиционното обучение в университетите / The need for innovation of security education for strengthening the results of traditional teaching at universities. In: Communications : scientific letters of the University of Žilina. ISSN 1335-4205. Vol. 18, No. 3, (2016), p. 93-97.

Zdyrko, N.G.; Bondar, A. P. Features of the audit of funds at agricultural enterprises. Collection of scientific works of VNAU. Series: Economic Sciences, 2011, 2: 53.

4.3. Peculiarities of management control in economic activity of the enterprise ¹²

Any kind of management is impossible without a well-organized control system, because it is impossible to effectively manage without checking compliance with the requirements and without revealing the actual situation at the management facilities.

Control is a system of monitoring and verification of enterprises compliance with established and other standards, adopted plans, programs and operational management decisions, detection of deviations from accepted principles of organization and management.

Control, as one of the functions of management, contributes to the tasks of the enterprise on the basis of constant monitoring of its activities and the elimination of deviations from the planned tasks. Control is necessary to ensure the stability and effectiveness of the management process, to prevent adverse developments and crises by timely and adequate adjustment of management influence in accordance with changes in external and internal factors.

Control in the management of the enterprise is objectively necessary, as it ensures the proper functioning of a holistic system. Based on the results of the control, the previously adopted decisions, plans, norms and standards are adjusted. Effective control has a strategic direction, focuses on the end results, is carried out in a timely manner and is quite simple. In the general management system, control acts as an element of feedback (Fig. 4.12).

Control in management is important not only because the culture of management and the effectiveness of this professional activity make it mandatory. Control and its results serve as a basis that serves as a basis for making subsequent decisions in order to further improve the activities of the organization, increase its efficiency, results or profitability. In this sense, control, which is an independent function of management, is a means of establishing feedback, so that the governing body (management entity) can track the progress of implementation of decisions.

This makes it possible to respond in a timely manner to deviations in the work of the controlled object from the specified program and

¹² Kozachenko A.Y.

make appropriate adjustments to its activities. Control as an independent function of management is closely related to other aspects of management – forecasting, planning, accounting and analysis.

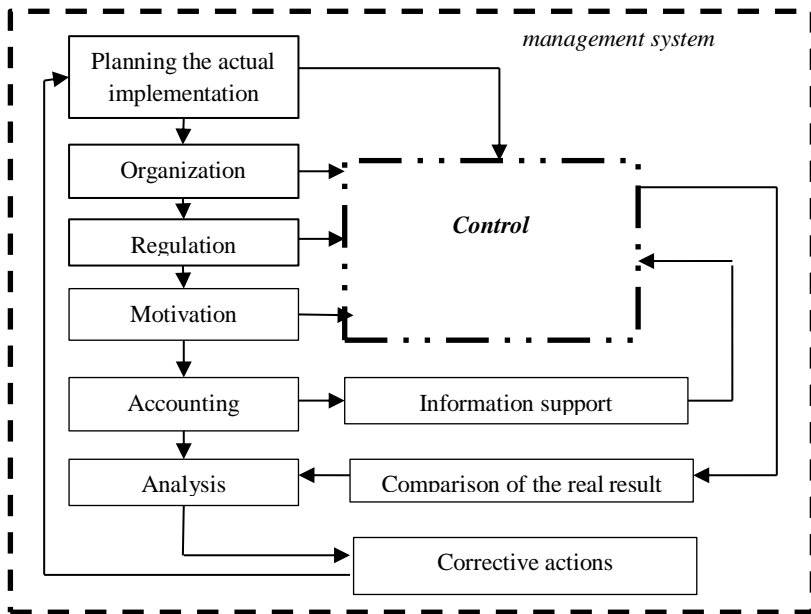


Fig. 4.12 The relationship of management and control system in the enterprise

Source: formed by the author

Control can be implemented as a management function only within a certain system. There is no control outside the system, and therefore no control. In this interpretation, control can be considered as an independent system within management and as a subsystem of this management.

Thus, control – one of the main management functions that ensure the achievement of strategic goals set by the organization, and the implementation of strategic decisions. With the help of control, using the feedback mechanism, the management of the organization establishes the correctness of decisions and determines the need for their correction.

The reason for the emergence of management control lies in the desire of managers to use the available rich database of accounting and

economic data to make operational decisions to increase the profitability of the enterprise and its further development (Savchenko, 2014). The process of management control is the process of tracking the implementation of strategic decisions and evaluating the results achieved during their implementation. If the deviations in the implementation of plans from the established standards are significant, the decision is made to adjust the previous decisions.

Management control is a process of determining the quality and adjusting the work performed by subordinates in order to ensure the implementation of plans and objectives aimed at achieving the goals of the enterprise and is to prevent current and future errors and deviations.

In essence, management control, also called administrative control, is to check whether everything is in accordance with the approved program and issued internal acts, to correct and investigate a certain condition or intention and compare it with the expected result. The scope of management control may also include finding out the reasons for discrepancies between the actual situation and the required state, as well as proposals to remedy the situation. Control should not and cannot be the goal; it is only a means to an end.

Management control is the implementation of its subjects, endowed with the appropriate powers, the following actions:

- determination of the actual state or action of the managed part of the management system of the organization (object of control);
- assessment of deviations exceeding the maximum allowable level for the degree of their impact on aspects of the organization;
- identifying the causes of these deviations.

Characteristics of management control:

- is the process of ensuring that the company achieves its goal;
- management activities aimed at qualitative and quantitative assessment and accounting of the results of the enterprise;
- determining the quality and adjustment of work performed by subordinates in order to ensure the implementation of plans and objectives aimed at achieving the goals of the enterprise.

Thus, management control is a type of internal control and is to determine the quality and adjustment of functional responsibilities of employees to ensure the implementation of plans and objectives aimed at achieving the goals of the enterprise and is to prevent current and

future errors and deviations. It is carried out constantly by both special units and managers of different levels of government and manifests itself in the form of audit, audit, internal audit of all aspects of the business entity and other forms of its implementation.

Thus, within each enterprise control can be part of management control and internal control. At the same time, internal control is aimed at providing assurance to users of financial statements as to the compliance of such reports with established norms and rules. Management control is an intermediate link between management accounting and company management and is an effective management tool from the standpoint of achieving strategic objectives within the company.

The role of management control in terms of activities of the business entity is described in table 4.10.

Table 4.10

The role of management control in terms of entity activities

Activity		The role of management control
Operational activity	Product on process	The production process provides added value. Variety of products, its cost, quality characteristics, production technology, etc. - all this should be the focus of the management control system, regardless of its type. In today's market environment, the role of management control is strengthened and only when the company will be able to create an appropriate control system, understand its basic technological capabilities and advantages, it will be able to be competitive and develop effectively in the future
	Supply and sale process	Procurement and sales processes mainly depend on the market and are focused on its needs. In a market economy, supply and sales processes play an important role in achieving the goals of the enterprise, and control becomes more complex. Thus, the focus of control should be the quality of raw materials, contractual policy, delivery time, payment time, sales price formation, etc.
Financial and investment activities		Financial and investment activities are closely related to the creation of the value of the enterprise, and therefore the issue of control of these activities in enterprises is relevant. Thus, the focus of the control system should be the amount of funding, capital structure, ownership structure, capital value, investment structure, dividend policy, incentive methods, etc.

