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ACCOUNTING
LECTURE NOTES

Igor Sikorsky KPI

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ACCOUNTING

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The textbook provides the thematic structure of the discipline, concise theoretical material for each lecture in accordance with the syllabus, as well as a list of recommended sources of information for each topic. The publication is intended for applicants who are studying in specialty 051 “Economics” of the bachelor's degree at Igor Sikorsky Kyiv Polytechnic Institute and other higher educational institutions.

CONTENT

INTRODUCTION

The discipline “Accounting” lays the foundation for a specialist to perform accounting of the company's economic activity. The study of the discipline contributes to the formation of system perception by future specialists of the specialty 051 “Economics”.

The purpose of the educational discipline is to form students' abilities to comprehensively understand the essence of the accounting process of the economic activity of enterprises of various forms of ownership; analyze specific economic situations and solve practical tasks related to the accounting of assets, capital and liabilities of the enterprise and affect the adoption of strategic and management decisions by the entities; to aggregate information by compiling forms of financial statements of the enterprise, to determine the financial results and state of the enterprise, interpreting the obtained results.

During the study of the academic discipline, students of higher education acquire theoretical knowledge about the content of the main categories and measures of accounting, the essence of assets, capital and liabilities of the enterprise; will acquire skills in the application of methods of accounting for assets, capital and liabilities of the enterprise, its income, expenses, determination of financial results; acquire knowledge about the peculiarities of the organization of the accounting process at domestic enterprises and consolidate it with practical skills; will acquire skills in the application of accounting methods and procedures related to the collection, analysis, systematization and preservation of accounting information; will gain knowledge about the specifics of regulatory and legal regulation of economic relations arising between subjects of economic activity; will acquire skills to work in a team while solving situational problems in practical classes; master the skills of determining the amount of income received by the enterprise and the expenses incurred by it during the reporting period, determining the cost of sold products (goods, works, services) and financial results; master the skills of calculating wages, vacation, sick leave and other payments to employees, the methodology of their taxation; will acquire skills in accounting for stocks, cash, non-current assets, debts, capital of the enterprise; master the method of drawing up and analyzing forms of financial reporting of the enterprise (balance sheet, financial results report, cash flow report, equity report) for making further management and strategic decisions.

This lecture note contains a summary of the theoretical material for each topic of the syllabus. The publication will be useful for consolidating lecture theoretical material, as well as for independent study of the discipline.

THEMATIC STRUCTURE OF DISCIPLINE

№	Topics and list of main questions
1	**General characteristics of accounting, its subject and method** Economic accounting and its types. Accounting subject. Classification of economic assets and sources of their financing. Accounting method. Tasks for independent work of students: Investigate the essential characteristics of the term "accounting" and the history of accounting. To study the composition of statistical reporting. Characteristics of users and the main content of the information they need. Read the Law of Ukraine "On Accounting and Financial Reporting".
2	**Balance sheet** The concept of balance, its meaning and use in management. Balance sheet structure: assets and liabilities. Composition of economic assets (property) and sources of formation of economic assets of the enterprise. Four types of changes in the balance sheet under the influence of economic transactions. Tasks for independent work of students: To study the essential characteristics of the term "economic means". Conduct a comparative analysis of methodological approaches to the formation of the balance sheet structure. Read the National regulation (standard) of accounting № 1.
3	**Accounting accounts and double entry** The concept of accounting accounts. Structure of accounts. Active and passive accounts. Rules for making entries on accounts. Accounts of synthetic and analytical accounting. Classification of accounts. Accounting Chart of Accounts. Double recording, its essence and control functions. Correspondence of accounts. The procedure for drawing up accounting entries. Relationship between balance sheet items and accounting accounts. Turnover information, their construction and control value. Tasks for independent work of students: Off-balance sheet accounts - structure and use. Analysis of the chart of accounts structure in different countries.

4	**Evaluation and calculation** Value measurement, evaluation and calculation. Concept of assessment of accounting objects. Actual cost of assets and liabilities. Choice of assessment methodology. Calculation as a kind of assessment. Calculation objects. Calculation methods. Tasks for independent work of students: Analysis of methods of calculating the cost of production of products and services (works).
5	**Documentation and inventory, accounting techniques and forms** Definition of primary document. Classification of documents, their structure, requirements for drafting. Documentation as a component of the accounting method. Organization of document circulation. Methods of correcting errors in accounting. The essence and meaning of inventory. Types of inventory. Accounting registration technique. Concept of form of accounting. The concept of the accounting cycle of the enterprise. The essence and significance of the enterprise's accounting policy. Tasks for independent work of students: Organization of the accounting service at the enterprise. Types of accounting registers. Inventory description processing technique.
6-7	**Accounting of non-current assets** The concept and composition of non-current assets. The concept of fixed assets, their assessment. Accounting for the movement of fixed assets. Depreciation of fixed assets. Concept and accounting of other non-current assets. Accounting for intangible assets. Tasks for independent work of students: Comparative analysis of depreciation calculation methods, in accordance with national and international accounting standards. Accounting for the lease of fixed assets.
8-9	**Inventory accounting** The concept and estimation of reserves. Accounting of production stocks. Concept and accounting of low-value and perishable items. Accounting for finished products. Concept and classification of goods. Documenting business operations related to the movement of goods. Organization of

	synthetic accounting of the movement of goods. Tasks for independent work of students: Organization of analytical accounting of inventory movement. Peculiarities of determining the trade mark-up.
10-11	**Accounting of cash and receivables** Accounting of cash operations. Accounting of bank account transactions. Accounting of settlements with buyers and customers, with other debtors. Accounting for reserves of doubtful debts. Tasks for independent work of students: Forms of calculations. Accounting for costs of future periods.
12	**Accounting of financial investments** Long-term and current financial investments: concept and assessment. Accounting for short-term and long-term financial investments. Accounting for investments in debt securities. Accounting for investments in securities for the right of ownership. Tasks for independent work of students: Accounting of other monetary documents. Bill discounting accounting.
13	**Equity accounting** The concept of equity and its components. Accounting of authorized capital. Share capital accounting. Accounting for additional and reserve capital. Accounting for provision of future expenses and payments. Tasks for independent work of students: Accounting of share capital in cooperatives. Accounting for organizational contributions when creating various forms of enterprises. Accounting for raised capital on the basis of a contract.
14	**Accounting for liabilities** Concept and classification of liabilities. Accounting for long-term liabilities. The concept of current liabilities. Accounts payable for goods (works, services). Tasks for independent work of students: Comparative analysis of methods for calculating the provision for doubtful debts. Peculiarities of settlement

	of doubtful debts.
15	**Accounting for labour, its payment and social insurance of personnel** Concepts, types of payment to employees. Forms of payment. Types of deductions from wages. Accounting for staff payroll. Accounting for insurance payments. Salary taxation. Tasks for independent work of students: Completing the settlement and payment information (report). Calculation of wage indexation
16	**Cost accounting of enterprise activity** Concept and classification of production costs. Formation and accounting of the cost of sold products (goods, works, services). Accounting of general production costs. Accounting for administrative costs. Accounting for sales costs. Accounting for other operating expenses. Accounting for the costs of other ordinary activities. Accounting for expenses from emergency cases. Tasks for independent work of students: Classification of costs in management accounting. Cost effectiveness assessment methodology.
17	**Accounting of income and financial results** Concept, classification and assessment of income. Accounting of income from ordinary activities. Accounting of income from extraordinary events. The concept of financial results and the order of their formation. Accounting of financial results from ordinary activities and extraordinary events. Tasks for independent work of students: Income classification in management accounting. Evaluation of the profitability of the enterprise.
18	**Financial reporting** The importance of financial reporting and the use of its data in management. General requirements for financial reporting. Composition and forms of financial reporting. The procedure for submitting financial statements. The content and procedure for drawing up the Balance Sheet, the Report on financial results and other forms of financial reporting. Tasks for independent work of students: Methodology for correcting errors, changes in accounting estimates and accounting policy. Explanatory note (notes) to the accounting financial report.

CHAPTER 1. THEORY OF ACCOUNTING

Lecture № 1

Topic 1. GENERAL CHARACTERISTICS OF ACCOUNTING, ITS SUBJECT AND METHOD

1.1. Economic accounting and its types

1.2. The subject of accounting

1.3. Classification of economic means and sources of their financing

1.4. Accounting method

Recommended information resources:

1. Skorobogatova N.Ye. Accounting [Electronic resource]: tutorial / N.Ye. Skorobogatova; Igor Sikorsky KPI. Electronic text data (1 file: 3.7 MB). Kyiv: Igor Sikorsky KPI, 2017. 248 p. URL: https://ela.kpi.ua/handle/123456789/20080 (P. 9-19).

2. National regulation (standard) of an accounting company 1 "General requirements for financial reporting", approved by order of the Ministry of Finance of Ukraine dated 07.02.2013. № 73. URL: https://zakon.rada.gov.ua/laws/show/z0336-13#Text

3. On accounting and financial activity in Ukraine: Law of Ukraine dated July 16, 1999 № 996-XIV. URL: http://zakon3.rada.gov.ua/laws/show/996-14

1.1. Economic accounting and its types

Economic activity is an activity related to the production, exchange and consumption of material values, as well as the provision and use of services. At the enterprise level, economic activity consists of economic processes, which are divided into economic operations.

Economic accounting is a quantitative and qualitative reflection and qualitative characteristic of economic activity for the purpose of its management. Thus, economic accounting reflects all processes related to the economic activity of both the country and the enterprise (regardless of the form of ownership) and includes the production of products, their sale, determination of financial results of activities, payment of taxes and distribution of the net profit received.

Economic accounting is divided into operational, accounting and statistical (Table 1.1).

Table 1.1 – Types of economic accounting

Comparison parameters	Operational	Accounting	Statistical
Definition	This is a way of observing, displaying and controlling individual economic and technical operations directly in the process of their implementation for the purpose of operational management	This is a process of detecting, measuring, registration, accumulation, summarization, storage and transmission of information about the company's activities to external and internal users for decision-making	This is a system of study, generalization and control of mass phenomena that have a nationwide character
Essence	It is carried out directly on site (workshop, site, warehouse, etc.) and provides immediate monitoring and registration of specified production and commercial operations and other factors of the economic activity of the enterprise, organization	It is divided into: - financial accounting - complex accounting of all funds and all economic activities of the enterprise (organization) for the purpose of drawing up financial statements; - management accounting - a system for processing and preparing information about the company's activities for internal users in the process	Systematic collection and study of mass phenomena and patterns of their development

		of managing the company	

Accounting in turn, is divided into financial and management (table 1.2.).

Table 1.2 – Comparative characteristics of financial and management accounting

Comparison criteria	Financial accounting	Management accounting
Compulsory accounting	It is carried out in accordance with the law	Optional, in progress at the request of management
Purpose of reporting documentation	The purposes of using external reporting are not regulated	The structure, content and purpose of internal reporting are determined by the company's management independently
Users of information	Investors, creditors, state tax inspection, etc.	Enterprise management, in accordance with the purpose of the information
Content of information	Reflects the input and output financial flows of the enterprise, the property status and the results of its activities	Reflects the calculations of cash flows, incomes and the economic justification of business management decisions
Forms of measuring information	Valuation of indicators	Cost and physical (quantitative) evaluation of indicators
The nature of the information	Reflects records of past time periods	Information is “historical” and predictive in nature
Basic information structure	Generally accepted principles	Three principles of costing: – accounting for production costs; – differentiated cost accounting; – cost accounting by responsibility centers
Degree of accuracy	A certain degree of accuracy in accordance with regulatory requirements	There are certain assumptions, rough estimates due to the promptness of providing information, the main criterion is expediency
Frequency and deadlines for	Determined by legislation, there is a time lag	Determined by management, no time lag

reporting		
Reporting object	The enterprise as a whole	Responsibility centers (product, workshop, work, etc.)
The degree of responsibility for the correctness of accounting	There is a possibility of prosecution under the law	There is a possibility of administrative punishment

Quantitative and qualitative indicators are used for accounting. In accounting, a generalizing measure is a monetary measure.

1.2. The subject of accounting

The subject of accounting is certain aspects of the process of extended reproduction, that is, economic facts, phenomena and processes that determine the state and use of assets and sources of their formation (liabilities).

The objects of accounting are the following:

– economic assets (current and non-current assets);

– sources of their formation (own capital, long-term and current liabilities and security);

– economic processes that ensure the movement of property and resources for the purpose of obtaining profit.

1.3. Classification of economic means and sources of their financing

Economic assets are a set of material resources, cash, financial investments, as well as expenses for the acquisition of rights necessary for the implementation of the business entity's activities.

Economic means are grouped according to two characteristics:

– composition and placement (assets);

– sources of formation and purpose (equity and liabilities).

Assets are divided into current and non-current assets.

Non-current assets include assets that are used in the enterprise's economic activity for more than one year or operating cycle.

Current assets consist of:

– stocks

– accounts receivable

– funds of the enterprise

– current financial investments.

Sources of assets are divided into equity and liabilities.

Own sources of economic assets (**equity**) are determined by the value of the property, that is, net assets, which are calculated as the difference between the value of the property and the sources involved. Own sources have a complex structure that depends on the organizational and legal status of the enterprise (joint-stock company, limited liability company, state-owned enterprise, rental enterprise). Own sources of formation of economic assets include: registered, additional, reserve capital, capital in revaluations, retained earnings.

Raised (loan) capital (**liability**) is a part of the value of the business entity's property, acquired at the expense of liabilities, which must be returned to banks, suppliers, investors: funds, values that are equivalent to the value of the property.

1.4. Accounting method

The accounting method is a set of methods and techniques by means of which the economic activity of the enterprise is reflected in the accounting.

Documentation is display of business transactions in specified media - on paper forms or technical media. This is a written statement about the implementation of a business transaction, which gives legal force to accounting data.

Inventory is a comparison of accounting data with the actual availability of accounting objects to identify deviations, correct errors and control the preservation of values.

The system of accounting accounts is a method of grouping economic assets and their sources according to economically homogeneous characteristics and current accounting of their changes in quantitative and cost parameters. Active accounts are used to group economic assets, and passive accounts are used to account for their sources.

Double entry is the process of displaying economic transactions and the changes caused by them simultaneously on two accounting accounts in the same amount.

Assessment is a display of accounting objects in a single monetary measure with the aim of summarizing them as a whole for the enterprise.

Costing is a method of grouping costs to calculate the cost of products and services both as a whole and individually.

The balance sheet is a method of grouping and reflecting in monetary value on a certain date economic assets and sources of their formation, in which the sum of economic assets is equal to the sum of their sources.

Reporting is a system of interconnected and interdependent indicators that reflect the economic and financial activity of an enterprise (organization, institution) for a certain period and is the final stage of accounting.

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Lecture № 2

Topic 2. BALANCE SHEET

2.1. The concept of the balance sheet, its meaning and use in management

2.2. Business transactions and their impact on the Balance Sheet items

Recommended information resources:

1. Skorobogatova N.Ye. Accounting [Electronic resource]: tutorial / N.Ye. Skorobogatova; Igor Sikorsky KPI. Electronic text data (1 file: 3.7 MB). Kyiv: Igor Sikorsky KPI, 2017. 248 p. URL: https://ela.kpi.ua/handle/123456789/20080 (P. 20 - 24).

2. National regulation (standard) of accounting 1 “General requirements for financial reporting”, approved by order of the Ministry of Finance of Ukraine on February 7, 2013. № 73. URL: https://zakon.rada.gov.ua/laws/show/z0336-13#Text

2.1. The concept of the balance sheet, its meaning and use in management

The balance sheet is a form of accounting reporting that characterizes the state of the company's economic assets (assets) and the sources of their formation (liabilities) as of the reporting date in generalized monetary terms. There is a distinction between a net balance and a gross balance (current balance).

In Ukraine, the National regulation (standard) of accounting 1 “General requirements for financial reporting”, approved by the order of the Ministry of Finance of Ukraine on 7 February 2013, № 73 determines the content and form of the Balance Sheet. Balance sheet (statement of financial position) – a report on the financial position of an enterprise, which reflects its assets, liabilities and equity as of a certain date.

The balance sheet consists of two parts - assets (business assets) and liabilities and equity (sources of their formation). Assets are resources controlled by an enterprise as a result of past events, the use of which is expected to lead to economic benefits in the future.

Liabilities - debts of the enterprise that arose as a result of past events and the repayment of which in the future is expected to lead to a decrease in the resources of the enterprise, embodying economic benefits. Equity is the difference between assets and liabilities.

Thus, since assets, liabilities and equity are reflected in the Balance Sheet, the sum of the assets of the Balance Sheet (form № 1) should be equal to the sum of liabilities and equity. Hence the basic accounting equation:

$$\text{Asset} = \text{Liabilities} + \text{Equity}$$

The main element of the balance sheet, which consists of assets, liabilities, and equity, is an item. Balance sheet items are indicators that reflect the state of certain types of economic assets and sources of their formation on a certain date.

Each balance sheet item has a monetary value called the item's value. The Balance Sheet, in accordance with the National Accounting Regulation 1. The Balance Sheet has the form of a net balance sheet.

The sequence of drawing up the Balance Sheet:

1) implementation of economic transactions and their analysis;

2) execution of relevant primary documents confirming the actual implementation of the business transaction;

3) registration of analytical accounting information from primary documents in the Journal of registration of economic transactions, preparation of accounting entries;

4) distribution of information from the Journal of registration of economic transactions into consolidated Journals of synthetic accounting accounts;

5) compilation of the General Ledger, turnover and balance information;

6) preparation of the Balance sheet report form.

2.2. Business transactions and their impact on the Balance Sheet items

Business transactions are operations that lead to changes in the financial state, assets and liabilities of an enterprise, institution, or organization. Depending on the nature of the economic transaction's impact on the items of the Balance Sheet, there are four types of economic transactions.

Business transactions of the first type. Changes occur only in the structure of balance sheet assets (one item increases and another decreases), but the total amount remains unchanged:

$$\text{Assets} + \sum - \sum = \text{Equity} + \text{Liabilities}$$

Business transactions of the second type. Changes occur only in the structure of liabilities and equity of the balance sheet (one item increases and the other decreases), but the total amount remains unchanged:

$$\text{Assets} = \text{Equity} + \text{Liabilities} + \sum - \sum$$

Business transactions of the third type. Changes occur both in the structure of assets on the balance sheet, and in the structure of liabilities and equity, simultaneously increasing the amount of currency on the balance sheet:

$$\text{Assets} + \sum = \text{Equity} + \text{Liabilities} + \sum$$

Business transactions of the fourth type. Changes occur both in the structure of assets on the balance sheet, and in the structure of liabilities and equity, simultaneously reducing the amount of currency on the balance sheet:

$$\text{Assets} - \sum = \text{Equity} + \text{Liabilities} - \sum$$

Conclusion:

1) each transaction changes at least two balance sheet items;

2) with any type of operations, the equality of the total sum of assets and liabilities is not violated.

Lecture № 3

Topic 3. ACCOUNTING ACCOUNTS AND DOUBLE ENTRY

3.1. The concept of accounting accounts and their construction

3.2. Accounts of synthetic and analytical accounting

3.3. Classification of accounts

3.4. Chart of accounts of accounting

Recommended information resources:

1. Skorobogatova N.Ye. Accounting [Electronic resource]: tutorial / N.Ye. Skorobogatova; Igor Sikorsky KPI. Electronic text data (1 file: 3.7 MB). Kyiv: Igor Sikorsky KPI, 2017. 248 p. URL: https://ela.kpi.ua/handle/123456789/20080 (P. 25-36).

2. National regulation (standard) of accounting 1 “General requirements for financial reporting”, approved by order of the Ministry of Finance of Ukraine on February 7, 2013. № 73. URL: https://zakon.rada.gov.ua/laws/show/z0336-13#Text

3. Instructions on the application of the chart of accounts for the accounting of assets, capital, liabilities and economic operations of enterprises and organizations: Order of the Ministry of Finance dated November 30, 1999 № 291. URL: http://zakon4.rada.gov.ua/laws/show /z0893-99

3.1. The concept of accounting accounts and their construction

Accounting accounts are a method of current accounting, control and grouping by economically homogeneous types of economic assets, sources of their formation and economic operations. A separate account is used to record the balance and movement of a certain type of economic assets.

The account has the form of a two-sided table, in which the increase and decrease of accounting objects are separately registered. The left part of the account is called debit, the right part is called credit. As business operations are carried out, they are registered by debiting or crediting the account. The sum of debit transactions on the account is called the debit turnover, and the sum of the amounts of transactions on the credit of the account is called the credit turnover. The final balance of funds on the account is called the final balance, or the balance at the end of the period.

Conventionally, all accounting accounts are divided into active and passive. Accounts intended for accounting of the company's assets are called *active*. Accounts reflecting the accounting of sources of asset formation are called *passive*. When calculating the final balance of active and passive accounts, the following rules should be followed:

— in active accounts, the initial balance and all increases are registered as a debit to the account, and all decreases as a credit;

— in passive accounts – on the contrary. The initial balance and all increases are shown as a credit to the account, and all decreases are shown as a debit (Fig. 3.1).

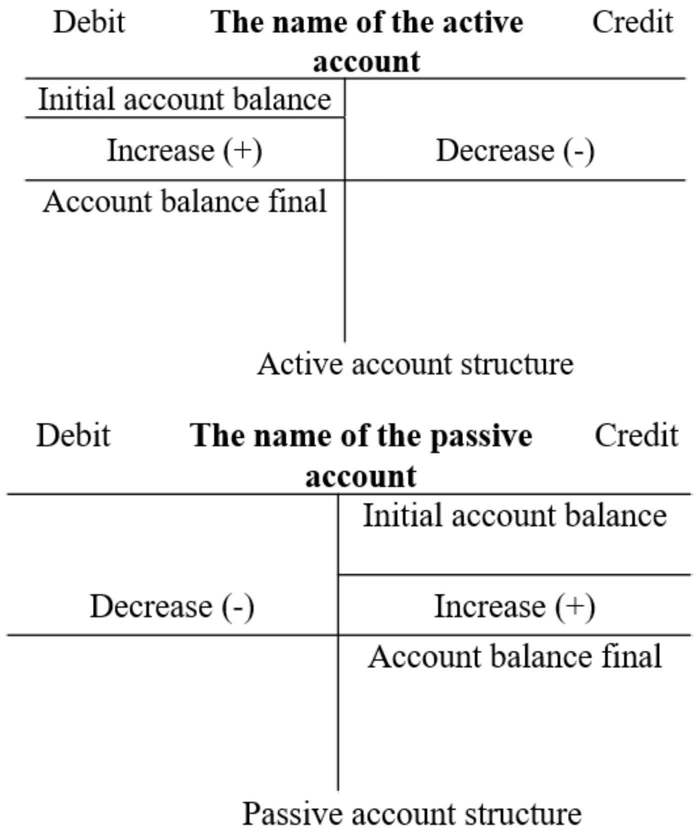

Figure 3.1 – Structure of active and passive accounts

Active-passive accounts are accounts on which the balance can be both debit and credit. If the balance on the active-passive account is debit, then it should be reflected in the assets of the balance sheet, if it is a credit – in the liabilities or equity of the balance sheet.

The recording of each business transaction in the debit and credit of the corresponding accounts in the same amounts is called a **double entry**. With the help of double entry in accounting, the reflection of economic transactions in accounting is ensured. The specified approach provides control over the correctness of execution and determines the equality of turnover for debit and credit accounting accounts.

The relationship between accounting accounts, which is established by the double entry of each economic transaction, is called **the correspondence of**

accounts, and the accounts, the debit and credit of which this transaction is registered, are the corresponding accounts.

An accounting entry is a record that reveals the name of the accounts that are debited and credited and the amount of the business transaction.

3.2. Accounts of synthetic and analytical accounting

According to the degree of generalization of economic means, sources of their formation and economic processes in accounting, accounts are divided into the following two types:

– synthetic – accounts that summarize the accounting of the enterprise's resources and sources of their receipt in a generalized monetary measure according to the same economic characteristics. Accounting on the specified accounts is called synthetic;

– analytical – accounts that are used for detailed characterization of accounting objects using cost, physical and labor measures.

Accounting on the specified accounts is called *analytical*.

Analytical accounts display the same operations as synthetic accounts, but in more detail. The value of the balance and turnover on debit and credit of all analytical accounts of the corresponding group should be equal to the value of the balance and turnover on debit and credit of the synthetic account. The total amounts of the entries in the analytical accounts must correspond to the amounts recorded in the synthetic accounting accounts.

All economic transactions are registered in the sequence of their implementation – in chronological order. For greater detail, sub-accounts are introduced to synthetic accounting accounts – synthetic accounts of the second order. Information on them is recorded by grouping analytical accounts when compiling turnover information. The summarization of accounting data begins with the calculation of debit and credit turnover, followed by the calculation of the final balances of synthetic and analytical accounts. Circulating information is a method of periodic summarization of current accounting data and a means of checking accounting entries.

There are two types of turnover information:

- according to synthetic accounts;
- according to analytical accounts.

The turnover statement contains the balance at the beginning of the period, debit and credit turnover for the reporting period, and the balance at the end of the reporting period for each of the accounts. The peculiarity of the turnover information is that it contains three pairs of identical summaries:

- balance at the beginning of the period (balance sheet method);
- turnover by debit and credit (double entry method);
- balance at the end of the period (balance sheet method).

Violation of pairwise equality of the sums of the remaining and final balances, as well as turnover for the reporting period by debit and credit, indicates the incorrectness of the compilation of turnover information due to possible errors (incorrect entries of initial balances on active and passive accounts, arithmetic errors, etc.).

In addition to turnover information for synthetic accounts, there are turnover information for analytical accounts, which are opened separately for specific synthetic accounts. In analytical accounting information, accounting is not only done in monetary terms.

3.3. Classification of accounts

According to their content, all accounting accounts can be grouped into appropriate groups and types. According to display objects, all accounts are divided into:

- active (have only a debit balance);
- passive (have only a credit balance);
- active-passive (can have both debit and credit balances).

The economic content of accounts is the basis of the construction of the entire system of accounting accounts and the most important feature of their classification.

Off-balance sheet accounts include accounts that record values that are temporarily at the enterprise and do not belong to it, for example, leased non-current assets, assets in custody, etc. Off-balance sheet accounts have certain features when making postings. Unlike the balance sheet accounts, the double entry rule for the debit and credit of the corresponding account does not apply to them. That is, on off-balance accounts, transactions are reflected only on the debit or only on the credit of one off-balance account.

The classification of accounts by economic content shows which accounting objects are reflected on it.

The classification of accounts according to their purpose and structure reflects the content of debit, credit and account balance entries, that is, reveals the essence and purpose of certain accounts.

3.4. Chart of accounts of accounting

The chart of accounts of accounting is a list of accounts and schemes of registration and grouping of facts of financial and economic activity (correspondence of accounts) in accounting. It lists the codes (numbers) and names of synthetic accounts (accounts of the first order) and sub-accounts (accounts of the second order) in the decimal system. The first number of the code defines the class of accounts, the second - the number of the synthetic account, the third - the number of the sub-account. Sub-accounts are used by enterprises based on the needs of management, control, analysis and reporting and can be supplemented by introducing new sub-accounts (accounts of the second, third orders) while preserving the codes (numbers) of the sub-accounts of the Chart of Accounts. The chart of accounts for the accounting of assets, equity, liabilities and business operations of enterprises and organizations operating in Ukraine was approved by the Order of the Ministry of Finance of Ukraine on 30 November 1999 № 291.

The structure of the Chart of Accounts is coordinated with the structure of the Balance Sheet and the Report on Financial Results (Table 3.1).

Table 3.1 – Consistency of the chart of accounts with the structure of financial statements

Chart of accounts		Financial Report
Class	Class name	
1	Non-current assets	Section 1 of the Balance sheet asset
2	Reserves	Sections 2 and 3 of the Balance sheet asset
3	Funds, settlements and other assets	Section 2 of the Balance sheet asset
4	Equity and collateral	Sections 1 and 2 of the balance sheet liability
5	Long-term liabilities	Chapter 2 of the balance sheet liability
6	Current liabilities	Sections 3 and 4 of the balance sheet liability
7	Income and performance	Report on financial results
8	Expenses by elements	Report on financial results
9	Activity costs	Report on financial results
0	Off-balance sheet accounts	Notes

Account balances of classes 1 – 3 are displayed in the asset sections, classes 4 – 6 are displayed in the liability and equity sections of the balance sheet. Based on the turnover data of accounts of classes 7-9, a Report on financial results can be drawn up without additional samples. Class 0 accounts provide information that is disclosed in the notes to the financial statements. In addition, analytical accounting within the accounts of stocks, expenses and income will make it possible to calculate the cost of products (goods), control expenses and determine the results of activity by responsibility centers.

Accounts of classes 0 – 7 are mandatory for all enterprises.

Accounts of class 9 “Activity costs” are maintained by all enterprises, except for small business entities, as well as other organizations whose activities are not aimed at conducting commercial activities, with the opening of accounts of class 8 “Expenses by elements” by their own decision. Small businesses and other organizations, whose activities are not aimed at conducting commercial activities, can keep accounting records of expenses using only accounts of class 8 “Expenses by elements".

Accounting on sub-accounts is conducted analytically with the requirement to provide quantitative and qualitative (brand, grade, size, etc.) information on the presence and movement of accounting objects on the corresponding synthetic account.

Lecture № 4

Topic 4. EVALUATION AND CALCULATION

4.1. The concept of valuation of accounting objects

4.2. Essence and types of calculations

4.3. Cost calculation systems

4.4. Cost calculation methods

Recommended information resources:

1. Skorobogatova N.Ye. Accounting [Electronic resource]: tutorial / N.Ye. Skorobogatova; Igor Sikorsky KPI. Electronic text data (1 file: 3.7 MB). Kyiv: Igor Sikorsky KPI, 2017. 248 p. URL: https://ela.kpi.ua/handle/123456789/20080 (P. 37-47).

4.1. The concept of valuation of accounting objects

Assessment is a constituent element of the accounting method. The method of drawing up a balance sheet requires the mandatory use of a monetary measure, i.e. monetary valuation of funds. In turn, the display of operations in relevant documents, on accounts, inventory and reporting is impossible without their measurement, summarization and calculation in monetary terms.

The assessment of various accounting objects (assets, liabilities, capital, income, expenses, financial results) is defined in the relevant accounting standards. For each type of asset, as a rule, there are several situations in which asset valuation is carried out: valuation at acquisition (production), valuation at disposal, valuation at the balance sheet date (at the end of the reporting period). **The acquisition** is evaluated at the original cost, which is, as a rule, the historical (actual) cost of the asset, at which it is credited to the balance sheet of the enterprise. **Fair value** is the amount for which an asset can be exchanged or a liability can be paid in an arm's length transaction. It is used in cases of free acquisition of assets, contribution of assets to the authorized capital (subject to agreement of the value with the founders), exchange of assets, etc.

The conceptual basis of drawing up and presenting financial statements of international accounting standards contains the following formulation of **assessment** – it is the process of determining the monetary amounts by which the elements of financial statements should be recognized and reflected in the Balance Sheet and Statement of Profits and Losses. The objectivity of the characteristics of the available resources and the efficiency of their use, the accuracy of determining the results of the enterprise depends on its validity and the correct application of the assessment. Achieving this is ensured by observing the principles of assessment – its reality and uniformity.

The reality of the assessment reflects the correspondence of the monetary expression of the value of the object to the costs of living and embodied labor invested in it. For this purpose, all natural and labor indicators are converted into monetary values using current prices, estimates and other attributes. The current regulations on the organization of accounting and reporting in Ukraine provide that for accounting and reporting purposes, property and business operations are valued in the national currency of Ukraine - the hryvnia, by summing up the expenses incurred.

Entries in accounting for foreign currency accounts of an enterprise or institution, as well as transactions in foreign currency, are also made in the national currency of Ukraine in amounts determined by the conversion of foreign currency at the rate of the National Bank of Ukraine effective on the date of transactions.