Source: formed by the authors on the basis of (Savchenko, 2015)

A function is an activity, a role played by an element of any system. In this case, the functions of management control – is its role in enterprise management (Table 4.11).

Table 4.11

Management control functions

No.	Concept	Definition
1	2	3
1	Diagnostic	Leading function, which provides for the mandatory need to study the state of affairs in the organization, ie to “diagnose”
2	Orienteering	Manifested in the fact that all issues that are constantly monitored by the boss, acquires special significance in the minds of performers, directs their efforts primarily to the object of increased attention of the head
3	Stimulating	Close to the guideline, but it is not aimed at specific work, but at the implementation and involvement in the process of unused reserves, and especially human
4	Feedback	The information that comes to the head about the progress of solving problems, gives the opportunity to influence the process
5	Corrective	It is related to the clarifications that are made in the decision on the basis of the materials of the control
6	Pedagogically	Control, with its skillful construction, promotes productive and conscientious work

Source: formed by the author

Thus, the system of management control can meet the information needs of owners and managers of the enterprise. Control is not just a property, but a necessary condition for the effective existence of any enterprise and its staff.

Management control has a wide range of actions depending on the goal: from the recommendation of simple amendments at the unit level to the demand for radical change, restructuring the entire mechanism of action to correct deficiencies in management.

The concept of “management control” can and should be considered from the following aspects:

- management functions – functional control;
- as an element of production management;
- as a purposeful activity;
- as a system of a special body (entities) that exercises control over the enterprise – institutional control (Savchenko, 2014).

However, it should be borne in mind that these three aspects of management control are one.

Any business entity operates in conditions of uncertainty and the main task of managers and owners of the enterprise is to assess the level of uncertainty and make appropriate management decisions to achieve a strategic goal. The management control system contributes to the achievement of both strategic and operational goals of the business entity in conditions of uncertainty and permanent risks. The content of management control is directly related to the activities of the enterprise.

Consider the types of management control outlining their characteristics for businesses.

1. In terms of economic content of management, management control can be classified as control:

- economic processes;
- finance;
- assets;
- human resources management;
- accounting, which is the basis of all types of management control (Savchenko, 2015).

2. In terms of time, there are three types of management control: preliminary, current and final.

Preliminary control is carried out before the start of production activities. Its task is to determine the quality and quantity of initial resources (human, material, financial, information) in order to prevent situations that could harm the organization. In the process of preliminary control, managers analyze the resources or capabilities that determine the success of the whole process. They then focus on choosing the best resources, thus avoiding problems in the future, and observe changes in the process of performing tasks.

This type of control can be performed when performing other management functions. For example, although the planning and design of organizational structures are rarely attributed to the control procedure, they allow for prior control over the activities of the organization. This type of control is called preliminary because it is actually carried out before the start of work. The main means of preliminary control is the implementation of certain rules, procedures and behaviors. Because rules and behaviors are developed to ensure that plans are followed, strict adherence to them is a way to ensure that work is moving in the right direction.

In organizations, ex ante control is used in three key areas – in relation to labor, material, financial and information resources.

Preliminary control in the field of human resources is achieved in organizations through a thorough analysis of the business and professional knowledge and skills necessary for the performance of official duties and the subsequent selection of the best trained and qualified people.

The control of material resources is carried out by the method of testing standards and the minimum allowable quality levels, followed by physical checks of compliance of materials with the requirements of standards.

The means of ex-ante control of financial resources is the budget, which plays a key role in the implementation of the planning function. The control of information resources allows to assess the availability of sufficient management information for the effective operation of the management staff and the adoption of sound and timely decisions.

Current control is carried out directly during the production process and is based on the measurement of actual performance and prompt response of management to emerging deviations. The object of control is most often employees, and is carried out by its immediate superior. Current control is widely used in the management process, as it helps to determine the causes of deviations. Feedback is widely used here to address emerging issues before they become widespread and costly.

Managers who perform ongoing control at the strategic level tend to focus on the results of current plans and key positions in order to monitor the production process in the organization and make the necessary adjustments. Ongoing control at the operational level helps to ensure the implementation of all work and developments in accordance with the plan.

Feedback is needed to carry out ongoing monitoring properly. Feedback is data on the results obtained. The simplest example of feedback is the message to the supervisor that his work is unsatisfactory if he sees that they are making mistakes. The feedback system allows management to identify a large number of unforeseen problems and adjust their behavior so as to avoid deviating from the most effective way to achieve goals.

Final control is applied after the end of the production process, when the results are obtained and deviations from targets. The

disadvantage of this type of control is that it states deviations from the set standards, when the loss or damage has already become a fact. Thus, the effectiveness of the final control is lower than the effectiveness of the previous and current. However, for many activities, this is the only possible type of control. Another feature of the final control is that it provides information to improve future planning and allows you to build an effective system of motivation.

3. Depending on the objectives of management control, it can be classified from the positions:

- management of achievement of corporate strategic goals;
- control over the reliability of financial statements;
- control of expediency and efficiency of operations;
- control over compliance with applicable laws and regulations.

Thus, control over the reliability of financial statements relates to the field of accounting in terms of its implementation of the control function. Controlling the appropriateness and effectiveness of operations is part of the economy. Control over compliance with applicable laws and regulations is a right. Control over the implementation of strategic goals belongs to management. At the same time, all these areas complement each other and create a system of unified management control (Savchenko, 2015).

4. Depending on the level of management decisions, it is appropriate to identify the following types of management control (Fig. 4.12).

This classification division of management control, depending on the levels of enterprise management, allows entities to focus on certain aspects of risks that arise during the operation of economic units. These are different types of management control, but they complement each other and allow you to achieve the desired results. It should be emphasized that the implementation of management control functions, regardless of its type, depends primarily on the human factor, rather than on the organizational structure, form of economic activity, policies embodied by the owners and managers of the enterprise.

Consider in more detail each of the types of management control. The main purpose of corporate management control is the achievement of corporate goals, corporate strategy and tactics, responsibility for management through the implementation of the control mechanism. In essence, we are talking about the creation of a

special body of owners (shareholders), which should ensure the decision-making process on global issues of operation and development of the enterprise.