The principle of uniformity of assessment consists in the fact that in all enterprises for a long period the same means have the same procedure of assessment, which is regulated by the bodies that carry out management of accounting. The basis for evaluating the assets of Ukrainian enterprises is their actual cost price. In particular, capital investments (expenses aimed at the acquisition, creation of fixed assets) and financial investments are estimated at actual costs. Fixed assets, intangible assets and small and medium-sized enterprises are also evaluated according to the actual costs of their purchase, delivery and installation, showing separately the amount of their wear and tear. This procedure makes it possible to determine the residual (underdepreciated) value of these objects at any time as the difference between their initial value and the amount of accrued depreciation.

Goods in trade enterprises are accounted for at selling prices. Raw materials and materials, fuel, spare parts, other production stocks, finished products are valued at their actual cost. However, in current accounting, they are reflected either at the established conditional, intra-economic accounting prices, or at the planned cost with the mandatory display of transport and procurement costs separately or the deviation of the actual cost from the planned cost. The application of conditional prices in the current accounting for the purpose of simplifying the accounting process and obtaining additional accounting information requires the mandatory adjustment of the valuation of the named objects to their actual cost price. This order of displaying the value of the company's assets is due to the fact that the actual value of these objects can be determined only at the end of the month.

Settlements with debtors and creditors are reflected by each party in its own statements in the amounts resulting from accounting records and recognized by it.

Based on the principles of reality and uniformity of assessment under conditions of inflation, the relevant funds are subject to revaluation, which is carried out in a uniform manner established for all enterprises. The reality of the assessment of the company's assets is achieved at every moment of its operation.

At the same time, material resources, by which the selling price has decreased, or resources are obsolete or those that have lost their original quality, are valued at the price of possible realization.

4.2. Essence and types of calculations

The calculation of the cost of the product is based on costing, which in the general sense means determining the amount of financial investments in any type of activity (product, operation or other cost centers). Costing is based on a clear understanding of the production processes implemented at the enterprise. Understanding the nature of the occurrence of production costs and their elements allows you to appropriately identify these costs in a certain period for a certain volume of production and type of product.

The costing function consists in collecting data on production costs and processing the received data accordingly. Thus, *product costing* is the calculation of costs associated with the production of a unit of goods, orders, work, and services.

Product cost calculation is carried out on the "Production" account, which reflects documented records of actually incurred direct costs and accrued (distributed) general production costs in accordance with the planned rate of their reimbursement according to the selected write-off basis. The structure of the "Production" account at any moment in time should reflect (in physical and monetary terms) the following entries:

– direct materials issued from the warehouse according to the limit card;
– direct wages accrued in connection with the performance of works;
– other direct costs;
– distributed general production costs.

With the help of costing, the cost of production is determined for individual structural divisions of the enterprise, for various production processes and for the enterprise as a whole. **Planned costings** (a preliminary calculation of costs, performed before the start of production and sale of the product) determine the allowable costs for products (works, services). They are composed based on the progressive (or those operating at the enterprise) norms of consumption of raw materials, materials, fuel, labor costs, equipment use and norms of expenses from the organization of production maintenance. **Actual costings** are calculated on the basis of accounting information about actual expenses and reflect the actual cost of the costing object (manufactured products, works, services, operations, etc.). Estimates are developed for construction and assembly or other individual works, newly designed and mastered products of the enterprise.

Costing is a process in which two stages can be distinguished:

– primary accumulation of costs;
– their further allocation to the cost object.

Accumulation of costs occurs on accounting accounts in accordance with the rules of financial accounting. The purpose of accounting for production costs is the timely, complete and reliable determination of actual costs associated with the production and sale of products, as well as control over the use of resources and funds. To calculate the cost price, it is necessary to have, at a minimum, data on labor intensity and material intensity of products; about incurred main and overhead expenses.

Allocation of costs to the cost object can be done on a documentary or mathematical basis.

4.3. Cost calculation systems

In financial accounting, **a system of cost calculation with full distribution** (absorption, reimbursement) **of production costs** (absorption-costing) is used to estimate stocks of work-in-progress, finished goods and cost of goods sold.

The calculation of the cost of the product is carried out on the basis of documented records of actually incurred direct costs and accrued (distributed) general production costs in accordance with the planned rate of their reimbursement according to the selected write-off basis. With the help of costing, the cost of production is determined for individual structural divisions of the enterprise, for various production processes and for the enterprise as a whole.

To solve internal management problems, **a system of costing based on direct** (variable) **costs** is used (marginal system, direct cost accounting, direct costing, costing based on incomplete costs). *The main difference between* this costing system and the previous one is in relation to indirect overhead costs. In the system of costing according to variable costs, stocks of finished products and work in progress are estimated only according to direct production costs (main materials, main labor costs and variable general production costs). The cost of sales of the product also includes direct (variable) non-production costs. All other production and non-production overhead costs are considered as current losses and are charged to the financial results of the period in which they occurred.

4.4. Cost calculation methods

The cost calculation system used at the enterprise must comply with the principles of production organization at the given enterprise. Depending on the organization of the production process, process-by-process (pre-partition, post-operation), non-order or mixed costing methods are used. The mixed costing method is used at enterprises with a complex organizational structure, which includes elements of individual, serial and flow types of production.

Non-order costing, as a rule, is used in single, small-batch and serial production and is used in those cases when the company fulfills an order for the production of specific units of a product for a specific customer or the production of products occurs in batches during any calendar period. With the non-order method of cost accounting. for production, each order is assigned its own separate number (code), which is indicated in all documents for this order. If the production costs cannot be fully attributed to a separate order (batch), then the process-based cost accounting method is used or a combination of two methods – non-order and process-by-process.

The object of accounting and costing with the non-order method is a separate individual order, a separate contract (project) or a batch of products consisting of identical samples that undergo the same manufacturing process. In this case, all costs associated with order fulfillment are directly applied to each order (contract) or production batch of products.

Calculation of costs for a batch (series) of products is used if the enterprise produces products in accordance with the customer's technical conditions in large volumes, or a batch of identical products is manufactured and stored in a warehouse in anticipation of a potential buyer, or the enterprise manufactures products containing unified individual components that are manufactured in batches.

With the non-order costing method, account “Production” is opened for each order, which collects documented records of incurred direct costs associated with the execution of the order (in kind and monetary terms) and general production costs allocated to the order.

The non-order costing method is distinguished by the simplicity of cost accounting. However, from the point of view of financial accounting, this method has a significant drawback – there are discrepancies between the calculation period for the order and the accounting period. Therefore, in industries with a long production cycle, orders are divided into separate stages of work performance, allocating separate nodes and structures that can be manufactured within a month. Cost accounting by stages of order fulfillment provides an opportunity to monitor the costs of funds on a monthly basis and identify the financial results of the enterprise for each reporting period.

The process-by-process costing method is used in serial production of uniform products or in continuous production. In the production of standardized products or provision of the same type of services, sequentially repeated or continuous operations are used.

In continuous production, unfinished products are always in varying degrees of readiness. The specified units of the product are unfinished production at the end of the accounting period and its transitional balance at the beginning of the next accounting period. Thus, the volume of production at any moment in time consists of:

– production units, the production of which was started in the previous period and completed in the reporting period;

– units of products, the production of which was started and completed in the reporting period;

– units of products, the production of which was started, but not completed in the reporting period.

Depending on the degree of readiness (completion), products can be expressed through the share of finished products, the so-called **equivalent unit of finished products**. This artificial quantitative measurement measure allows for a timely assessment (during the accounting period) of the cost of stocks of work-in-progress and finished products under the flow method of production. Work-in-progress relative to each of the components of economic inputs to production or costs can have a different degree of readiness, expressed as a relative number or as a percentage. The number of conditional units is determined by the sum of the number of products transferred to the next process or warehouse of finished products (100% readiness) and the number of products calculated according to the "percentage of completion".

Lecture № 5

Topic 5. DOCUMENTATION AND INVENTORY, ACCOUNTING TECHNIQUES AND FORMS

5.1. Purpose and procedure for processing primary documents

5.2. Methods of correcting errors in accounting documents

5.3. Organization of document circulation and storage of documents

5.4. The essence, types and procedure of conducting an inventory

5.5. Accounting forms

5.6. Accounting policy of the enterprise

Recommended information resources:

1. Skorobogatova N.Ye. Accounting [Electronic resource]: tutorial / N.Ye. Skorobogatova; Igor Sikorsky KPI. Electronic text data (1 file: 3.7 MB). Kyiv: Igor Sikorsky KPI, 2017. 248 p. URL: https://ela.kpi.ua/handle/123456789/20080 (P. 48 - 63).

2. On accounting and financial reporting in Ukraine: Law of Ukraine dated 16.07.1999 № 996-XIV. URL: http://zakon3.rada.gov.ua/laws/show/996-14

3. Regulation on documentary support of accounting entries, approved by the order of the Ministry of Finance of Ukraine dated 25.05.1995 № 88 (with changes and additions). URL: https://zakon.rada.gov.ua/laws/show/z0168-95#Text

4. The list of typical documents created during the activity of state bodies and local self-government bodies, other institutions, enterprises and organizations, with an indication of the terms of document storage. URL: https://zakon.rada.gov.ua/laws/show/z0571-12#Text

5. The procedure for submitting financial statements. URL: https://zakon.rada.gov.ua/laws/show/419-2000-%D0%BF#Text

6. Regulations on the inventory of assets and liabilities. URL: https://zakon.rada.gov.ua/laws/show/z1365-14#Text

7. Methodological recommendations on the accounting policy of the enterprise. URL: https://zakon.rada.gov.ua/rada/show/v0635201-13?lang=ru#Text

5.1. Purpose and procedure for processing primary documents

The basis for accounting of economic transactions are primary documents that record the facts of economic transactions. The primary documents must be drawn up during the economic transaction, and if this is not possible – immediately after its completion.

Primary documents are documents created in written or electronic form that record and confirm business operations, including orders and permits of the administration (owner) for their implementation. Business operations are the facts of business and other activities that affect the state of property, capital, liabilities and financial results.

Primary and consolidated accounting documents can be drawn up on paper or machine media and must have the following mandatory details:

- name of the document (form);
- date and place of assembly;

– the name of the enterprise on behalf of which the document was drawn up;

– the content and scope of the economic transaction, the unit of measurement of the economic transaction;

– positions of persons responsible for the implementation of the economic transaction and the correctness of its registration;

– a personal signature or other data that make it possible to identify a person who participated in the implementation of an economic transaction.

The information contained in the primary documents accepted for accounting is systematized in the accounting accounts in the registers of synthetic and analytical accounting by means of double entry on interconnected accounting accounts.

Entries in primary documents, accounting registers should be made only in dark ink, ballpoint pen paste, using typewriters, printers, mechanization tools and other means that would ensure the preservation of these entries during the established document storage period and prevent unauthorized and imperceptible corrections.

Free lines in primary documents must be crossed out.

Accounting registers are documents of a special format (paper, electronic) in the form of information, orders, books, journals, typescripts, intended for chronological, systematic or combined accumulation, grouping and summarization of information from primary documents accepted for accounting.

All accounting documents are classified by purpose, place and order of compilation, number of operations, degree of mechanization of compilation, etc.

5.2. Methods of correcting errors in accounting documents

In the text and digital data of primary documents, accounting registers and reports, erasures and arbitrary corrections are not allowed.

Errors in primary documents, accounting registers and reports created manually are corrected by proofreading, i.e. incorrect text or numbers are crossed out and the correct text or numbers are written over the crossed out. Crossing out is carried out with a single line so that it is possible to read the corrected one.

Errors in the accounting registers for the past reporting period are corrected by the reversal method. This method involves drawing up an accounting certificate, in which an error (amount, correspondence of accounts) is entered with red ink, ballpoint pen paste, etc. or with a “minus” sign, and the correct entry (amount, correspondence of accounts) is entered with ink, ballpoint pen paste, etc. of a dark color. By entering these data into the accounting register in the month in which the error was detected, the incorrect entry is eliminated and the correct amount and correspondence of accounting accounts are displayed. The certificate must indicate the reason for the error, references to the documents and accounting registers in which the error was made, and be signed by the employee who drew up the certificate and, after its verification, by the chief accountant.

The correction of the error must be accompanied by the inscription “corrected” and confirmed by the signatures of the persons who signed this document, indicating the date of correction.

Corrections are not allowed in the documents used for cash and bank transactions and transactions with securities.

5.3. Organization of document circulation and storage of documents

For the purpose of orderly movement and timely receipt of primary documents for accounting records, the order of the head of the enterprise establishes a document circulation schedule, which indicates the date of creation or receipt of documents from other enterprises and institutions, their acceptance for accounting, transfer for processing and to the archive.

The document flow schedule is drawn up in the form of a scheme or a list of works on the creation, verification and processing of documents performed by each division of the enterprise, institution, as well as by all performers, with an indication of their relationship and deadlines for the completion of works.

Control over compliance by the executors of the document flow schedule at the enterprise, in the institution is carried out by the chief accountant.

Primary documents and accounting registers that have undergone processing, accounting reports and balance sheets are subject to mandatory transfer to the archive. Before being transferred to the enterprise archive, they must be stored in the accounting department in special rooms or locked cabinets under the responsibility of persons authorized by the chief accountant.

The term of storage of primary documents, accounting registers, accounting and other reports in the archive of the enterprise is determined in accordance with the normative legal act on determining the terms of document storage, approved by the central executive body in the field of archival affairs and record keeping.

The chief accountant of the enterprise, institution ensures the storage of primary documents and accounting registers that have undergone processing and were the basis for the preparation of reports, as well as accounting reports and balance sheets, their registration and transfer to the archive.

In case of loss or destruction of primary documents, accounting registers and reports, the head of the enterprise shall notify the law enforcement authorities in writing and by order appoint a commission to establish a list of missing documents and investigate the reasons for their loss or destruction. The results of the commission's work are formalized by an act approved by the head of the enterprise. A copy of the act is sent to the body in whose sphere of management the enterprise is located, as well as to the state tax inspection within 10 days.

5.4. The essence, types and procedure of conducting an inventory

In accordance with the Procedure for submitting financial statements, approved by Resolution № 419 of the Cabinet of Ministers of Ukraine dated 28 February 2000, an inventory of the company's assets and liabilities must be carried out before drawing up the annual financial statements. Carrying out an inventory is also mandatory in the case of:

– transfer of property of a state enterprise for lease, privatization of property of a state enterprise, transformation of a state enterprise into a joint stock company;

– changes of materially responsible persons (on the day of acceptance and transfer of cases);

– establishment of facts of theft or abuse, spoilage of valuables, as well as by order of judicial and investigative bodies;

– fire, natural disaster or man-made accident;

– liquidation of the enterprise, as well as in other cases provided for by law.

In accordance with the Regulation on the inventory of assets and liabilities, approved by the order of the Ministry of Finance of Ukraine № 879, the inventory is carried out by the owner or an authorized body that manages the enterprise in accordance with the legislation and founding documents, which creates the necessary conditions for it carrying out, determines the objects, periodicity and terms of carrying out the inventory, except for cases when carrying out the inventory is mandatory.

The inventory is conducted in order to ensure the reliability of the accounting and financial reporting data of the enterprise. During the inventory of assets and liabilities, their availability, condition, compliance with recognition and evaluation criteria are checked and documented. At the same time, the following are provided:

– identification of the actual availability of assets and verification of the completeness of the display of liabilities, funds for targeted financing, expenses of future periods;

– establishing surplus or shortage of assets by comparing their actual availability with accounting data;

– identification of assets that have partially lost their original quality and consumer properties, obsolete, as well as tangible and intangible assets that are not used, unused amounts of security;

– identification of assets and liabilities that do not meet the recognition criteria.

A complete inventory covers all types of liabilities and all assets of the enterprise, regardless of their location, including items that are rented out, rented or undergoing reconstruction, modernization, conservation, repair, stock or reserve, regardless of technical condition. Assets and liabilities recorded on off-balance sheet accounts are also subject to inventory.

The inventory of assets and liabilities before drawing up annual financial statements is carried out before the balance sheet date in the period:

− three months for non-current assets (except for unfinished capital investments, objects of fixed assets, which at the time of the inventory will be outside the enterprise), stocks (except for unfinished production and semi-finished products), current biological assets, receivables and payables, expenses and income of future periods, obligations;

− two months for unfinished capital investments, unfinished production, semi-finished products, financial investments, cash, funds for targeted financing, obligations in terms of unused provisions, settlements with the budget and deductions for mandatory state social insurance;

− before the temporary removal from the enterprise of objects of fixed assets, in particular, cars, sea and river vessels that will depart on long flights, other material values that will be outside the enterprise on the date of the inventory.

An inventory of land plots, buildings, structures and other immovable objects can be conducted once every three years.

In order to carry out an inventory at the enterprise, an inventory commission is created by an administrative document of the head of the enterprise, consisting of representatives of the enterprise management apparatus, the accounting department and experienced employees of the enterprise who know the object of the inventory, prices and primary accounting (engineers, technologists, mechanics, contractors, commodity experts, economists, accountants). The inventory commission is headed by the head of the enterprise (his deputy) or the head of a structural subdivision of the enterprise, authorized by the head of the enterprise.

The inventory is carried out by the full composition of the inventory commission (working inventory commission) and in the presence of the materially responsible person.

At the enterprise, where, due to the large volume of work, the inventory cannot be carried out by one commission, working inventory commissions are created to carry out the inventory by an administrative document of the head of the enterprise.

If the inventory of assets in the premises where they are stored is not completed within one day, it must be completed within the following days.

On the revenue documents for assets that have arrived at the asset storage locations before their transfer into operation or use during the inventory, the materially responsible person in the presence of the members of the inventory commission (working inventory commission) makes a mark “after the inventory”. With the permission of the head of the enterprise, in the presence of members of the inventory commission (working inventory commission), a mark “after inventory” is made on the expense documents about the assets released from the warehouse during the inventory.

Inventory descriptions are used to record the availability, condition and valuation of the company's assets and those assets that belong to other companies and are accounted for off the balance sheet. In the inventory act, the presence of cash, monetary documents, forms of documents for strict reporting, financial investments, as well as the completeness of the display of funds in bank accounts, receivables and payables, liabilities, funds for targeted financing, expenses and income of future periods, guarantees, are recorded. which are created in accordance with the requirements of national accounting regulations, international standards and other legal acts.

The accounting service compiles reconciliation information of assets and liabilities, which reflect discrepancies between accounting data and data of inventory descriptions (inventory acts).

The cost of excess and shortage of values in the reconciliation information is given in accordance with their assessment in the accounting registers.

In the protocol drawn up after the end of the inventory and submitted for consideration and approval to the head of the enterprise, the inventory commission reflects the conclusions regarding the identified discrepancies between the actual availability of assets and liabilities and the accounting data provided in the reconciliation information, and proposals for their settlement.

The protocol of the inventory commission is approved by the head of the enterprise within 5 working days after the completion of the inventory.

The results of the inventory based on the approved protocol of the inventory commission are reflected in the accounting and financial statements of the reporting period in which the inventory is completed.

Discrepancies between the actual availability of assets and liabilities and accounting data revealed during the inventory are regulated by enterprises in the following order:

– fixed assets, intangible assets, which are found in surplus, are subject to capitalization with an increase in income of future periods;

– securities, cash, their equivalents and other negotiable tangible assets, which are found in surplus, are subject to capitalization with an increase in the income of the reporting period of the enterprise;

– the lack of stocks within the limits of the established norms of natural loss, discovered during the inventory, is written off by the order of the head of the enterprise as expenses. In the absence of norms of natural loss, the loss is considered as a shortage above the norm;

– the lack of values exceeding the norm of natural loss, as well as losses from the deterioration of values, are written off from the balance sheet and credited to the account of the guilty parties in the amount determined in accordance with the law, in the event that the guilty parties are not identified, they are credited to the off-balance sheet account until the guilty parties are established, or closing the case in accordance with the law.

5.5. Accounting forms

The composition of accounting registers maintained by the enterprise, their relationship, as well as the sequence and methods of registration of accounting information determine the form of accounting.

The form of accounting is a set of interconnected accounting registers, as well as ways of displaying in them the economic operations of an enterprise, taking into account the peculiarities of its activity and information processing technology.

The following forms of accounting are distinguished:

– memorial order form;

– journal accounting form;

– simplified form;

– automated form.

The memorial order form is used mainly in budget organizations. On the basis of primary documents, checked and grouped by a certain feature, memorial orders are made. They indicate the correspondence of accounts for a business transaction and its amount. All memorial orders, after filling out, are entered in chronological order in the registration log. The information is then reflected in the General Ledger by synthetic accounts. The advantages of the memorial order form are its relative simplicity and flexibility. Disadvantages are the preparation of a large number of memorial orders, as well as the inadequacy of the registers for filling out financial statements.

When using **the journal accounting form,** information from primary and consolidated documents is transferred to journals and information. In the first, amounts corresponding to the credit turnover on the relevant accounts are recorded. In others, the amounts of debit turnover on accounts are recorded. The summary entries from the journals are transferred to the General Ledger. The biggest advantage of this form of accounting is the ability to conveniently generate information for preparing financial statements. The disadvantage is the bulkiness of individual journals and information.

A simplified form of accounting can be kept by small businesses of their choice. It provides for two options: a simple and a form of accounting using property accounting registers. When using the simple form, business transactions are reflected in the Book of accounting of business transactions. The form of accounting with the use of property accounting, in addition to the Book of accounting of economic transactions, also provides for the use of information.

Under **the automated form** of accounting, the collection, systematization and processing of accounting information takes place using specially developed software products.

5.6. Accounting policy of the enterprise

According to the Law of Ukraine “On Accounting and Financial Reporting”, the Ministry of Finance of Ukraine has developed Methodological recommendations on the accounting policy of the enterprise, which determine the basic principles of the development of the accounting policy of the enterprise by enterprises. In particular, the enterprise independently, on the basis of national provisions (standards) of accounting and other normative legal acts on accounting, in agreement with the owner, determines the accounting policy of the enterprise, as well as changes to it, in accordance with the founding documents.

The order on the accounting policy specifies the principles, methods and procedures used by the company for accounting, preparation and presentation of financial statements and for which accounting regulations provide for more than one variant, as well as preliminary estimates used by the company in order to allocate costs between the relevant reporting periods. It is impractical to include single-variant methods of assessment, accounting and procedures in such a regulatory document.

The accounting policy can take into account the organizational and legal form of the enterprise, the sectoral features of economic activity, production volumes, etc.

The order on the accounting policy of the enterprise defines the following issues:

– methods of estimating inventory disposal;

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

– methods of depreciation of fixed assets, other non-current tangible assets, intangible assets, etc.;

– value characteristics of items that are part of low-value non-current material assets;

– approaches to revaluation of non-current assets;

– use of class 8 and/or 9 of the Chart of Accounts for accounting of enterprise expenses;

– the method of calculating the reserve of doubtful debts (if necessary, the method of determining the coefficient of doubtfulness);

– procedure for payments made at the expense of profit (for state and communal enterprises);

– the list and composition of variable and permanent general production costs, the bases of their distribution;

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

– quantitative criteria and qualitative signs of materiality of information about economic transactions, events and items of financial reporting;

– periodicity and objects of the inventory;

– the method of drawing up a cash flow report;

– approaches to assigning costs associated with the improvement of the fixed assets object to the original cost or costs of the reporting period, etc.

CHAPTER 2. ACCOUNTING OF ASSETS, EQUITY AND LIABILITIES

Lectures № 6 – 7

Topic 6. ACCOUNTING OF NON-CURRENT ASSETS

6.1. The concept and composition of non-current assets

6.2. Concept and assessment of fixed assets

6.3. Accounting for the movement of fixed assets

6.4. Accounting for depreciation of fixed assets

6.5. Concept and accounting of other non-current assets

6.6. Accounting for intangible assets

Recommended information resources:

1. Skorobogatova N.Ye. Accounting [Electronic resource]: tutorial / N.Ye. Skorobogatova; Igor Sikorsky KPI. Electronic text data (1 file: 3.7 MB). Kyiv: Igor Sikorsky KPI, 2017. 248 p. URL: https://ela.kpi.ua/handle/123456789/20080 (P. 64 - 87).

2. National regulation (standard) of accounting № 7 "Fixed assets". URL: https://zakon.rada.gov.ua/laws/show/z0288-00#Text

3. Methodical recommendations on accounting for public sector entities. URL: https://zakon.rada.gov.ua/rada/show/v0011201-15#Text

4. Instructions on the use of the Chart of accounts for the accounting of assets, capital, liabilities and business operations of enterprises and organizations. URL: https://zakon.rada.gov.ua/laws/show/z0893-99#Text

5. On the approval of standard forms of primary accounting (Forms № O3-1, O3-2, O3-3, O3-4, O3-5, O3-6, O3-7, O3-8, O3-9, O3-14, O3-15, O3-16). URL: https://zakon.rada.gov.ua/rada/show/v0352202-95#Text

6.1. The concept and composition of non-current assets

According to the National Regulation (standard) of accounting 1 "General requirements for financial reporting", **non-current assets** are all assets that are not current. That is, assets whose expected useful life is longer than the operating cycle or twelve months from the balance sheet date. Most institutions independently determine the period of useful operation of non-current assets at the time of their acquisition (crediting) to the balance sheet. Determination of the period of useful operation is carried out by a commission created by order of the head, taking into account the technical characteristics of the object specified in its passport, the practice of using similar objects, expected intensity of operation of the object in this institution and other factors.

In accordance with the Regulation on the accounting of non-current assets of budget institutions, approved by the Order of the Ministry of Finance of Ukraine dated 26 June 2013 № 611, for accounting purposes, non-current assets are divided into the following **types**:

1) fixed assets, which include fixed assets and other non-current material assets;

2) intangible assets, which include copyright and related rights; other intangible assets;

3) unfinished capital construction.

When drawing up financial statements, long-term financial investments are included in non-current assets, the accounting procedure for which is determined by the regulations of the Ministry of Finance of Ukraine.

According to the place of storage, all non-current assets must be in responsible storage with materially responsible persons, who are appointed by order of the head of the institution. A written agreement on full individual financial responsibility is concluded with the officials responsible for the preservation of non-current assets.

To organize accounting and ensure control, accounting objects are assigned an individual inventory number.

6.2. Concept and assessment of fixed assets

In accordance with the National Accounting Regulation (Standard) 7 "Fixed Assets", **fixed assets** are tangible assets that an enterprise/institution holds for the purpose of using them in the process of production/activity or supply of goods, provision of services, leasing to other persons or for implementation of administrative and socio-cultural functions, the expected period of useful use (exploitation) of which is more than one year (or the operational cycle, if it is longer than one year).

An object of fixed assets is recognized as an asset if there is a probability that the enterprise/institution will receive economic benefits from its use in the future and its value can be reliably determined.

Purchased (created) fixed assets are credited to the balance sheet of the enterprise/institution at original cost. The unit of accounting for fixed assets is the object of fixed assets. The object of fixed assets is:

– the finished device with all the devices and accessories for it; a structurally separate object designed to perform certain independent functions;

– a separate complex of constructively connected objects of the same or different purpose, having common devices, accessories, control and a single foundation for their maintenance, as a result of which each object can perform its functions, and the complex – a certain work only as part of the complex, and not independently ;

– another asset that meets the definition of fixed assets, or a part of such an asset controlled by the enterprise / institution.

The initial cost of the fixed assets object consists of the following costs:

– amounts paid to asset suppliers and contractors for construction and assembly works (without indirect taxes);

– registration fees, state duty and similar payments made in connection with the acquisition (receipt) of rights to an object of fixed assets;

– import duty amounts;

– amounts of indirect taxes in connection with the acquisition (creation) of fixed assets (if they are not reimbursed to the enterprise;

– expenses for insurance of the risks of delivery of fixed assets;

– expenses for transportation, installation, assembly, adjustment of fixed assets;

– other costs directly related to bringing fixed assets to a state in which they are suitable for use with the planned purpose.

The initial cost of fixed assets received free of charge is equal to their fair value on the date of receipt. **Fair value** is the amount for which an asset could be sold or a liability settled under normal conditions on a given date.

The initial (revalued) cost of fixed assets can be increased by the amount of costs associated with the improvement and repair of the object, determined in accordance with the procedure established by tax legislation. In particular, in accordance with the Tax Code of Ukraine, the sums of costs for repair and improvement of fixed assets are attributed to the specific object of the fixed asset, in respect of which such repair or improvement is carried out. The initial cost of the fixed assets object increases by the amount of costs associated with the repair and improvement of the fixed assets objects (modernization, modification, extension, retrofitting, reconstruction), which leads to an increase in future economic benefits originally expected from the use of the objects, in an amount that exceeds 10% of the total book value of all groups of fixed assets subject to depreciation at the beginning of the reporting tax year.

6.3. Accounting for the movement of fixed assets

Methodological principles of formation of information on fixed assets in accounting are defined in National regulation (standard) of accounting 7 “Fixed assets”. Accounting account 10 “Fixed assets” is used to record fixed assets. The debit of account 10 “Fixed assets” shows receipts (purchased, created, received free of charge) of fixed assets on the balance sheet of the enterprise, which are accounted for at original cost, the amount of expenses related to the improvement of the object (modernization, modification, completion, retrofitting , reconstruction, etc.), which leads to an increase in future economic benefits originally expected from the use of the facility; the amount of revaluation of the value of the fixed assets object, under credit – the disposal of fixed assets as a result of sale, free transfer or non-compliance with the criteria for recognition as an asset, as well as in the case of partial liquidation of the fixed assets object, the amount of the depreciation of fixed assets.

Analytical accounting of fixed assets is conducted for each object separately.

Account 15 “Capital Investments” is designated to account for the costs of acquisition or creation of tangible and intangible non-current assets.

The debit of account 15 “Capital investments” shows an increase in incurred costs for the acquisition or creation of tangible and intangible non-current assets, and a credit – their decrease (implementation, acceptance into operation of purchased or created intangible assets, etc.).

Enrollment on the balance sheet of the constructed object is reflected by the debit of account 10 “Fixed assets” and the credit of account 15. Analytical accounting of capital investments is conducted, respectively, by types of fixed assets, other tangible non-current assets, intangible assets, as well as by individual objects of capital investments (inventory objects).

The receipt of fixed assets is carried out as a result of:

− purchase for a fee;

− construction (contractual and economic methods);

− contribution by the founders to the authorized capital;

− free receipt;

− receiving in exchange for similar and dissimilar objects.

Costs of construction (manufacturing), acquisition and improvement of objects of fixed assets from the beginning to the end of the specified works and putting objects into operation are recognized as unfinished capital investments (unfinished construction).

In the case of the contracting method of execution of design-research and construction-installation works, the cost of the works performed and executed in the prescribed manner is reflected by the debit of the account of capital investments in correspondence with the account of accounts payable to contractors (construction, project organizations).

With the economic method of performing construction and assembly works, the developer keeps records of costs on the account of accounting for capital investments in correspondence with the accounts of accounting for production stocks, services of auxiliary productions, depreciation of fixed assets and settlements with creditors (for wages, deductions for social events, for the services of machines and mechanisms, etc.).

The cost of equipment that does not require installation and other non-current material assets purchased by the enterprise is reflected in the composition of capital investments after the arrival of such values at the destination and posting.

Table 6.1 – Accounting for receipt and operation of fixed assets

№	Content of the operation	Correspondence of accounts	
		Debit	Credit
1	Enrollment of capital investment objects after commissioning	10	151, 152
2	Receipt of the object of fixed assets from the participant (founder) of the enterprise	10	46
3	Reflecting the cost of fixed assets received free of charge	10	424
4	Inclusion of transportation and installation costs in the initial cost of fixed assets received free of charge	152 641 10	631 631 152
5	Posting of fixed assets previously not included in the balance sheet	10	746
6	Repair, technical inspection and maintenance of fixed assets	23, 91, 92, 93, 94	20, 661, 685

When each object of fixed assets is put into operation by the commission, which was created by order of the head of the enterprise and carries out the acceptance of the object, an Act of acceptance and transfer (internal movement) of fixed assets is drawn up. This document indicates the initial cost of the object, the place of operation, and its compliance with technical conditions.

Each object is given an inventory number, which is applied to the object and subsequently affixed to all documents based on which the internal movement of the object or its disposal takes place, as well as in the inventory card.