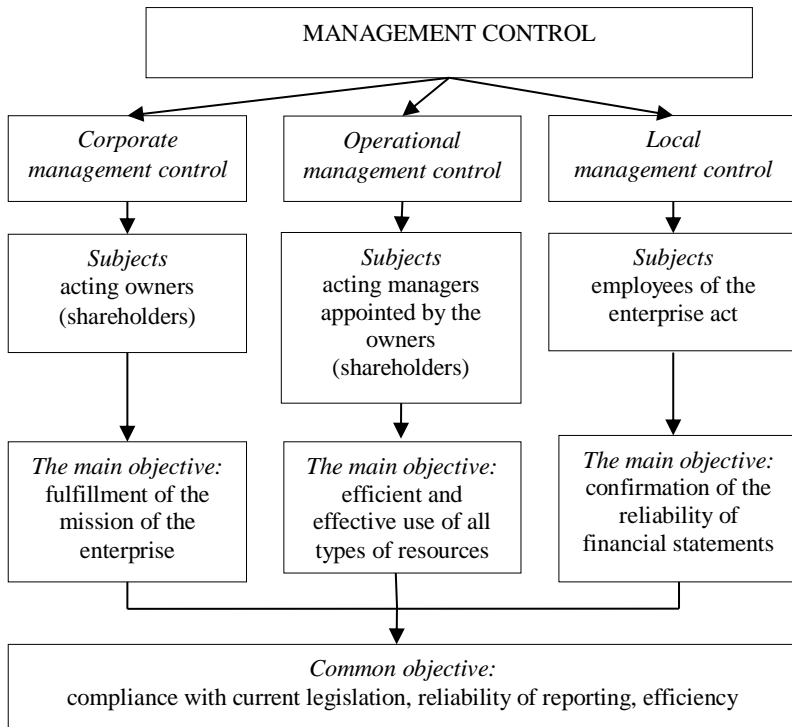


Fig. 4.13 Types of management control depending on the level of management in the enterprise

Source: formed by the authors on the basis of (Savchenko, 2015)

The strategy requires the development of a master plan of action, which should specify how the company should use its resources to achieve these goals, which may include both financial and non-financial goals. It should be noted that there are many ways to achieve the goals of the enterprise. Different companies will choose different approaches to formulating strategy.

Operational management control is a process carried out directly in the company by management staff, who must control other employees to implement the strategy of the organization. Operational management control includes a number of activities, including

planning, coordination, establishing communication relationships between employees of the enterprise and structural units, analysis of information blocks and making operational decisions.

The third type of control is local management control. It is advisable to carry out in places of business. The subjects of control procedures will be employees of the enterprise within their functional powers and middle managers. The latter will check the activities of their subordinates and the results of their work in order to identify problem areas and eliminate deviations from the planned plans and instructions.

The main purpose of management local control is to confirm the authenticity of articles and indicators of reporting forms. Much attention of local management control is related to financial reporting. It should be borne in mind that the preparation of financial statements is regulated and control will emphasize its reliability rather than relevance. On the other hand, local management control must ensure the quality of accounting information, ie its reliability and confidence in the accuracy of accounting data.

Thus, the accounting system creates an information array for decision-making, and the system of local management control should emphasize the reliability of this information.

Another goal of managerial local control is to confirm by control procedures the expediency and efficiency of business operations. Efficiency is the core of management, as well as the main goal of economic activity, and the system of local management control should help increase efficiency and timely detection of “bottlenecks”. At the same time, control of financial statements and control of expediency and efficiency of operations can be implemented only if the current regulatory and legal support of economic activity of the enterprise. The norms of the law are of fundamental importance for the system of accounting and management control in the enterprise (Savchenko, 2019).

5. By areas of management control is divided into:

- control of material and technical support involves assessing the degree of satisfaction of the needs of the organization in permanent resources (equipment, personnel, information systems), systems, etc.;
- production control covers the processes of transformation of the organization’s resources into products or services;

- control of marketing and sales includes: evaluation and adjustment of commercial policy; product competitiveness; effectiveness of marketing activities, etc.

6. The content of management control is divided into:

- control of resources – production and economic activities of the organization provide resources: material, financial, human, information. The following are subject to control of material resources: the system of inventory regulation, the state of material resources and their responsibility for the needs of production, the quality of material resources, etc .;

- process control – must confirm that simple operations are carried out in accordance with existing rules, which eliminates the need for constant inspections. This applies to administrative activities and the production process.

7. According to the forms of organization, management control is divided into:

- centralized control – carried out by special units operating in the management system of the organization (controllers, audit departments, internal audit departments). A type of centralized control is an audit – examination of financial statements and other information about the economic and financial activities of the entity to determine its actual financial condition;

- decentralized control – localized at the level of functional and production units of the organization. For example, accounting controls the state of accounting in the production and support departments of the organization, etc .;

- self-control – is to control the employee’s own actions, operations, products, etc.

8. According to the methods of management control is divided into:

- continuous control – is a complete (total) control, covering each work, each unit of output (services);

- sample control – is carried out on the quality of works, goods and services through samples and samples of the total.

Thus, control, although closing the list of general functions of management, does not mean the end of the management process. The results of the analysis as the final phase of control give a “portion” of new information for the organization of the next cycle of management at a higher level.

Let's dwell in more detail on the subjects of management control:

1) Advisory council – a collegial body, a group of persons holding positions in the board of the enterprise, the board of the organization, or in the advisory board of the client.

Board members coordinate the company's activities, often manage and propose mission programs. However, responsibility and measure differ depending on the type of enterprise. The rights and responsibilities of the supervisory board are spelled out in the company's charter. Advisory council is designed to represent the interests of shareholders (participants) in the period between the General Meeting and ensure their permanent protection.

Only a shareholder (participant) of the company (cooperative) may be elected to the Advisory Council. The person elected a member of the Advisory Council must have professional training and have the necessary personal qualities.

Members of the Advisory Council may not be members of the executive body (Management Board) and the Audit Commission, and have the right to be re-elected an unlimited number of times. By decision of the General Meeting, the powers of any member of the Advisory Council may be terminated early.

The organizational form of the Advisory Council work is to hold meetings, which are held as needed, but at least once a quarter.

2) The Audit Commission – in the legal entity – business entity – a body elected at the general meeting of participants, which controls the financial and economic activities through scheduled and unscheduled inspections of documentation (audits), as well as official investigations into violations.

The Audit Commission is a body established to oversee the activities of the Board of the Organization.

The Audit Commission consists of three members. The members of the Audit Commission shall be elected by secret ballot by a simple majority of the votes of the individual members present at the General Meeting of Members.

Members of the Audit Commission may not perform any other functions in the bodies of the Organization.

Members of the Audit Commission may not be in a marital relationship, family relationship, or subordination or dependence on members of the Management Board.

Members of the Audit Commission may not be convicted of intentional wrongdoing.

The Audit Commission elects the Chairman of the Audit Commission from among its members.

The powers of the Audit Commission include:

- general control over the activities of the Organization;
- submission to the Board of conclusions arising from inspections;
- the right to demand the convening of an extraordinary General Meeting of Members, as well as the right to demand a meeting of the Board;
- to convene the General Meeting of Members, if such meeting is not convened by the Board within the period established by the Statute;
- making proposals to the General Meeting on approval of the report of the Management Board;
- reporting on its work at the General Meeting of Members.

The Audit Commission shall act in accordance with the rules of procedure adopted by it.

The Audit Commission has the right to require members of the Organizations and bodies of the Organization at all levels to submit written or oral explanations related to controlled cases.

Decisions of the Audit Commission are adopted by open voting by a majority of votes with at least two votes of members. At the request of any member of the commission, voting on a particular issue may be secret.

3) The Board is a collegial executive body of a joint-stock company or other collective person.

The Board decides all issues of the enterprise, except for issues that fall within the competence of the general meeting and the supervisory board.

The Management Board consists of the Chairman of the Management Board and members of the Management Board.

4) Chief Accountant – the head of the accounting service (accounting), which provides accounting at the enterprise.