The inventory card is a register of analytical accounting of fixed assets. It contains the following data: inventory number, object name, brief technical characteristics, place of operation, date of commissioning, year of production or construction, depreciation rate, date of decommissioning, information on revaluation, reconstruction, modernization of the object and others

An object of fixed assets ceases to be recognized as an asset (written off from the balance sheet) in the event of its disposal as a result of:

– sales;
– liquidation;
– free transmission;
– shortages;
– final deterioration;
– other reasons for non-compliance with the criteria for recognition as an asset.

Table 6.2 – Accounting for disposal of fixed assets

№	Content of the operation	Correspondence of accounts	
		Debit	Credit
1	writing off the original value of the liquidated object due to accumulated depreciation	131	10
2	writing off residual value	976	10
3	Costs for dismantling the fixed assets object:		
	salary	976	661
	calculation of the Unified social contribution	976	651
	services of the contractor, other third-party organizations	976	685
	received material values from liquidation of the object	20	746

Fixed assets can be leased. According to its terms, the lease is divided into two types:

– financial lease - a lease involving the transfer to the lessee of all risks and benefits associated with the right to use and own an asset.

– operating lease – a lease other than a financial lease, i.e. it does not meet the above criteria for a financial lease.

6.4. Accounting for depreciation of fixed assets

According to the National Regulation (standard) of accounting 7 “Fixed Assets”, **depreciation** is the systematic distribution of the depreciable value of non-current assets during their useful life (exploitation).

Depreciable value is the original or revalued value of non-current assets less their liquidation value.

Liquidation value is the amount of funds or the value of other assets that the company expects to receive from the sale (liquidation) of non-current assets after the end of their useful life (exploitation), less the costs associated with the sale (liquidation).

Depreciation of fixed assets is the amount of depreciation of an object of fixed assets from the beginning of its useful use.

Depreciation of fixed assets (except for other non-current tangible assets) is calculated using the following **methods**:

1) straight-line, according to which the annual amount of depreciation is determined by dividing the amortized value by the useful life of the fixed asset object;

2) reduction of the residual value, according to which the annual amount of depreciation is determined as the product of the residual value of the object at the beginning of the reporting year or the original value on the date of the start of depreciation and the annual rate of depreciation. The annual rate of depreciation (in percent) is calculated as the difference between the unit and the result of the root of

the power of the number of years of useful use of the object from the result of dividing the liquidation value of the object by its original value;

3) accelerated reduction of the residual value, according to which the annual amount of depreciation is determined as the product of the residual value of the object at the beginning of the reporting year or the original value on the date of the start of depreciation and the annual rate of depreciation, which is calculated based on the useful life of the object, and is doubled;

4) cumulative, according to which the annual amount of depreciation is determined as the product of the depreciable value and the cumulative coefficient. The cumulative coefficient is calculated by dividing the number of years remaining until the end of the useful life of the fixed assets object by the sum of the number of years of its useful use;

5) production, according to which the monthly amount of depreciation is determined as the product of the actual monthly volume of production (works, services) and the production rate of depreciation. The production rate of depreciation is calculated by dividing the depreciable value by the total volume of products (works, services) that the company expects to produce (perform) using the fixed assets.

Depreciation can be calculated taking into account the minimum allowable periods of useful use of fixed assets established by tax legislation (except in the case of using the production method).

The depreciation method is chosen by the enterprise independently, taking into account the expected method of obtaining economic benefits from its use. The method of depreciation of an object of fixed assets is revised in the event of a change in the expected method of obtaining economic benefits from its use. Accrual of depreciation according to the new method starts from the month following the month of adoption of the decision to change the depreciation method.

All enterprises reflect the amount of accrued depreciation by increasing the amount of enterprise expenses and depreciation of fixed assets. Account 13 “Depreciation of non-current assets” is provided in the Chart of Accounts to accumulate information on the amortized value of non-current tangible and intangible assets subject to amortization. The credit of account 13 “Depreciation of non-current tangible assets” shows the accrual of depreciation and indexation of depreciation (accumulated depreciation) of non-current assets, and the debit shows a decrease in the amount of depreciation (accumulated depreciation).

6.5. Concept and accounting of other non-current assets

Other non-current tangible assets are non-current assets that are not reflected in the composition of accounting objects on account 10 “Fixed assets”. Account 11 “Other non-current tangible assets” is provided for accounting for the availability and movement of these assets.

The debit of account 11 “Other non-current tangible assets” shows:

– receipts (purchased, created, received free of charge of other non-current material assets for the enterprise (at original cost);

– the amount of costs associated with the improvement of the object (reconstruction, modernization), which leads to an increase in the future economic benefits originally expected from the use of the object;

– the amount of revaluation of the value of the object of non-current material assets.

According to the credit of account 11, disposal of other non-current material assets due to sale, free transfer or non-compliance with the criteria for recognition as an asset, as well as in the case of partial liquidation of the object and the amount of their depreciation, are shown.

Analytical accounting of non-current tangible assets is conducted for each object of these assets.

Depreciation of other non-current assets is carried out using the straight-line or production method. Depreciation of low-value non-current material assets and library funds can be calculated in the first month of use of the object in the amount of 50% of its value, which is amortized, and the remaining 50% of the value - in the month of their removal from assets (write-off from the balance sheet) due to non-compliance with the criteria for recognition as an asset or in the first month of using the facility 100% of its cost.

6.6. Accounting for intangible assets

According to the National Accounting Regulation (Standard) 8 “Intangible Assets”, **an intangible asset** is a non-monetary asset that does not have a tangible form and can be identified. Non-monetary assets are all assets, except cash, their equivalents and receivables in a fixed (or specified) amount of money.

Accounting of intangible assets is carried out for each object according to the following groups:

− the right to use natural resources (the right to use the subsoil, other resources of the natural environment, geological and other information about the natural environment, etc.);

− property use rights (the right to use a plot of land in accordance with land legislation, the right to use a building, the right to rent premises, etc.);

− rights to commercial designations (rights to trademarks (marks for goods and services), commercial (brand) names, etc.), except for those whose acquisition costs are recognized as royalties;

− rights to objects of industrial property (the right to inventions, utility models, industrial samples, plant varieties, animal breeds, layout (topography) of integrated microcircuits, trade secrets, including know-how, protection against unfair competition, etc.), except those whose acquisition costs are recognized as royalties;

− copyright and related rights (the right to literary, artistic, musical works, computer programs, programs for electronic computing machines, data compilations (databases), performances, phonograms, videograms, transmissions (programs) of broadcasting organizations, etc.), except for those whose acquisition costs are recognized as royalties;

− other intangible assets (the right to carry out activities, use economic and other privileges, etc.).

Purchased (created) intangible assets are credited to the company's balance sheet at original cost. **The initial cost** of an acquired intangible asset consists of the purchase price (cost) (excluding received trade discounts), duties, non-refundable indirect taxes and other costs directly related to its acquisition and bringing it to a state in which it is suitable for intended use. The initial cost of intangible assets is determined similarly to the initial cost of fixed assets.

To calculate the depreciation of intangible assets, the enterprise can apply the terms of their useful use established by tax legislation.

The method of depreciation of an intangible asset is chosen by the company independently, based on the conditions for obtaining future economic benefits. If such conditions cannot be determined, then depreciation is calculated using the straight-line method. The calculation of depreciation when applying the appropriate calculation methods is carried out in accordance with the National standard 7 “Fixed assets”.

An intangible asset is written off from the balance sheet in the event of its disposal due to a free transfer or the impossibility of the enterprise receiving economic benefits from its use in the future.

The financial result from the disposal of objects of intangible assets is defined as the difference between the income from the disposal (after deduction of indirect taxes and expenses related to the disposal) and their residual value.

Account 12 “Intangible assets” is designated for recording and summarizing information on the presence and movement of intangible assets. The debit of account 12 “Intangible assets” shows the acquisition or receipt as a result of development (from other individuals or legal entities) of intangible assets, which are accounted for at original cost, and the amount of revaluation of such assets, on the credit – disposal due to sale, free transfer or impossibility of obtaining the enterprise in the future of economic benefits from its use and the amount of depreciation of intangible assets.

Lectures № 8 – 9

Topic 7. INVENTORY ACCOUNTING

7.1. Concept and estimation of reserves

7.2. Accounting of production stocks

7.3. Concept and accounting of low-value and perishable items

7.4. Production accounting

7.5. Accounting for finished products

7.6. Concept and accounting of goods

Recommended information resources:

1. Skorobogatova N.Ye. Accounting [Electronic resource]: tutorial / N.Ye. Skorobogatova; Igor Sikorsky KPI. Electronic text data (1 file: 3.7 MB). Kyiv: Igor Sikorsky KPI, 2017. 248 p. URL: https://ela.kpi.ua/handle/123456789/20080 (P. 88 – 106).

2. National regulation (standard) of accounting № 9 "Inventories". URL: https://zakon.rada.gov.ua/laws/show/z0751-99#Tex

3. National regulation (standard) of accounting № 16 "Expenses". URL: https://zakon.rada.gov.ua/laws/show/z0027-00#Text

4. Instructions on the application of the Chart of accounts for the accounting of assets, capital, liabilities and economic operations of enterprises and organizations. URL: https://zakon.rada.gov.ua/laws/show/z0893-99#Text

5. Tax Code of Ukraine. URL: https://zakon.rada.gov.ua/laws/show/2755-17/paran10713#n10713

6. Order of the Ministry of Statistics of Ukraine dated May 22, 1996 № 145 "On approval of standard forms of primary accounting documents for accounting of low-value and perishable items." URL: https://zakon.rada.gov.ua/rada/show/v0145202-96#Text

7.1. Concept and estimation of reserves

According to National regulation (standard) of accounting 9 "Inventories", **inventories** are assets that:

– are held for further sale (distribution, transfer) under the conditions of ordinary economic activity;

– are in the process of production for the purpose of further sale of the production product;

– are kept for consumption during the production of products, performance of works and provision of services, as well as management of the enterprise/institution.

Inventories are recognized as assets if there is a probability that the company will receive economic benefits related to their use in the future, and their value can be reliably determined.

For accounting purposes, inventories include:

– raw materials, main and auxiliary materials, component products and other material assets intended for the production of products, performance of works, provision of services, distribution, transfer, maintenance of production and administrative needs;

– unfinished production in the form of incomplete processing and assembly of parts, components, products and unfinished technological processes;

– finished products manufactured at the enterprise, intended for sale and meeting the technical and quality characteristics stipulated by the contract or other regulatory legal act;

– goods in the form of tangible assets purchased (received) and held by the enterprise for the purpose of further sale;

– low-value and perishable items used for no more than one year or the normal operating cycle, if it is longer than one year;

– current biological assets, as well as agricultural and forestry products after their initial recognition.

The accounting unit of stocks is their name or homogeneous group (species).

Purchased (received) or produced stocks are credited to the balance sheet of the enterprise at original cost.

The original cost of inventory purchased for a fee is the cost of inventory, which consists of the following actual costs:

– amounts paid in accordance with the contract to the supplier (seller) after deduction of indirect taxes;

– import duty amounts;

– amounts of indirect taxes in connection with the acquisition of stocks, which are not reimbursed to the enterprise;

– transportation and procurement costs (expenses for procurement of stocks, payment of tariffs (freight) for loading and unloading operations and transportation of stocks by all types of transport to the place of their use, including costs of insurance of risks of transportation of stocks);

– other costs that are directly related to the acquisition of stocks and bringing them to a state in which they are suitable for use for planned purposes. Such costs, in particular, include direct material costs, direct labor costs, other direct costs of the enterprise for finishing and improving the quality and technical characteristics of stocks.

Inventories are shown in accounting and reporting at the lower of two estimates: original cost or net realizable value.

The net realizable value of inventories is the expected price of inventory realization under normal business conditions, less the expected costs of completing their production and sale. Inventories are shown at net realizable value if, as of the balance sheet date, their price has decreased or they have deteriorated, become obsolete, or otherwise lost their originally expected economic benefit. The net realizable value is determined for each unit of inventory by deducting from the expected sales price the expected costs to complete production and sales.

If the net realizable value of those stocks, which were previously depreciated and are assets at the balance sheet date, subsequently increases, then the amount of the increase in the net realizable value, but not more than the amount of the previous decrease, is recognized as other operating income with the increase in the value of these stocks.

In accounting, stocks are shown on the accounts of the second class:

20 “Production stocks”;

21 “Current biological assets”;

22 “Low-value and perishable items”;

23 “Production”;

24 “Deficiency in production”;

25 “Semi-finished products”;

26 “Finished products”;

27 “Products of agricultural production”;

28 “Goods”.

7.2. Accounting of production stocks

In accounting, the concept of **production stocks** is distinguished as items of labor intended for processing, processing or use in industrial production or for economic needs, as well as means of labor, which, according to current regulations, are included in the composition of current assets as low-value and fast-wearing items.

Stocks arrive at the enterprise as a result of:

– purchase from suppliers in accordance with concluded contracts;

– the contribution of the founders of the enterprise to the authorized capital;

– exchange for similar and dissimilar assets;

– free transmission;

– posting of previously unaccounted stocks on the balance sheet.

Stocks received from suppliers are accompanied by the following documents: invoice for the release of goods and material values, tax invoice, invoice, etc. The materially responsible person (warehouse manager, storekeeper), accepting stocks in the warehouse, checks the compliance of the supplier's documents with the actual availability of valuables. Under the condition of full compliance, the inventory in the warehouse is posted. This is confirmed by drawing up a revenue order, the main details: nomenclature number, name, grade, size, unit of measurement, quantity according to the documents and accepted for storage, price, amount, signatures of the person who handed over the valuables (forwarder, representative of the supplier, etc.), and the person who accepted (warehouse manager, storekeeper).

If the actual availability of valuables does not match the data of the supplier's documents, a commercial deed is drawn up when the cargo is accepted from the railway, and a deed of acceptance is drawn up when it is placed in the warehouse. These documents are the basis for presenting a claim to the supplier or transport organization.

Inventory of stocks received from suppliers without accompanying documents is carried out on the basis of the act. Such deliveries are called uninvoiced.

The receipt of stocks from own production is issued by a bill of lading, which is issued in two copies. One is used as a revenue document for the warehouse, the other as an expense document for the workshop that handed over unused materials, production waste, semi-finished products, and finished products.

On the basis of posting documents, entries are made in warehouse accounting cards, which are a register of analytical accounting of stocks in the warehouse. These cards are issued in the company's accounting department and transferred to the warehouse. Records of each movement operation (arrival and departure from the warehouse) are made by the storekeeper or warehouse manager.

After the stock is posted in the warehouse, the supplier documents together with the revenue orders are transferred to the accounting department for entries in the accounting system of accounts.

Account 20 “Production stocks” is provided for in the instructions for the application of the Chart of Accounts. This account is intended to summarize information on the availability and movement of stocks of raw materials and materials (including raw materials and materials that are in transit and processing), construction materials, spare parts, agricultural materials, fuel, containers and packaging materials, waste of the main production. The debit of account 20

“Production stocks” shows the receipt of stocks at the enterprise, their revaluation, and the credit - expenditure on production (operation, construction), processing, disposal (transfer), depreciation, etc.

Account 20 has the following sub-accounts:

201 “Raw materials and materials”;

202 “Purchasable semi-finished products and component products”;

203 “Fuel”;

204 “Containers and packaging materials”;

205 “Building materials”;

206 “Materials submitted for processing”;

207 “Spare parts”;

208 “Agricultural materials”;

209 “Other materials”.

In the event that suppliers receive production stocks that do not meet the terms of the contract, the company has the right to refuse payment of invoices. Such stocks are accepted according to the deed for responsible storage, and their accounting before the decision on sending to the supplier or sale is made on the off-balance sheet account 023 “Material assets in responsible storage”.

The amount of transport and procurement costs (TPC) associated with the purchase of production stocks is summarized on a separate sub-account of the stock accounting accounts. On a monthly basis, it is divided between the amount of the balance of stocks at the end of the reporting month and the amount of stocks that were discarded (used, sold, transferred free of charge, etc.) for the reporting month. The amount of transport and procurement costs, which refers to abandoned stocks, is determined as the product of the average percentage of transport and procurement costs and the cost of abandoned stocks, with its reflection on the same accounting accounts, in correspondence with which the disposal of these stocks is reflected.

Production stocks are released from the enterprise for:

– production of products, provision of services;

– defect correction;

– equipment maintenance;

– packaging of finished products;

– implementation, etc.

The main documents, on the basis of which the release of production stocks is carried out, are limit-taking cards and invoices-requirements. The demand note is used for one-time or over-limit release of production stocks from the warehouse to production.

At the end of the month, all documents on the issue of stocks from the warehouse are transferred by register to the accounting department for displaying expenses in the system of accounting accounts.

When releasing stocks into production, from production, sale and other disposal, they are evaluated according to one of the following methods:

– the identified cost of the corresponding inventory unit;
– weighted average cost price;
– cost of first-in-time inventory;
– regulatory costs;
– sales prices.

For all inventory accounting units that have the same purpose and the same conditions of use, only one of the above methods is used.

7.3. Concept and accounting of low-value and perishable items

According to the National regulation (standard) of accounting 9 “Inventories”, **low-value and perishable items** are items that are used for no more than one year or the normal operating cycle, if it is longer than one year, for example: tools, household equipment, special equipment, special clothing, etc. .

Account 22 “Low-value and perishable items” is designated for recording and summarizing information about their presence and movement. On the debit side of account 22, the purchased (received) or manufactured small and medium-sized enterprises are shown at their original cost, on the credit side - at their accounting value, their release into operation with a debit to the cost accounting accounts, as well as the write-off of shortages and losses from spoilage of such items.

The cost of low-value and perishable items put into operation is excluded from the composition of assets (written off from the balance sheet) with the subsequent organization of operational quantitative accounting of such items by places of operation and by relevant persons during the period of their actual use.

In order to ensure the preservation of the specified items in operation, the enterprise must organize proper control over their movement, in particular operational accounting in quantitative terms. When such items, suitable for further use, are returned to the warehouse from operation, they are posted to the debit of account 22 and the credit of account 71 “Other operating income”.

Analytical accounting of low-value perishable items is conducted by type of items in homogeneous groups established based on the needs of the enterprise.

The basic accounting entries for accounting for the movement of low-value perishable items in the enterprise are identical to those used for production stocks.

7.4. Production accounting

According to National regulation (standard) of accounting 16 “Costs”, the production cost of products (works, services) includes:

– direct material costs;
– direct labor costs;
– other direct costs;
– variable general production and constant distributed general production costs.

Remains of unfinished production at the beginning and end of the reporting period are part of the company's inventory. Unfinished production includes products, works that have not passed all stages (phases, redistributions) of production provided for by the technological process, as well as products that have not been completed and have not passed tests and technical acceptance.

Costs for completed production are determined based on the data of account 23 “Production”, which records operating costs of a production nature during the reporting period. The debit of account 23 “Production” shows direct material, labor and other direct costs, as well as the distributed general production costs and losses from the lack of products (works, services) due to technological reasons, the credit - the value of the actual production cost of finished products (in the debit accounts 26, 27), the cost of performed works and services (debit account 90), the cost price of products, works, services (tools, energy, repair and transport services, etc.) produced in auxiliary (auxiliary) productions.

Analytical accounting for account 23 “Production” is carried out by types of production, by cost items and types or groups of manufactured products. At large productions, analytical cost accounting can be carried out by enterprise divisions and cost and responsibility centers.

Thus, in the debit of account 23, all costs that make up the production cost of products are grouped, and in the credit - the production cost of finished products released from production, the cost of returned production stocks, waste, and related products. Production cost of finished products for the reporting period.

Table 7.1 – Production cost accounting

№	Content of the operation	Correspondence of accounts	
		Debit	Credit
1	Material values for the production of products are written off	23	20
2	The basic salary of production workers has been accrued	23	661
3	The Unified social contribution is calculated for the wages of workers	23	651
4	The costs of auxiliary productions are included in the cost of production	23	23
5	General production costs are included in the cost price	23	91
6	Accented bills of suppliers for electricity, for services received	23	631, 685

7	Accrued depreciation of non-current assets that are directly used in the production of products (works, services)	23	13
8	Low-value perishable items put into operation	23	22
9	Defect losses are written off as expenses	23	24
10	Finished products are shipped to the warehouse	26	23
11	Semi-finished products of our own production are sold to the warehouse	25	23
12	The cost of the works performed, the services provided	903	23

Products, semi-finished products, parts, assemblies and works that do not meet the established standards or technical condition in terms of quality and cannot be used for their intended purpose or can be used only after additional costs for correction are considered **deficiency in production.**

The lack of products is divided into external, that is, detected by the consumer and presented for compensation, and internal, which is detected during the production process. Depending on the nature of the deviations from the standards, it can be final or corrective. A defect that can be eliminated after appropriate finishing is considered correctable. *Costs for correcting defects* are reflected in documents on the cost of materials (invoices-requirements) and on the production of workers (orders). *A final defect* is a defect that is technically impossible or economically impractical to correct. Detection of such a defect is formalized by a deed of defect.

Account 24 “Deficiency in production” is used to summarize information about shortages. Expenses due to detected external and internal defect (cost of irreparable, final defect and cost of defect correction), etc., are reflected in the debit of the account; by credit – amounts related to the reduction of costs for defects, and the amount debited to production costs, amounts to reduce losses from product defects: the cost of waste from defective products or their sale at a reduced price; cost of maintenance from the culprits of the marriage; amounts of compensation received from suppliers of low-quality materials and semi-finished products, which caused a shortage of products.

Analytical accounting for account 24 “Deficiency in production” is carried out by types of production.

7.5. Accounting for finished products

Finished products include products whose processing has been completed and which have passed testing, acceptance, and assembly in accordance with the terms of contracts with customers and meet technical conditions and standards. After passing the technical control, the finished products are transferred from the production to the warehouse by delivery invoices. Invoices are issued in two copies: one remains in the workshop, and the second is transferred to the warehouse, where the finished products are recorded in quantitative and monetary terms by species (nomenclature numbers) on cards or in warehouse accounting books.

Account 26 “Finished products” is assigned to generalize information about the availability and movement of finished products of the enterprise. The debit of the account shows the receipt of finished products of own production at the actual production cost or the standard cost, and the credit shows the disposal of the finished products of the enterprise as a result of their sale, free transfer, etc. The debit balance on account 26 shows the actual production cost of finished products at the end of the reporting period. The cost of goods sold is determined by the method of assessing the disposal of stocks, in accordance with National regulation (standard) of accounting 9. Analytical accounting of finished products is carried out by their types. The arrival of finished products in the warehouse is reflected by posting Debit 26 “Finished products” Credit 23 “Production”. The disposal of finished products is registered with the entry Debit 90 “Cost of sale” Credit 26 “Finished products”.

7.6. Concept and accounting of goods

Commercial activity is carried out in the sphere of wholesale and retail trade, as well as in trade and production activities. Wholesale trade is related to the acquisition and preparation of goods for further sale to retail enterprises or other business entities. Retail trade involves the sale of goods directly to citizens and other end consumers. Retail trade, as a rule, is carried out for cash using a register of settlement operations.

Analytical accounting of goods in warehouses is carried out by materially responsible persons in warehouse accounting cards.

Accounting for goods and material values received by the enterprise for the purpose of sale is kept on account 28 “Goods”. This account is mainly used by sales, trade and procurement enterprises and organizations, as well as catering enterprises. At industrial and other production enterprises, account 28 “Goods” is used to account for any products, materials, products that are specially purchased for sale, or when the value of material assets purchased for assembly at industrial enterprises is not included in the cost of finished products , which is produced at this enterprise, and is subject to reimbursement by buyers separately.

Account 28 “Goods” has the following sub-accounts:

281 “Goods in stock”;

282 “Goods in trade”;

283 “Goods on commission”;

284 “Container under goods”;

285 “Trade markup”;

286 “Non-current assets and disposal groups held for sale”.

Sub-accounts 281 – 284 show an increase in goods and their value by debit, and a decrease by credit.

Lectures № 10 – 11

Topic 8. ACCOUNTING OF CASH AND RECEIVABLES

8.1. Accounting of cash transactions and transactions with other funds

8.2. Accounting of bank account transactions

8.3. Accounting of settlements with buyers and customers

8.4. Accounting of transactions with other debtors

Recommended information resources:

1. Skorobogatova N.Ye. Accounting [Electronic resource]: tutorial / N.Ye. Skorobogatova; Igor Sikorsky KPI. Electronic text data (1 file: 3.7 MB). Kyiv: Igor Sikorsky KPI, 2017. 248 p. URL: https://ela.kpi.ua/handle/123456789/20080 (P. 108 - 132).

2. Regulations on conducting cash operations in the national currency in Ukraine, approved by Resolution of the Board of the National Bank of Ukraine № 148 of 29.12.2017. URL: https://zakon.rada.gov.ua/laws/show/v0148500-17#Text

3. Instructions on the procedure for opening, using and closing accounts in national and foreign currencies. URL: https://zakon.rada.gov.ua/laws/show/z1172-03#Text

4. Instructions on non-cash payments in Ukraine in the national currency. URL: https://zakon.rada.gov.ua/laws/show/z0377-04#Text

5. Instructions on business trips within Ukraine and abroad, approved by the order of the Ministry of Finance of Ukraine dated March 13, 1998. № 59. URL: https://zakon.rada.gov.ua/laws/show/z0218-98#Text

8.1. Accounting of cash transactions and transactions with other funds

Cash means include the following:

– cash in the cash register (account 30 “Cash”);

– funds in bank accounts (account 31 “Bank accounts”);

– other funds (account 33 “Other funds”).

According to standard 1 “General requirements for financial reporting”, cash (money) is cash, funds in bank accounts and demand deposits.

To summarize information on the availability and movement of funds (in national and foreign currency in cash registers, on current (current), currency and other bank accounts), electronic money, monetary documents, short-term bills of exchange received and financial investments, receivables, reserve for doubtful accounts debts and expenses of future periods are assigned to accounts of class 3 “Funds, settlements and other assets”.

Enterprises must keep their free cash in banks of their own choosing. Enterprises keep the cash needed to ensure economic activity in cash registers. The main normative document on the accounting of cash transactions is the Regulation on conducting cash transactions in the national currency of Ukraine, approved by the Resolution of the Board of the National Bank of Ukraine № 637. **Cash (cash funds)** – banknotes and coins of the national currency of Ukraine, including exchangeable, circulating, commemorative coins, which are valid means of payment.

Cash desk is a room or place for making cash payments, as well as receiving, issuing, and storing cash, other valuables, and cash documents. Material responsibility for keeping funds and conducting cash operations is assigned to the cashier, with whom a contract on material responsibility is concluded.

Enterprises (entrepreneurs) have the right to make cash settlements among themselves and/or with natural persons within one day using one or more payment documents within the limit of cash settlement amounts established by the relevant resolution of the Board of the National Bank of Ukraine. Payments in excess of the established limit amounts are made through banks or non-banking financial institutions that have received a license in accordance with the procedure established by law. The number of enterprises (entrepreneurs) and individuals with whom settlements are made is not limited during the day. The resolution of the Board of the National Bank of Ukraine established the maximum amount of cash settlements:

– enterprises (entrepreneurs) among themselves within one day in the amount of UAH 10000;

– an individual with an enterprise (entrepreneur) within one day for goods (works, services) in the amount of UAH 50000.

Restrictions do not apply to:

– calculations of enterprises (entrepreneurs) with budgets and state trust funds;

– voluntary donations and charitable assistance;

− use of funds issued for business trips.

All cash arriving at cash registers must be posted on time (on the day of receipt of cash) and in full. Posting of cash in the cash registers of enterprises is the accounting of cash in the full amount of its actual receipts in the cash book on the basis of profitable cash orders. Cash operations are executed by cash orders, expenditure information, settlement documents.

Businesses can keep cash receipts (cash) in their cash registers during non-working hours within limits that do not exceed the established limit of the cash register. Enterprises set it based on the calculation of the average daily receipt of cash at cash registers or its average daily withdrawal from cash registers, as decided by the manager or a person authorized by him. Cash proceeds (cash) that exceed the set cash register limit must be submitted to banks for crediting to bank accounts. In the absence of banks, cash proceeds (cash) for transfer to bank accounts of the enterprise (entrepreneur) may be submitted to postal operators and non-bank financial institutions.

Procedure for registration of cash transactions. Cash operations are executed by cash orders, expenditure information, settlement documents, documents for transactions using electronic means of payment, other cash documents that, according to the legislation of Ukraine, would confirm the fact of sale (return) of goods, provision of services, receipt (return) of cash.

Acceptance of cash in cash registers is carried out according to profitable cash orders signed by the chief accountant or a person authorized by the head of the enterprise. Disbursement of cash from cash registers is carried out according to issuing cash orders or issuing information. Documents for issuing cash must be signed by the manager and the chief accountant or an employee of the enterprise who is authorized to do so by the manager. An application for issuing cash, calculations, etc. can be attached to expenditure orders.

The cashier issues cash only to the person specified in the disbursement cash order or disbursement statement. Acceptance of cash received from the bank in the cash register and issuing of cash from the cash register for handing it over to the bank are executed by appropriate cash orders (revenue or expense) with the reflection of such a cash transaction in the cash book. The document that testifies to the delivery of the proceeds to the bank is the corresponding receipt to the bank's income document for depositing cash, certified by the signatures of the responsible persons of the bank and an impression of the bank's seal (stamp).

Payments related to wages are made by the cashier of the enterprise or according to issuing cash orders for each recipient or according to issuing information. On the title page of the expense information, a permissive inscription on the issuance of cash is made under the signatures of the manager and the chief accountant or persons authorized by the manager, indicating the terms of cash issuance and the amount. Issuance of cash orders and expenditure information to persons depositing or receiving cash is prohibited.

Acceptance and issuance of cash by cash orders can be carried out only on the day of their drawing up. Corrections in cash orders and expense information are prohibited.

Income and expenditure cash orders before transfer to the cash register are registered by the accountant in the journal of registration of income and expenditure cash documents, which is kept separately for income and expenditure transactions. Cash documents, after the cashier has compiled a report and processed this report, are compiled in chronological order, numbered, bound in separate folders and stored in accordance with the legislation of Ukraine by a responsible person, who is entrusted with the responsibility of their storage by the manager.

The procedure for keeping a cash book and duties of a cashier

In order to ensure cash payments, enterprises must have a cash register, and their managers must ensure proper arrangement of this cash register and reliable storage of cash in it. Keeping cash and other valuables that do not belong to this enterprise in the cash register is prohibited.

All receipts and disbursements of cash in the national currency of the enterprise are reflected in the cash book. Each enterprise (legal entity) that has a cash register keeps one cash book for accounting of cash transactions in the national currency (excluding the cash registers of separate units).

The sheets of the cash book must be numbered, laced and sealed with an imprint of the seal of the enterprise (legal entity). The number of sheets in the cash book is certified by the signatures of the manager and chief accountant of the enterprise (legal entity). Entries in the cash book are made in duplicate (via copy paper) in dark ink with an ink or ballpoint pen. The first copies, which are an integral part of the cash book sheet – “Cash book insert sheets”, remain in the cash book. The second copies, which are a separate part of the sheet of the cash book – “Cashier's Report”, is a document according to which cashiers report on the movement of money in the cash register. The first and second copies have the same numbers. Corrections in the cash book, as a rule, are not allowed. If corrections are made, they are certified by the signatures of the cashier, as well as the chief accountant or the person replacing him.

Entries in the cash book are made on the basis of relevant information from cash documents. Entries in the cash book must be made before the beginning of the next working day (that is, with balances at the end of the previous day), and also contain all the details provided for in the form of the cash book. The pages of the cash book should be numbered automatically in ascending order from the beginning of the year.

During the year, the cashier keeps a separate sheet for each month during the year. After the end of the calendar year (or depending on the need), the “Insert sheet of the cash book” is formed into binders in chronological order. The total number of sheets for the year is certified by the signatures of the manager and chief accountant of the enterprise - a legal entity, and the binders are formed into a book, which is sealed with an imprint of the seal of the enterprise (legal entity).

Control over the correct maintenance of the cash book is entrusted to the chief accountant or an employee of the enterprise, who is authorized to do so by the manager.