The functions of the chief accountant are:

- ensures compliance with the established uniform methodological principles of accounting, preparation and submission of financial statements in a timely manner;

- organizes control over the reflection in the accounts of all business transactions;
- participates in the preparation of materials related to shortages and compensation for losses from shortages, theft and damage to assets of the enterprise;
- provides verification of the state of accounting in branches, representative offices, offices and other separate divisions of the enterprise.

The chief accountant of an enterprise of public interest may be a person who has a complete higher economic education, experience in finance, accounting and taxation for at least three years, has no outstanding or unresolved convictions for crimes against property and in the field business activity.

In addition, the subjects of management control include managers of different levels of management in the enterprise (Table 4.12):

Table 4.12

Levels of enterprise management

Links	Representatives (individuals)
Higher	President, Vice President, General Director, Head (Manager), Heads of Functional Departments of the Management Staff, Heads of Subsidiary and Supporting Structural Units
Middle	Heads of stations, senior masters, masters
Lower	Heads of departments and subdepartments, specialists of certain management functions

5) Senior executives are the top executives who have the most power and are responsible for the activities of the entire company. These are directors (presidents) of organizations, their deputies (vice-presidents). They determine the general directions of operation and development of the organization as a whole or its major components, make key decisions about current affairs and the future of the organization, develop long-term plans, formulate policies and represent the company outside. Only they have the authority to acquire another company, launch a new production line, hire additional workers, and so on. In general, the tasks of the firm and ways to achieve them depend on top managers. their activities are characterized by scale, complexity, priority of strategic and long-term

orientation, the greatest connection with the external environment, the variety of decisions made, content. Although senior executives in the same corporations may formally be called differently (first vice president, executive director, chairman of the board, etc.), their functions may be similar.

Senior management is primarily obliged to: determine the boundaries and long-term strategy of the firm; to form an organizational structure; allocate strategic resources; manage profits.

6) The responsibilities of middle managers include the development of plans for the implementation of general tasks set by senior management and coordination of the work of lower managers. The middle level includes managers of departments, services and other departments (head of department, head of department, director of the branch, manager within the region, the project). The nature of the work of the middle manager is determined by the content of the work of the unit he heads. It is dominated by the solution of tactical tasks, much attention is paid to the interaction of middle and lower managers. The middle manager implements the policy of senior management, carries out its orders, instructions; represents the interests of the headed team before senior managers, makes proposals to improve its activities, as well as the organization as a whole, improving the working conditions of the team; directs, coordinates and controls the activities of lower managers.

Thus, the main managerial responsibilities of middle managers are:

- plan and give tasks within its competence;
- select and train staff; control and coordinate work;
- to support the independence of employees.

7) At the lower level of the management hierarchy are concentrated lower-level managers or controllers. They are responsible for the implementation of production tasks, for the direct use of allocated resources, control the work of performers and implement plans developed at higher levels of government. This level combines the following positions: shop foreman, foreman, team leader and heads of office-type units. Their work is associated with the solution of mostly operational, tactical tasks and is characterized by a variety of actions, frequent transitions from one task to another, constant communication with direct manufacturers (employees).

The lower-level manager implements the policy of the top

management of the organization, executes orders, instructions of the top and middle management; represents the interests of direct employees to managers, makes proposals to improve the activities of the team led by working conditions of subordinates (proposals may also apply to the activities of the organization as a whole), manages employees directly.

The main principles of professional activity in the performance of official duties are honesty, independence and objectivity, confidentiality, professional competence. The employee must promote the practical implementation of these principles, as well as promote the authority of the Department and the body in which he works.

Employees' conduct should promote cooperation and good relations between themselves and with other persons with whom Employees communicate in the course of their activities. The fairness and balance of employees' relations with their colleagues is in their interests as well as in the interests of the general public.

The principle of good faith presupposes strict observance by the Employee of the rules of conduct in the performance of his official duties and in relations with employees. The Employee's conduct should not arouse any suspicion or doubt from members of the public.

The principle of independence and objectivity is the independence of the Employee from any interested groups or circumstances that threaten the interests of the body in which he works, or the performance of official duties by the Employee, prevent him from being objective in his professional activities.

Private or external interests must not impair the independence of the Employee. The employee must refrain from any activity in which he has private interests that conflict with the interests of the Unit or body in which he works.

The employee is obliged to adhere to objectivity and impartiality in the performance of official duties. Reports, conclusions and recommendations, other official documents prepared by the Employee must be based on an objective assessment of the information, based solely on evidence collected in compliance with the law.

The employee is obliged to take measures to prevent the emergence of a real, potential conflict of interest, the presence of which affects / may affect the objectivity or impartiality of his decisions or the

commission or failure to act in the performance of official duties.

The Employee should avoid relationships with persons that interfere with the Employee's independence and affect his / her ability to perform his / her duties in a quality and impartial manner or negatively affect the credibility of his / her performance.

The Employee's observance of the principle of confidentiality consists in strict observance of the requirements established by the legislation of Ukraine for the use and provision of information obtained in the performance of his / her official duties.

The employee is prohibited from providing in any form to third parties information obtained during research or evaluation, except as provided by law and / or internal regulations of the body. The employee is obliged to observe state, commercial and official secrets.

An employee shall not disclose or otherwise use restricted information that has become known to him or her in connection with the performance of his or her duties, except as required by law.

An employee may not disseminate information that became known to him during his official duties, personal and family life, home address and telephone numbers of employees or other civil servants without the permission of the latter, except as provided by the Constitution of Ukraine and laws of Ukraine.

Adherence to the principle of professional competence is the application by the Employee of knowledge, skills and experience necessary for conscientious, competent, timely, effective and responsible performance of official duties, decisions and instructions of bodies and persons to whom he is subordinate, accountable or under control, prevention of abuse and ineffective use of state and communal property.

The employee must know and apply the regulations on professional activities, as well as regulations governing the activities of the body in which he works, and enterprises, institutions and organizations belonging to the management of this body.

In order to perform his / her professional duties, the Employee must constantly improve his / her level of knowledge and skills by studying relevant legal acts, including in the field of budget legislation, accounting and reporting, internal audit and internal control, international experience in this field. participate in seminars, trainings, take training courses.

The Head of the Unit is obliged to prevent manifestations of unethical behavior of subordinate employees by organizing work on the development of professional ethics of employees, including through training, outreach. The manager must:

1) directly adhere to the general moral and ethical principles adopted in society, the basic principles of professional activity and rules of conduct set out in this Code, as well as require their observance from subordinate employees;

2) give instructions and instructions to subordinate employees exclusively in accordance with the legislation of Ukraine and taking into account their level of knowledge, experience and professional skills;

3) select employees based on their moral, professional and business qualities;

4) respond in principle to the facts of inappropriate behavior of subordinate employees, including the reports of officials of enterprises, institutions and organizations, which are carried out research or evaluation;

5) to prevent the occurrence of conflicts of interest in the activities of subordinate employees, and in case of occurrence – within two working days to decide on the settlement of actual or potential conflicts of interest in the manner prescribed by law;

6) objectively assess the work of subordinate employees, and in case of violation of legislation or non-compliance with the requirements of this Code – to initiate their prosecution in accordance with the laws of Ukraine.

An employee is prohibited from using his or her official authority or position and related opportunities to obtain undue advantage for himself or herself or others.

The employee is prohibited from directly, or through other persons to demand, ask for, receive gifts for himself or his relatives from legal entities or individuals in connection with the implementation of such persons activities related to the performance of the functions of the enterprise.

The employee is obliged to take immediate measures in accordance with the requirements of Art. 24 of the Law of Ukraine “On Prevention of Corruption”.

Article 24. Prevention of receiving and dealing with illegal benefits

or gifts.

1. Persons authorized to perform the functions of the state or local self-government, persons equated to them in case of receipt of an offer of illegal benefit or gift, regardless of private interests, are obliged to take the following measures immediately:

- 1) refuse the offer;
- 2) if possible, identify the person who made the offer;
- 3) involve witnesses, if possible, including from among the staff;
- 4) notify in writing the proposal of the immediate supervisor (if any) or the head of the relevant body, enterprise, institution, organization, specially authorized entities in the field of anti-corruption.

2. If a person subject to restrictions on the use of official position and the receipt of gifts, found in his office or received property that may be an illegal benefit, or a gift, he must immediately, but not later than one working day, in writing to inform about this fact to the direct head or the head of the corresponding body, the enterprise, establishment, the organization.

An act shall be drawn up on the discovery of property that may be an illegal benefit or gift, which shall be signed by the person who discovered the illegal benefit or gift and his / her immediate supervisor or the head of the relevant body, enterprise, institution or organization.

If the property that may be illegal benefit or gift is discovered by a person who is the head of the body, enterprise, institution, organization, the act of discovery of property that may be illegal benefit, or the gift is signed by this person and the person authorized to perform duties. of the head of the relevant body, enterprise, institution, organization in his absence.

3. Items of illicit gain, as well as gifts received or discovered shall be stored in the body until they are handed over to specially authorized entities in the field of anti-corruption.

4. The provisions of this Article shall not apply to cases of receiving a gift in the presence of the circumstances provided for in part two of Article 23 of this Law.

5. If a person referred to in paragraphs 1 and 2 of part 1 of Article 3 of this Law has doubts about the possibility of receiving a gift, he has the right to apply in writing for advice on this issue to the National Agency, which provides clarification.

In the performance of his / her duties, the Employee shall not be entitled to provide, directly or indirectly, any improper benefit or gift to others, including his or her superiors, in order to induce them to misuse or exercise their powers.

The process of management control is the activity of united in a certain structure of control entities (control bodies, managers, controllers, public organizations), aimed at achieving the most effective way to set goals by organizing certain tasks and applying appropriate principles, methods, techniques and control technologies.

The process of management control can be divided into certain stages or stages.

At the first stage the purposes are formed, methods and forms of control are chosen, the program is developed and the range of the controlled questions, direct executors of control, terms of its realization, the form of the report on the carried-out work is defined.

The parameters of operation and development of the enterprise in practice take the form of various standards and regulations that meet the objectives of its development. We are talking about the norms of consumption of material resources per unit of output and volume of work, monetary costs, efficiency indicators, program standards (deadlines for the performance of certain works, etc.).

By setting standards, norms and planned goals, each company proceeds from a clearly defined mission and goals. From this we can conclude that the standards should be constantly reviewed. The following requirements are set for the standards: scientific validity, flexibility, reliability, feasibility, adequate reflection of real processes. In compliance with these requirements, standards can be criteria for evaluating the activities of individual units and individuals. But not everything that needs to be controlled can be expressed in quantitative terms (for example, the moral and psychological climate in the team). This complicates the control process, but in some cases it can be done by focusing on people's reactions.

At the second stage control points are selected, accounting data, observation and measurement materials are collected, appropriate information is processed, necessary indicators are calculated, data are grouped, analytical tables, graphs and charts are compiled to reveal the essence of the case, compare and evaluate, forecast possible results.

The third stage is to obtain information about the results achieved and compare them with the relevant standards, which allows you to identify deviations from the standards, summarize the results of control, draw conclusions and proposals to change the state of the controlled object.

Measurements are the most time consuming and expensive control element. They account for the bulk of the costs. The information is intended for the needs of control, must be timely, accurate, allow to make informed decisions. Sources of such information are constant targeted observations, financial statements, surveys, final reports, special analytical reviews.

The fourth stage includes adjusting the activities of the organization, modifying goals, revising plans, redistributing tasks, improving production technology and management. But change must be treated with caution. If things are going well and the goals are mostly achieved, it is better not to make changes in the activities, because certain deviations do not always disrupt the normal course of work. The adjustment system should be implemented only in case of real danger.

According to the parameters that were evaluated in the control process, the results of three types can be obtained:

- positive, when the actual parameters are higher than planned. In this case, corrective action is aimed at strengthening the measures that led to this result (for example, increase wages, expand production capacity, etc.);

- negative, when the actual results were worse than planned. The factors identified in the analysis process allow to justify measures to correct the existing situation (for example, strengthening management, improving the skills of employees, and in some cases even revising standards and regulations);

- neutral, when the organization operates in accordance with the plan and no corrective action is required, but this does not mean the termination of the evaluation process, because the balance between standards and actual indicators may be disturbed at any time.

In practice, two options for corrective action are used: the first is to eliminate the causes of persistent deviations by eliminating or neutralizing them, and the second is to change standards or regulations that must be erroneous, as they are often established on the basis of

forecasts.

In a detailed form, the control process is as follows: defining the scope of control; setting standards; performance appraisal; performance comparison; comparison of performance with standards (meets standards, does not meet standards); making adjustments to the activity; adjust standards and measurements if necessary. The process of management control in more detail is presented in Fig. 4.14.

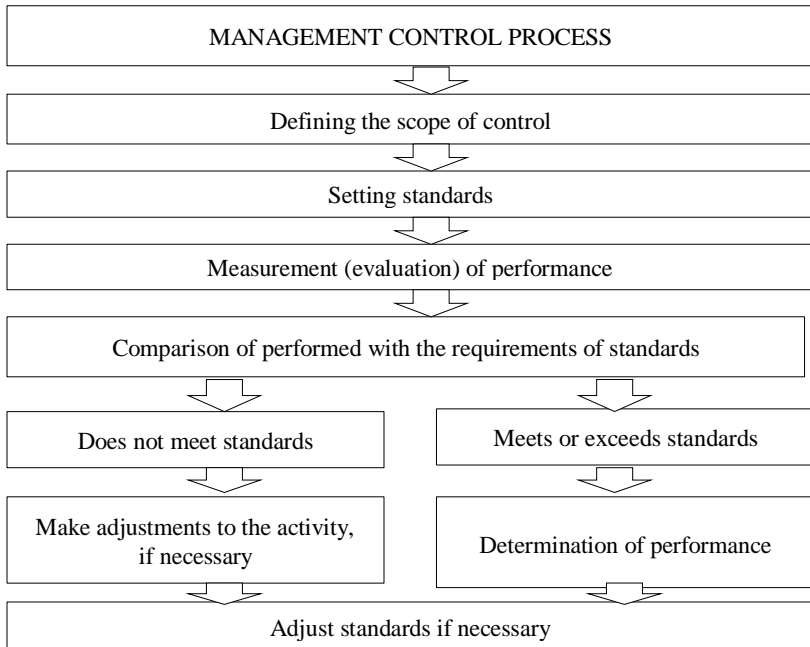


Fig. 4.14. Management control process

Source: formed by the authors on the basis of (Kuznetsova, 2016)

Forms of control in practice are: journal; card index; universal automated system for monitoring the performance and quality assessment of employees. Modern system of computer tools for monitoring the implementation of decisions helps to reduce the number of unfulfilled tasks, reduces the number of late work, increases executive and labor discipline. The initiator of management control should be the companies themselves, not external regulators. Standards set by external regulators will not be achieved if companies

are not ready to manage and control activities to achieve their goals.