In order to control the safekeeping of cash, cash register inventories are carried out at enterprises. The cashier's report with the attached cash documents is carefully checked in the accounting department and serves as the basis for the accounting of cash operations on account 301 “Cash in national currency”.

If the enterprise has cash in foreign currency, a separate cash book is opened. And the accounting of cash in foreign currency is kept on account 302 “Cash in foreign currency”.

The debit of account 30 “Cash” shows the receipt of cash in the company's cash register, and the credit shows the payment of cash from the company's cash register.

8.2. Accounting of bank account transactions

The enterprise opens a current (current) account in the bank to store free funds and make non-cash payments. In accordance with the Instructions on the procedure for opening, using and closing accounts in national and foreign currencies, approved by Resolution of the National Bank of Ukraine № 492, the bank opens a current account for a legal entity that does not have an account in this bank, based on the following documents:

– applications for opening a current account - the application is signed by the head of the legal entity or another authorized person;

– copies of the duly registered founding document (statutes / founding agreement);

– copies of an extract from the Unified State Register of Legal Entities and Individual Entrepreneurs, containing information about the legal entity;

– cards with sample signatures and seal impressions.

The bank opens a current account for business activities to an individual entrepreneur who does not have an account with this bank, based on the following documents:

− statement on opening a current account signed by an individual entrepreneur or his representative;

– copies of an extract from the Unified State Register of Legal Entities and Individual Entrepreneurs, containing information about the individual entrepreneur;

– cards with sample signatures.

If the business entity already has a current account in this bank, this client has been identified by the bank and a case has been formed for the legal registration of the account, then the opening of a new current account is carried out on the condition that this client submits an application for opening a current account and a card with sample signatures certified in the established manner. The day of opening a client's current account is the date indicated on the application for opening this account in the “Bank notes” section. The bank is obliged to send a notification to the relevant body of the state tax service about the opening or closing of the client's current/savings (deposit) account.

Banks debit funds from clients' accounts only on the instructions of the owners of these accounts or on the basis of settlement documents of debt collectors.

The instructions on non-cash payments in Ukraine in the national currency, approved by the resolution of the Board of the National Bank of Ukraine, provide for the rules for using the following types of payment instruments during settlement operations:

– memorial warrant;
– payment order;
– payment request-order;
– payment claim;
– settlement check;
– letter of credit;
– collection order.

To receive cash from a current account, a cash check is drawn up, and for a cash deposit, a cash deposit notice is issued.

After opening a current account, the bank issues a check book to the company, which is a form of strict reporting and is kept in a safe like cash. An announcement for a cash deposit is issued in a bank by a cashier or another person making a cash deposit. This document consists of three parts of the same form: one is returned to the company representative as a receipt confirming receipt of the amount by the bank, the second part remains with the bank, and the third is returned to the company together with the statement.

A bank statement from a current account is a summary document of monetary transactions. All transactions, both non-cash and cash, are registered in it. The statement is provided to the enterprise daily or at other times depending on the number of transactions. It indicates the amounts at the beginning and end of the statement and all debit and credit transactions. The bank statement serves as the basis for accounting of funds in the current account.

Account 31 “Bank Accounts”, which has the following sub-accounts, is used to record the availability and movement of funds that are in bank accounts and can be used for current operations:

311 “Current accounts in national currency”

312 “Current accounts in foreign currency”

313 “Other bank accounts in national currency”

314 “Other bank accounts in foreign currency”

The debit of account 31 “Accounts in banks” shows the receipt of funds, the credit shows their use.

Account 33 “Other funds” summarizes information on the availability and movement of monetary documents (in national and foreign currency) that are in the company's cash register (postage stamps, stamp duty stamps, paid travel documents, paid tickets to sanatoriums, boarding houses, rest houses etc.), electronic money and funds in transit, i.e. sums of money deposited in bank cash registers, savings banks or post offices for their subsequent crediting to current or other company accounts.

The debit of account 33 “Other funds” shows the receipt of monetary documents in the cash register of the enterprise and funds on the way, the credit - the disposal of monetary documents and the debiting of funds on the way after they have been credited to the relevant accounts.

Electronic money are units of value stored on an electronic device, accepted as a means of payment by persons other than the person who issues them, and is a monetary obligation of this person, performed in cash or non-cash form. At the same time, single-purpose cards prepaid with electronic money are not recognized for accounting purposes: merchant discount cards, gas station cards, city transport tickets, etc., which are accepted as a means of payment exclusively by their issuers.

Analytical accounting of monetary documents is conducted according to their types.

8.3. Accounting of settlements with buyers and customers

The methodological principles of forming in accounting information about receivables and its disclosure in financial reporting are regulated by the National Regulation (standard) of accounting 10 “Receivables”.

Accounts receivable are the amount owed by debtors to the enterprise on a certain date, debtors – legal entities and individuals who, as a result of past events, owe the enterprise certain sums of money, their equivalents or other assets.

Accounts receivable is recognized as an asset if there is a possibility of the company receiving future economic benefits and its amount can be reliably determined. According to the terms of repayment, receivables are divided into current and long-term.

Current receivables for products, goods, works, and services are recognized as an asset simultaneously with the recognition of income from the sale of products, goods, works, and services and are valued at original cost. *Long-term receivables* are the amount of receivables that do not arise during the normal operating cycle and will be settled after twelve months from the balance sheet date.

Most of the current receivables are owed by customers to the enterprise. The forms and order of settlements with buyers and customers are regulated by the terms of the agreement concluded between them. Accounts of settlements with buyers and customers are kept on accounting account 36 “Settlements with buyers and customers”. The debit of account 36 “Settlements with buyers and customers” shows the sales value of sold products, goods, works performed, services provided (including for the performance of barter contracts), which includes VAT, excise duties and other taxes, fees (mandatory payments) , which are subject to transfer to budgets and extra-budgetary funds and are included in the cost of sale, for credit - the sum of payments received on the company's accounts in banking institutions, at the cash register, and other types of payments. The balance of the account reflects the indebtedness of buyers and customers for the received products (works, services).

Current receivables are included in the balance sheet at net realizable value. **The net realizable value of receivables** is the sum of current receivables less the provision for doubtful debts. **Doubtful debt** is a current receivable for which there is uncertainty about its repayment by the debtor. **Bad debt** is a current debt for which there is certainty that the debtor will not repay it or for which the statute of limitations has expired.

To determine the net realizable value as of the balance sheet date, the amount of the reserve for doubtful debts is calculated.

The amount of the reserve for doubtful debts is determined by one of the methods:

– application of the absolute amount of doubtful debt;

– application of the coefficient of doubt.

According to the method of applying the absolute amount of doubtful debts, the amount of the reserve is determined based on the analysis of the solvency of individual debtors.

According to the method of applying the coefficient of doubt, the value reserve is calculated by multiplying the amount of the balance of receivables at the beginning of the period by the doubtful factor.

The coefficient of doubt can be calculated in the following ways:

− determination of the specific weight of bad debts in net income;

− classification of receivables by terms of default;

− determination of the average specific weight of the receivables written off during the period in the amount of receivables at the beginning of the corresponding period for the previous 3-5 years.

The amount of doubtful debts determined on the basis of the classification of receivables as of the balance sheet date is the balance of the reserve of doubtful debts as of the same date.

The balance of the reserve for doubtful debts at the balance sheet date cannot be greater than the amount of receivables at the same date.

Table 8.1 – Accounting of settlements with buyers and customers

№	Content of the operation	Correspondence of accounts	
		Debit	Credit
1	Finished products are sold, including VAT	361	701
2	The VAT tax liability is displayed	701	641
3	The cost of sold finished products is written off	901	26
4	Net income from sales is written off to financial results	701	791
5	Expenses for financial results were written off	791	901
6	The financial result from the implementation was determined: - profit - loss	791 44	44 791
7	Payment received from the buyer	311	361
8	A provision for doubtful debts has been accrued	944	38
9	Write-off of overdue receivables at the expense of the doubtful debts reserve	38	36

8.4. Accounting of transactions with other debtors

To record settlements with other debtors, account 37 “Settlement with various debtors” is used: settlements for current receivables with various debtors for advances issued, accrued income, for claims, for compensation for losses, for loans from members of credit unions and for other transactions.

The debit of account 37 “Settlements with various debtors” shows the occurrence of receivables, and the credit shows its repayment or write-off.

Sub-account 371 “Settlements for issued advances” records the advances granted to other enterprises.

Accounts of settlements with accountable persons are kept on subaccount 372 “Settlements with accountable persons”. The sub-account balance can be both debit and credit. Such indicators are displayed in detail: debit balance - as part of current assets, credit balance - as part of liabilities of the company's balance sheet.

Accounts are kept of accrued dividends, interest, royalties, etc., which are to be received, on sub-account 373 “Settlements of accrued income”.

Sub-account 374 “Settlements for claims” records settlements for claims presented to suppliers, contractors, transport and other organizations, as well as for fines, penalties, penalties presented to them and recognized.

Sub-account 375 “Settlements for compensation for damages” keeps records of calculations for compensation for damages caused to the enterprise as a result of shortages and losses due to spoilage of valuables, shortages and embezzlement of funds, if the culprit is found.

Subaccount 376 “Payments for loans to members of credit unions” records payments for loans to members of credit unions in credit unions.

Sub-account 377 “Settlements with other debtors” records settlements for other operations, the accounting of which is not reflected in other sub-accounts of account 37 “Settlements with various debtors”, in particular, settlements for operations related to the implementation of joint activities (without the creation of a legal entity) , all types of settlements with employees (except settlements for payments to employees and with accountable persons), other settlements.

Sub-account 378 “Settlements with state trust funds” accounts for settlements with state trust funds, in particular, settlements for temporary disability, etc.

Sub-account 379 “Settlements for derivatives transactions” records settlements for derivatives transactions. At the end of the month, the subaccount is closed by debiting the balance in correspondence with the account of other operating income or other expenses of operating activity.

Analytical accounting is kept for each debtor, for types of debt, terms of its occurrence and repayment.

Settlements with accountable persons — with employees who received a cash advance to pay expenses entrusted by the enterprise — deserve special attention. Settlements with accountable persons arise when paying small business expenses and expenses on business trips. The list of persons to whom an advance for the report is issued is established by the order of the head.

The actual expenses paid by the accountable persons are confirmed by commodity and fiscal receipts of stores, receipts of communication departments, acts of purchase and sale, travel documents, hotel receipts, etc. The consolidated document of expenses paid by accountable persons is an advance report, which is drawn up no later than 3 working days after returning from a business trip and the next day after receiving an advance for economic needs.

Analytical accounting of settlements with accountable persons is organized in terms of personal accounts and for each advance amount separately.

A business trip is considered to be a trip of an employee by order of the head of the enterprise for a certain period to another populated place to carry out an official assignment outside the place of his permanent work, provided there are documents confirming the connection of the business trip with the main activity of the enterprise.

The enterprise sending the employee registers the person who goes on a business trip in a special journal. The enterprise sending the employee provides him with funds for current expenses during the business trip (advance). An advance to a seconded employee can be given in cash or transferred in non-cash form to the appropriate account for use with the use of payment cards.

The day of departure on a business trip is the day of departure of a train, plane, bus or other vehicle from the permanent place of work of the seconded employee, and the day of arrival from a business trip is the day of the vehicle's arrival at the permanent place of work of the seconded employee.

A separate type of expenses that do not require special documentary confirmation are daily expenses (expenses for food and financing other personal needs of an individual incurred in connection with such a business trip). The maximum rates of daily wages are determined by the Tax Code of Ukraine, depending on the amount of the minimum wage, which was in effect for an able-bodied person on January 1 of the tax year.

During his stay on a business trip, the employee is reimbursed for the following expenses:

a) for travel (including baggage transportation, booking transport tickets, payment of airport fees, use of bedding in trains) to the place of business and back, as well as to the place of business;

b) to pay the cost of accommodation in hotels (motels), other residential premises;

c) for household services included in the bills for payment of the cost of living at the place of residence (washing, cleaning, mending and ironing of clothes, shoes or linen), but no more than 10% of the daily expenses for the country to which the employee is posted;

d) for booking places in hotels in the amount of no more than 50% of the cost of the place per day;

e) for issuing foreign passports;

e) for issuing entry permits (visas);

e) to pay the cost of the life or health insurance policy of the seconded employee or his civil liability;

g) for mandatory insurance and other documented expenses related to the rules of entry and stay in the place;.

g) for payment of business telephone calls (in amounts agreed with the manager);

h) for payment of commission costs in case of currency exchange.

Travel expenses are reimbursed only in the presence of original documents certifying the cost of these expenses.

After returning from a business trip, the employee is obliged to submit a report on the use of the funds provided for the business trip by the end of the fifth banking day following the day of arrival at the place of permanent work. The amount of excess funds spent (the balance of funds over the amount spent according to the report on the use of funds provided for business trips) is subject to return by the employee to the cash register or credited to the appropriate account of the enterprise that provided them, in the monetary units in which the advance was provided, in the established legislation of order.

Lecture № 12

Topic 9. ACCOUNTING OF FINANCIAL INVESTMENTS

9.1. The essence and types of financial investments

9.2. Accounting of investments that prove the loan relationship

9.3. Accounting of investments that certify ownership of a share in the property of enterprises

Recommended information resources:

1. Skorobogatova N.Ye. Accounting [Electronic resource]: tutorial / N.Ye. Skorobogatova; Igor Sikorsky KPI. Electronic text data (1 file: 3.7 MB). Kyiv: Igor Sikorsky KPI, 2017. 248 p. URL: https://ela.kpi.ua/handle/123456789/20080 (P. 137 - 147).

2. National regulation (standard) of accounting 1 "General requirements for financial reporting", approved by order of the Ministry of Finance of Ukraine on February 7, 2013 № 73.URL: https://zakon.rada.gov.ua/laws/show/z0336-13#Text

3. On accounting and financial reporting in Ukraine: Law of Ukraine dated July 16, 1999 № 996-XIV. URL: http://zakon3.rada.gov.ua/laws/show/996-14

4. National accounting standard № 6 "Correction of errors and changes in financial statements". URL: https://zakon.rada.gov.ua/laws/show/z0392-99#Text

9.1. The essence and types of financial investments

The main principles of evaluation and accounting of financial investments are determined by standard 12 “Financial investments”, standard 20 “Consolidated financial statements”, and standard 19 “Unification of enterprises”, approved by order of the Ministry of Finance of Ukraine.

Financial investment is the investment of funds or other assets in the securities of business entities. Depending on the purpose of the financial investment, the company can receive income, acquire control over the investment object and have other benefits.

Depending on the term during which the company plans to own financial investments, they are divided into:

– current – investments that the company intends and has the ability to hold within twelve months from the date of acquisition or during the operating cycle, if it is longer than the specified period;

– long-term – investments that are held for a period that exceeds twelve months or an operating cycle.

Depending on the type of relationship between the investor and the investment object, they are divided into:

− investments certifying a loan relationship - the company will purchase them in order to receive interest from the provision of free assets for temporary use (bonds, treasury bonds, savings certificates);

– investments certifying the right of ownership of a share in the property of another enterprise - are made in order to receive income from ownership of a share of the property of another enterprise in the form of dividends, to acquire control or beneficial relations with an investment-attractive enterprise (shares, privatization papers).

Financial investments are initially evaluated and recorded in accounting at cost. Financial investments (except for investments held by the enterprise until their repayment or accounted for by the equity method) are shown at fair value as of the balance sheet date.

The amount of increase or decrease in the book value of financial investments as of the balance sheet date (except for investments accounted for by the equity method) is reflected in other income or other expenses, respectively.

The Chart of Accounts provides the following accounts for accounting transactions with financial investments:

— 14 “Long-term financial investments”;

— 35 “Current financial investments”.

Account 14 “Long-term financial investments” is intended to summarize information on the availability and movement of long-term investments (investments) in securities of other enterprises, bonds of state and local loans, authorized capital of other enterprises established in the country and abroad, and has the following sub-accounts:

141 “Investments to related parties under the equity method of accounting”;

142 “Other investments to related parties”;

143 “Investments to unrelated parties”.