The main information basis of management control is the accounting system, which is able to provide data for operational and strategic decisions, as well as to carry out comprehensive control procedures. It should be noted that the accounting information must meet certain requirements, namely: to be operational and relevant. Accounting and management control systems are closely interconnected and influence each other. The theory and methodology of management control contributes to the development of accounting, and accounting in turn enriches control (Savchenko, 2015).

Finally, we can identify some basic requirements that should be met when organizing an effective management control system (Fig. 4.15).

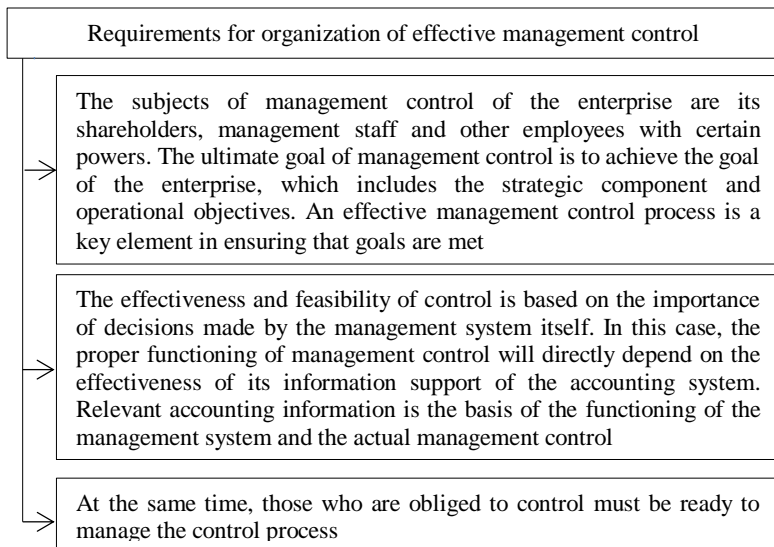


Fig. 4.15. Requirements for the implementation of management control

Source: formed by the authors on the basis of (Savchenko, 2015)

Let's consider in detail the relationship of accounting and control systems.

First, the evolution of management contributes to the development

of managerial control. The limits of modern management control extend from strategic management to control of activity management, and at the same time these limits also provide future directions of development of the accounting system. Thus, for control purposes, information is used not only traditional financial accounting, but also management accounting, which is able to accumulate information depending on the information needs of the subjects of control.

Second, management control procedures promote the development of accounting. The information generated by the accounting system is crucial for management control procedures, which include the development of mechanisms to achieve strategic goals, control standards, internal control reports, performance appraisal of managers and employees of the enterprise. In order to meet the demand for information from managers, accounting should update and improve the types and content of internal accounting. The development of accounting theory is achieved by expanding the quantity and quality of information at the request of the end user of such information.

Third, as scientific methods of development of modern management, methods of management control must be constantly improved and be to some extent innovative. Innovative methods of management control provide conditions for the development of accounting and contribute to its improvement.

As you know, one of the functions of accounting is control. Thus, we can talk about the presence of internal accounting control in each company. In this regard, it is advisable to outline the main differences between management control and internal accounting control (Table 4.13).

Until recently, most domestic enterprises used a control model that to some extent met the interests of the enterprise – within the control function of accounting. Changing economic and social development forces companies to seek a new model of control – management.

Businesses survive in conditions of uncertainty, and therefore the system of management control must be adapted to the external environment, strategy and specific circumstances, and this is what plays a crucial role.

At the same time, these accounting systems are dominant in the design of management control systems. It should be recognized that both the accounting system and the management control system are

interconnected and complementary. On the other hand, one of the functions of accounting is control, which is usually always at the center of accounting. Therefore, when designing a management control system within the enterprise, it is appropriate to be consistent with the system of accounting and storage of the structure of the control cycle in accordance with the structure of the accounting system.

Table 4.13

The main differences between management control systems and internal accounting control

Feature	Internal accounting control	Management control
Tasks of control	Ensure the security and integrity of assets, provide reliable, unbiased accounting information	Efficiency and effectiveness of business operations
Management style	Conservative style	Radical aggressive style
Relations with the external environment of the enterprise	Slight environmental impact	Significant influence of the external environment, depending on the interest of certain user groups
Control structure	The control system is completely dependent on the existing management system and subordinated to it. The obtained data are used to analyze the general shortcomings identified by the control system	The control system is mutually consistent in accordance with the business strategy and characteristics of the enterprise

Source: formed by the authors on the basis of (Savchenko, 2015)

According to research, management control is becoming increasingly popular among owners of domestic enterprises.

It is due to the following reasons:

1. Although accounting plays a dominant position in the enterprise, the role of management control is gradually strengthening. There can be no good accounting without control, just as a control system cannot function without accounting data. It is important for the owner not only to have an effective accounting system, but also an effective management control system.

2. Observance of the legal basis not only of accounting, but also of control. The development of relevant bylaws governing the basics of building a management control system should give the investor a clear understanding that their interests will be protected by law, and the control system will be the guarantor.

The development of the management control system requires its reorientation to confirm and guarantee the reliability of financial statements as a tool for achieving strategic goals of the enterprise. The purpose of management control should be to ensure compliance with current legislation of Ukraine, asset security and reliability of financial statements (Kuznetsova, 2016). According to the goals of the enterprise in the system of management control can be divided into three components (Fig. 4.16).

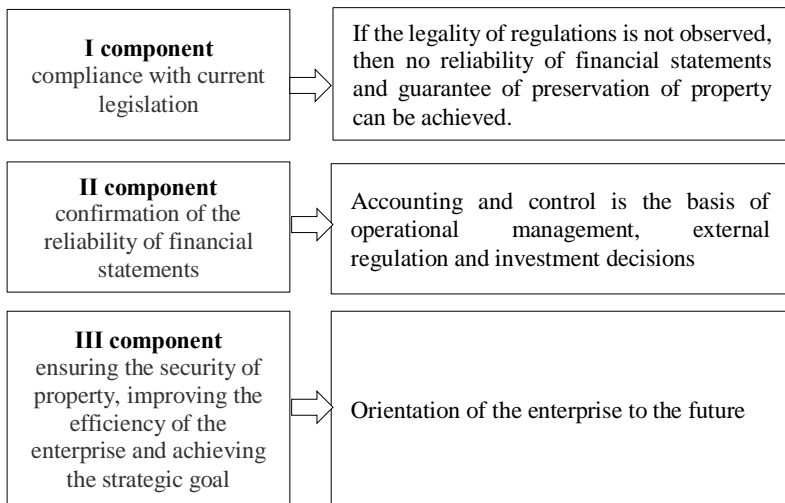


Fig. 4.16. Components of effective management control
Source: formed by the authors on the basis of (Savchenko, 2019)

Thus, management control increases the efficiency of the entity to achieve a strategic goal. In fact, managerial control is not so much an “obligation to control” as a “willingness to manage” (Savchenko, 2019).

Effective control has the following characteristics:

- strategic focus, analysis of key issues of the organization, rather than focusing on minor shortcomings;

- focus on achieving a specific result (elimination of deviations from the program of activities, development of recommendations);
- systematic, constant verification of implementation and analysis of the actual situation, as episodic and irregular control does not allow timely receipt of information and respond to ongoing processes;
- timeliness, or, more precisely, early control, prevention of violations;
- simplicity, adaptation of control parameters to production needs;
- objectification (focus on a specific object), the use of reliable information;
- adaptation to international standards;
- skillful use of categories of formal logic, thinking, judgments, inferences, concepts, definitions.

The effectiveness of control is enhanced if the employees who perform it are also authorized to perform coordination functions.

In addition, control should be appropriate. If you control every step of subordinates and impose penalties for the slightest omission, it will inevitably lead to negative consequences. Combining control with other management functions will reduce the volume of control operations and the number of employees who perform them. In particular, combining control with an in-depth analysis of the organization of labor and production, you can get rid of the head's efforts to eliminate not the decisive, but the most obvious defects in the enterprise.

Equally important is the effective functioning of the information and management control system – a formalized system of information preparation necessary for management decisions. It should contain information about the previous, current and future state of the controlled processes or objects. Its operation should be based on the use of modern computer technology.

In order for control to be able to fulfill its task, ie to ensure the achievement of the goals of the organization, it must have several important properties. Consider in more detail the properties of effective management control.

1. Strategic focus of control.

In order to be effective, control must be strategic, ie reflect the common priorities of the organization and support them. Control should provide the manager with sufficient information to make

strategic decisions. But increasing the amount of information creates the effect of “clogging the brain” of the leader. If senior management believes that certain activities have a strategic purpose, then in each such area must be established control, even if these activities are not measurable. Of course, specific sites in different organizations will be different, but all organizations need effective control systems (Kuznetsova, 2016).

2. Relevance to the case.

In order to be effective, control must be appropriate to the type of activity being controlled. He must objectively measure and evaluate what is really important. An inadequate control mechanism may mask rather than gather critical information. For example, it is socially accepted to assess the effectiveness of trade by setting a quota and comparing it with the actual volume of sales. But this can lead to large losses, because in reality success is not determined by sales, but by the level of profit. Many factors can lead to quota fulfillment with virtually low levels of trade performance. For example, a firm may offer too high a discount or too high a level of after-sales service to obtain new orders, or prices may rise due to inflation. In such situations, the firm will lose money from each sale, not earn it.

3. Flexibility of control.

Control, like plans, must be flexible enough to adapt to any changes in the control system. For example, a firm that produces 100 different types of goods should use inventory control methods to control any relatively large increase or decrease in the number of goods, as well as the number of each currently available. Without sufficient flexibility, the control system will not be valid in the situations for which it is intended. For example, if a new cost factor suddenly arises due to the need to adapt to recently adopted legislation until it is introduced into the firm’s control system, it will not be able to track production costs.

4. Susceptibility to control.

Control should not make employees feel anxious and uncertain. Staff must understand the purpose of control, to clearly understand the system of evaluation of its results. A desirable condition is one in which workers assist inspectors in conducting inspections. Otherwise, when employees understand the danger of control, they deliberately create inconvenience to verify, distort information.

5. Easiness of control.

As a rule, the most effective control is the simplest control in terms of the purposes for which it is intended. Simple control methods require less cost, they are economical. But the most important thing is that if the control system is very complex, then the people who interact with it do not understand and do not support it. Such a control system cannot be effective. Excessive complexity leads to loss of control over the situation. In order to be effective, control must meet the needs and capabilities of the people who interact with and implement the control system.

There are many examples of organizations that have spent a lot of money developing sophisticated control methods that have never been used because they were too complex for the people who had to use them. In the 1960s, for example, almost all major New York banks sought to expand their control systems. The result was a sea of thick volumes that contained complex information about everything in the world. All but one of the banks were forced to abandon new approaches to control simply because their staff became confused by this information.

The approach of the manager, the only bank, was qualitatively distinguished by an excellent understanding of the factors that make the control and dissemination of information effective. The secret of this manager was that he first tested all the developed instructions on his peers. If the girls, who did not understand anything about banking, understood the procedure described by him, the manager could be sure that the bank employees would understand it as well.

6. Cost-effectiveness of control.

It is very rare to try to achieve excellence in the organization, because the progressive improvement of the organization requires great effort and resources.

We must never forget that all the benefits of the organization should lead to an increase in its benefits and profits. Expenditures should bring organizations closer to their goals. Thus, if the total benefits of the control system outweigh the benefits, it is better for the organization not to use this control system at all, or to introduce less diligent control. In general, since control conceals many incidental costs that could be used to solve other problems, in order for control to be economically justified, the ratio of costs to potential profits must

have been quite low.

Management control, as an effective control of the production process, is advisable to exercise through prices, contracts, plans, wages, profits, production costs and turnover, loan interest, rent, taxes, money and more. The five main objects of the control system: finance, business processes, customers, personnel and development are a vicious circle of continuous improvement: satisfied customers enable the company to generate sales and ensure high return on investment for shareholders; the growth of sales, in turn, allows you to invest in improving business processes and training of employees; progressive business processes and training help staff meet the demands of consumers at a high level, etc.

Nowadays, management control should be the most important part of the economic mechanism. Its objects are: wages, costs of production and circulation, price, profit, interest, rent, taxes, currency, etc. Controls should cover all business transactions without exception.

The control must combine all the diversity of economic activities of the enterprise, including the processes of technical, organizational and economic development of the enterprise, as well as improving production efficiency in relation to specific business conditions. Without it, control cannot be a means of optimal production management.

References

Blišťanová, Monika, Blišťan, Peter, Lošonczi, Peter. Possibilities of Application of Geographic Information Systems to Security Education. In: *Procedia - Social and Behavioral Sciences*. ; Oxford: Elsevier, 2015. ISSN 1877-0428. p. 744-748.

Balueva, Olga, Syvolap, Larysa, Pryimuk, Olga, Lošonczi, Peter, Britchenko, Igor, Popova, Yuliia. Осигуряване на иновативно развитие на системата за управление на морския транспорт в контекста на формирането на глобалната цифрова икономика / Ensuring Innovative Development of the Marine Transport Management System in the Context of the Formation Ofthe Global Digital Economy. In : *AD ALTA: Journal of Interdisciplinary Research*. Vol. 12, Issue 1, Special Issue XXV. Hradec Králové, Czech Republic: Academic Association MAGNANIMITAS, 2022. Pages: 88 – 92. ISSN 1804-7890, ISSN 2464-6733.

Drotárová, Jozefína, Mesároč, Marián, Lošonczi, Peter. Сътрудничество между спасителните и пожарните бригади и медицинската спасителна служба, представляваща основа за ефективна интегрирана спасителна система в Словашката република / Cooperation Between the Rescue and Fire Brigade Corps and the Medical Rescueservice Representing a Basis for an Effective Integrated Rescue System in the Slovak Republic. In: *Annals of Burns and Fire Disaster*. Palermo, Italy: Euro-Mediterranean Council for Burns and Fire Disaster. Vol. 34, No. 4 (vo. 34 No. 4 is waiting for registration in Scopus) link: http://www.medbc.com/annals/review/vol_34/num_4/text/vol34n4p365.htm ISSN: 1592-9566.

Dutchak, R. (2019). Management control over accounting and analytical support for resolving economic disputes over unrealistic business operations of the enterprise. *Economic theory and law*. № 2. P. 89-105.

Zdyrko, N. (2016). Problem aspects of the internal state audit development. *Economic Annals-XXI*. № 161(9-10). P. 85-90. doi:10.21003/ea.V161-19.

Klyus, Yu. (2017). Management control of innovation risks of an industrial enterprise. *Bulletin of the Volodymyr Dahl East Ukrainian National University*. № 6. P. 133-138.

Kozachenko, A., Panadiy, O., & Chudak, L. (2019). Applied aspects of the distribution of spendings for management accounting and control. *Baltic Journal of Economic Studies*. № 5(4). P. 116- 121. doi.org/10.30525/2256-0742/2019-5-4-116-121.

Korinko, M. (2019). Management control in the system of functioning of business entities. *Intelligence XXI*. № 5. P. 49-54.

Kováčová, Lucia, Kavan, Štěpán, Mesároč, Marián, Lošonczi, Peter. Образование и обучение на служители по управление на кризи и гражданска защита в Словашката република / Education and training of crisis management and civil protection workers in the Slovak Republic. In: *SGEM 2018 conference proceedings (5.4. Ecology, economics, education and legislation : environmental legislation, multilateral relations and funding opportunities)*. Sofia: STEF92 Technology, 2018. ISSN 1314-2704, ISBN 978-619-7408-49-2. Vol. 18. p. 59-66.

Kuznetsov, A. (2015). Management control: essence, place and purpose. *European vector of economic development*. № 2. P. 97-106.

Kuznetsova, S. (2016). Financial system, management accounting and control of the future: chaos theory and information asymmetry. *Economic Nobel Herald*. № 1. P. 129-137.

Lozovsky, O. (2014). Management control as a component of effective enterprise activity. *Scientific Bulletin of Kherson State University. Ser. : Economic Sciences*. Vol. 6 (3). P. 16-19.

Mesároš, Marián, Ďurica, Tibor, Lošonczi, Peter, Blišťanová, Monika. Възможности за защита на критична инфраструктура преди геопасности / Possibilities for protection of critical infrastructure prior to geohazards. In: *Ecology, Economics, Education and Legislation: Conference proceedings: Volume I*. Sofia: STEF92 Technology, 2015. ISBN 978-619-7105-39-1. ISSN 1314-2704. p. 617-624.

Nečas, Pavel, Vacková, Martina, Lošonczi, Peter. Въздушната мощност като фактор за сигурност: казус в Сирия / Air power as a security factor: case study Syria. In *Incas Bulletin*. Bucharest, Romania: INCAS - National Institute for Aerospace Research "Elie Carafoli". ISSN 2066-8201. ISSN (online) 2247-4528. Vol. 11, No. 1 (2019), p. 217-230.

Podolianchuk, O. (2015). Management control as a type of internal economic control of the enterprise. *Economics. Finances. Management: current issues of science and practice*. № 1. P. 117-126.

Potapyuk, I. (2018). Management control as an element of strategic management of the enterprise. *Economic Forum*. № 4. P. 209-214.

Savchenko, R. (2015). Types and stages of management control. *Economy and state*. № 9. P. 70-73.

Savchenko, R. (2014). Internal and managerial control: the right to exist. *Investments: practice and experience*. № 14. P. 80-82.

Savchenko, R. (2014). Management control: retrospective review. *Agrosvit*. № 14. P. 48-52.

Savchenko, R. (2014). Management control in the management system. *Investments: practice and experience*. № 23. P. 42-46.

Savchenko, R. (2019). Management control in non-profit organizations. *Economy and state*. № 2. P. 53-57.

Savchenko, N. (2017). Financial image and managerial control: unity and purity. *Investments: practice and experience*. № 6. P. 42-45.

Vacková, Martina, Lošonczi, Peter, Havaj, Peter. Уведомяването на хората и населението при наводнения като проблем за сигурността / The notification of person and population warning in the floods as a security problem. In: SGEM 2019 conference proceedings (5.1. Ecology, economics, education and legislation) Albena, Bulgaria: STEF92 Technology, 2019. ISBN 978-619-7408-84-3, Vol. 19. p. 745-752.

CONCLUSIONS TO PART 4

Marketing risk is the risk of loss a profit as a result of not achieving the planned sales volume or lowering the sales price relative to the planned. To reduce this risk it is necessary to study carefully the market, identify key factors that may affect the project, forecast their occurrence or strengthening, ways to neutralize the negative influence of these factors. Assessment of marketing risks is especially relevant for projects to create new production or expand existing production.

Methods of research of strategic and operational marketing activities include specific marketing methods that serve as a basis for decision-making on the application of strategy, its adjustment, as well as improving all marketing activities of the enterprise.

Consequently, internal control over the use of payroll funds at each enterprise is of great importance, during which it is necessary to systematically monitor the use of the remuneration fund, to identify the possibility of saving money by increasing labor productivity and reducing the complexity of products. Thus, internal control over wages is a rather laborious process that must be carried out carefully and carefully, because labor costs occupy a significant share in the structure of the enterprise's costs.

For social protection and material interest of workers it is necessary to constantly improve the system of accounting for wages, taking into account the quality of work, working conditions and its results. And for this you need to constantly check the calculations with staff, which provides control over compliance with applicable labor laws, the correctness of the calculation of wages and deductions from it, as well as the correctness of accounting for payroll..

Functioning of the management control system implies the existence in the organizational structure of the su economic entities of

certain structural subdivisions, which may have relative independence, the main me whose activities will be an analysis of the effectiveness management system. The purpose of such an analysis will be consideration, evaluation of the work of management staff and the full use of their capabilities in achieving goals of the enterprise, as well as the use of tools management, including benchmarking systems, balance system of indicators, EVA system, budget system harvest. Namely, internal auditors must ensure read such an analysis

Different studies show that today most domestic companies do not pay enough attention to the process of forming a management control system, despite the fact that it is an essential component of effective management aimed at finding solutions that can help the company survive in a changing environment. In this regard, it is necessary to update the issues of increasing interest in the control activities of economic entities, as their management should not only define the goals of the enterprise, but also record the stages of achieving each goal, which can be achieved through effective management control.

**CURRENT ISSUES OF ACCOUNTING, TAXATION,
ANALYSIS AND AUDIT DEVELOPMENT IN MODERN
CHALLENGES CONDITION**

Collective monograph

Format 60x84/16
Circulation: 100 copies
14,76 p.s.

Vysoká škola bezpečnostného manažérstva v Košiciach

Košťova 1, 04001, Košice, Slovensko
2022

ISBN 978-80-8185-044-8