The debit of account 14 “Long-term financial investments” shows the value of long-term investments, the credit shows their disposal (write-off) or decrease in value, as well as the receipt of dividends from the investment object, if the investment is accounted for using the equity method.

Analytical accounting for account 14 is conducted by types of long-term financial investments and investment objects. At the same time, the construction of analytical accounting should ensure the possibility of obtaining information about long-term financial investments in objects both on the territory of the country and abroad.

Account 35 “Current financial investments” is designated for accounting of current financial investments, which has sub-accounts:

351 “Cash equivalents”;

352 “Other current financial investments”.

The debit of account 35 “Current financial investments” shows the acquisition (receipt) of cash equivalents and current financial investments, and the credit shows a decrease in their value and disposal. Analytical accounting is carried out by types of financial investments, providing the possibility of obtaining information about investments both in the country and abroad.

9.2. Accounting of investments that prove the loan relationship

The assessment of financial investments, which evidence the loan relationship, is reflected in accounting depending on the purpose of their implementation.

The company can purchase securities at a cost price that is lower than their nominal value (**with a discount**) or higher (**with a premium**). The amount of the discount or premium is amortized during the period of time from the date of purchase of the security to the date of its maturity using the effective interest rate method, in accordance with the compiled schedule of amortization of the premium or discount. **Depreciated cost of a financial investment** – the cost of a financial investment, taking into account its partial write-off due to a decrease in usefulness, which is increased (decreased) by the amount of accumulated amortization of the discount (premium).

At the end of each reporting period, the book value of the financial investment is reduced by the amount of amortization of the premium and is reflected in the debit of account 975 “Depreciation of non-current assets and financial investments”. Accordingly, the amount of discount amortization increases the book value of the investment and is reflected in the credit of account 746 “Other income from ordinary activities”.

The amount of amortization of the discount or premium is calculated simultaneously with the accrual of interest (income from financial investments) to be received, and is reflected as part of other financial income or other financial expenses with a simultaneous increase or decrease in the book value of financial investments, respectively. Interest is recognized as income in the reporting period to which it belongs, based on the basis of accrual and the period of use of the assets.

As a result, the value of the investment on the maturity date corresponds to its nominal value. Financial investments held by the enterprise until their repayment are recorded at depreciated cost at each balance sheet date.

9.3. Accounting of investments that certify ownership of a share in the property of enterprises

Investments certifying the right of ownership are made for the purpose of receiving income in the form of dividends, to create desired relations with the object of investment or other benefits.

Securities certifying ownership of a share of the company's property can be purchased for the purpose of further resale or to receive income in the future. If the term of their ownership is planned for more than 12 months, then investments in such securities are considered long-term financial investments, otherwise

– to current financial investments. Accounting for such securities is conducted similarly to accounting for investments that evidence loan relationships and held for sale. In accordance with the principle of prudence (prudence), which involves preventing overestimation of assets and income, as well as underestimation of liabilities and expenses, investments should be revalued and reflected in the balance sheet at fair market value. The amount of increase or decrease in investment property is reflected in other income or other expenses, respectively.

When selling such securities, the cost of investments and other expenses related to their sale are debited to account 971 “Cost of realized financial investments”, and the income – to the credit of account 741 “Income from the realization of financial investments”.

Lecture № 13

Topic 10. EQUITY ACCOUNTING

10.1. The concept of equity and its components

10.2. Accounting of registered (share) capital

10.3. Accounting for additional and reserve capital

10.4. Accounting for retained earnings

10.5. Accounting of unpaid and withdrawn capital

10.6. Accounting for provision of future expenses and payments

Recommended information resources:

1. Skorobogatova N.Ye. Accounting [Electronic resource]: tutorial / N.Ye. Skorobogatova; Igor Sikorsky KPI. Electronic text data (1 file: 3.7 MB). Kyiv: Igor Sikorsky KPI, 2017. 248 p. URL: https://ela.kpi.ua/handle/123456789/20080 (P. 148 - 160).

2. National regulation (standard) of accounting 1 "General requirements for financial reporting", approved by order of the Ministry of Finance of Ukraine on February 7, 2013 № 73.URL: https://zakon.rada.gov.ua/laws/show/z0336-13#Text

3. On accounting and financial reporting in Ukraine: Law of Ukraine dated July 16, 1999 № 996-XIV. URL: http://zakon3.rada.gov.ua/laws/show/996-14

4. National accounting standard № 6 "Correction of errors and changes in financial statements". URL: https://zakon.rada.gov.ua/laws/show/z0392-99#Text

10.1. The concept of equity and its components

According to National regulation (standard) of accounting 1 "General requirements for financial reporting", equity is the part of the company's assets that remains after deducting its liabilities. Equity includes:

− registered (equity) capital – contributions of the founders during the registration of the enterprise;

− capital in mark-ups – mark-ups (mark-downs) of non-current assets and financial instruments, which, in accordance with national accounting regulations (standards), are reflected as part of equity and disclosed in the statement of financial results (statements of comprehensive income);

− additional capital – amounts by which the sale price of issued shares exceeds their nominal value, as well as the value of non-current assets received by the company free of charge from other persons, and other types of additional capital;

− reserve capital – capital of the enterprise, created in accordance with the current legislation and founding documents at the expense of retained earnings;

− retained earnings (uncovered loss);

− unpaid capital – the sum of the founders' obligations for contributions to the authorized capital;

− withdrawn capital – the cost price of shares of its own issue or shares bought by the company from its participants, and changes in unpaid capital as a result of an increase or decrease in the receivables of participants for contributions to the authorized capital of the enterprise. Withdrawn capital reduces the amount of equity capital.

Enterprises, institutions, organizations, as well as citizens can be the founders and members of the society.

The legislation of Ukraine provides for the minimum amount of the authorized capital of a joint-stock company. For other types of companies, the minimum amount of authorized capital is not regulated. The company's charter capital determines the minimum amount of the company's property that guarantees the interests of its creditors.

The company's equity (net asset value) is the difference between the total value of the company's assets and the value of its liabilities to other persons. It is formed in two ways:

− entry by the owners (founders) of the enterprise;

− accumulation of the amount of income that remains at the disposal of the enterprise.

10.2. Accounting of registered (share) capital

In order to carry out state registration of a legal entity, the founder(s) or a person authorized by them must personally submit to the state registrar (send by mail with a description of the attachment or, in the case of submission of electronic documents, submit a description containing information about the sent electronic documents, in electronic form) such documents:

– a completed registration card for state registration of a legal entity, to which an application for choosing a simplified taxation system by a legal entity and/or a registration application for voluntary registration as a value-added tax payer in the form approved by the central executive body can be submitted as an appendix ensures formation and implementation of state tax and customs policy;

– a copy of the original (photocopy, notarized copy) of the decision of the founders or the body authorized by them to create a legal entity in cases provided for by law;

– two copies of founding documents;

– a document certifying the payment of the registration fee for state registration of a legal entity;

– information with documents confirming the ownership structure of the founders - legal entities, which makes it possible to establish the natural persons - owners of a significant share of these legal entities.

In the absence of grounds for refusal to carry out state registration of a legal entity, the state registrar must enter an identification code in the registration card for state registration of a legal entity in accordance with the requirements of the Unified State Register of Enterprises and Organizations of Ukraine and enter in the Unified Register a record of state registration of a legal entity based on information of this registration card.

The date of entry into the Unified State Register of the state registration of a legal entity is the date of state registration of a legal entity. The term of state registration of a legal entity should not exceed three working days from the date of receipt of documents for state registration of a legal entity.

On the day of the state registration of a legal entity, the state registrar is obliged to transfer the information from the registration card to the relevant authorities of statistics, revenues and fees, the Pension Fund of Ukraine for state registration of the legal entity. No later than the next working day after the state registrar receives data on the registration of a legal entity from the statistics, revenue and tax authorities, the Pension Fund of Ukraine, the state registrar issues (sends by mail with a description of the attachment) to the founder or a person authorized by him one copy of the original founding documents with a mark of the state registrar on state registration of a legal entity and an extract from the Unified State Register.

Account 40 “Registered (share) capital” is intended for accounting of share capital. It is intended for accounting and generalization of information on the state and movement of authorized and other registered capital, share capital of the enterprise in accordance with the legislation and founding documents, as well as contributions to the announced, but not yet registered authorized capital.

The credit of account 40 “Registered (share) capital” shows the increase in registered and share capital, as well as the receipt of contributions to the declared but not yet registered authorized capital, and the debit - its decrease (withdrawal).

Account 40 “Registered (equity) capital” has the following sub-accounts:

401 “Authorized capital”

402 “Share capital”

403 “Other registered capital”

404 “Contributions to unregistered authorized capital”

Sub-account 401 “Authorized capital” shows the statutory capital of economic companies, state and communal enterprises. The credit of subaccount 401 “Authorized capital” shows the increase in the authorized capital, the debit shows its decrease (withdrawal). The balance on this subaccount must correspond to the size of the authorized capital, which is recorded in the founding documents of the enterprise. Analytical accounting of authorized capital is carried out by types of capital for each founder, participant, shareholder, etc. The charter capital of a limited liability company is subject to payment by the company's participants before the end of the first year from the day of state registration of the company.

Subaccount 402 “Share capital” displays and summarizes information on the sums of share contributions of members of a consumer society, a collective agricultural enterprise, a housing and construction cooperative, a credit union and other enterprises provided for by the founding documents. Share capital is a collection of funds of individuals and legal entities, voluntarily placed in the company for the implementation of its economic and financial activities. Analytical accounting under sub-account 402 “Share capital” is carried out by types of capital.

Sub-account 403 “Other registered capital” shows the registered capital of other enterprises, in particular private enterprises, the formation of which is provided for in the founding documents.

Sub-account 404 “Contributions to unregistered authorized capital” shows contributions received for the formation of authorized capital, in particular of a joint-stock company, after its announcement and before the registration of the relevant changes to the constituent documents. The balance of sub-account 404 after the registration of the authorized capital is debited in accordance with the established procedure in the correspondence with the credit of sub-account 401 “Authorized capital”, and in the event that the enterprise is refused registration of the authorized capital, in the correspondence with the debit of sub-account 404 transactions for the return of assets that were received as contributions are reflected.

10.3. Accounting for additional and reserve capital

Account 42 “Additional capital” is intended to summarize information on the amounts by which the sale price of issued shares exceeds their nominal value, as well as on the value of non-current assets received by the company free of charge from other persons, and other types of additional capital.

The credit of account 42 “Additional capital” shows an increase in additional capital, and the debit shows its decrease.

Sub-account 421 “Issue income” shows profit (loss) from the sale, issue or cancellation of equity instruments. The amount of the excess of the loss from the specified operations over the balance of the emission income is reflected in the debit of account 44 “Retained earnings (uncovered losses)”.

Sub-account 422 “Other invested capital” accounts for other capital invested by the founders of enterprises (except joint-stock companies), exceeding the authorized capital, other contributions, etc., without decisions on changes in the size of the authorized capital.

Subaccount 423 “Accumulated exchange rate differences” summarizes information on exchange rate differences, which, in accordance with national accounting regulations (standards), are reflected in equity and recognized in other comprehensive income.

Sub-account 424 “Non-current assets received free of charge” shows the value of non-current assets received by the enterprise free of charge from other persons. The balance of additional capital on this subaccount is reduced by the amount of recognized income during the period of useful use of non-current assets (except land) received free of charge and when such assets and land are disposed of.

Sub-account 425 “Other additional capital” records other types of additional capital that cannot be included in the above sub-accounts, in particular, capital in the sum of the value of non-current assets received under the lease agreement of integral property complexes.

A reserve (insurance) fund is created in the company in the amount established by the founding documents, but not less than 25% of the statutory (composite) capital, as well as other funds provided for by the legislation of Ukraine or the founding documents of the company. The amount of annual deductions to the reserve (insurance) fund is stipulated by the founding documents, but cannot be less than 5% of the amount of net profit.

Account 43 “Reserve capital” is designated to summarize information on the state and movement of the reserve capital of the enterprise, created in accordance with the current legislation and founding documents at the expense of retained earnings. The credit of account 43 “Reserve capital” shows the creation of reserves, and the debit shows their use. The balance of this account reflects the balance of reserve capital at the end of the reporting period. Analytical accounting of reserve capital is conducted according to its types and directions of use.

10.4. Accounting for retained earnings

Retained earnings is the amount of profit reinvested in the enterprise, uncovered loss is the amount of loss that is not covered by the profit received. Retained earnings is a component of equity, it remains with the enterprise after the payment of income to the owners and the formation of reserve capital.

Account 44 “Undistributed profits (uncovered losses)” records undistributed profits or uncovered losses of the current and previous years, as well as the profit used in the current year. The credit of the account shows the increase in profit from all types of activities, the debit shows losses and the use of profits.

Account 44 “Retained earnings (uncovered losses)” has the following sub-accounts:

441 “Retained earnings” - to reflect the presence and movement of retained earnings;

442 “Uncovered losses” - uncovered losses are displayed. They are written off at the expense of retained earnings, reserve, equity or additional capital, etc.;

443 “Profit used in the reporting period” - shows the distribution of profit between owners (calculation of dividends), deduction to reserve capital and other use of profit in the current period. The balance on this sub-account at the end of the year is closed in correspondence with sub-accounts 441 and/or 442 with the withdrawal of the balance on one of these sub-accounts.

The correction of errors for the past year, discovered in the current year, in accordance with Accounting Regulation (standard) 6 “Correction of errors and changes in financial statements” is reflected by the correspondence of account 44 “Retained earnings (uncovered losses)” with the accounting accounts of the relevant objects grades 1-6.

Table 10.1 – Accounting for retained earnings (uncovered loss)

№	Content of the operation	Correspondence of accounts	
		Debit	Credit
1	The financial result of the current period has been determined: - profit - loss	 79 442	 441 79
2	Increase in authorized capital due to reinvestment of profit	441	40
3	Formation (replenishment) of reserve / additional capital at the expense of retained earnings	441	43 42
4	Accrued dividends to shareholders	443	671
5	Covering losses with additional, reserve capital	42, 43	443
6	Cancellation of previously purchased shares of own issue	45	44

10.5. Accounting of unpaid and withdrawn capital

The withdrawn capital is the actual cost price of shares of its own issue or shares bought by the joint-stock company from its members. Redeemed shares must be sold or canceled within a year. During this period, profit distribution (dividend calculation) is carried out without taking into account the purchased own shares. Account 45 “Withdrawn capital” records the withdrawn capital, in case of repurchase of own shares (shares) from shareholders for the purpose of their resale, cancellation (reduction of authorized capital), etc.

The debit of account 45 “Withdrawn capital” shows the actual cost of shares of its own issue or shares bought by the business company from its members, and the credit – the value of canceled or resold shares (shares).

Analytical accounting of withdrawn capital is carried out by types of shares (deposits, shares).

Unpaid capital is the amount owed by the owners (participants) for contributions to the authorized capital. Account 46 “Unpaid capital” is intended to summarize information about changes in the composition of the company's unpaid capital. The debit of the account shows the indebtedness of the founders (participants) of the business association for contributions to the authorized capital of the enterprise, the credit shows the repayment of the debt for contributions to the authorized capital.

Analytical accounting of unpaid capital is carried out by types of unpaid shares placed (for joint-stock companies) and by each founder (participant) of the enterprise.

10.6. Accounting for provision of future expenses and payments

Provisions are created to reimburse the following (future) operating expenses for:

– payment of vacations to employees;
– additional pension provision;
– performance of warranty obligations;
– restructuring, fulfillment of obligations upon termination of activity;
– fulfillment of obligations regarding onerous contracts, etc.

The amounts of provision created are recognized as expenses. **A provision** is created when a liability arises as a result of past events, the repayment of which will probably lead to a decrease in resources embodying economic benefits, and its value can be estimated. It is forbidden to create security to cover future losses from the company's activities.

The amount of provision for the payment of vacations is determined every month as the product of the actually accrued wages to employees and the percentage calculated as the ratio of the annual planned amount for the payment of vacations to the general planned wage fund, taking into account the corresponding amount of deductions for mandatory state social insurance.

A provision for the reimbursement of restructuring costs is created in the event of a restructuring plan approved by the company's management with specific measures, the terms of their implementation and the amount of costs that will be incurred, even after the start of implementation of this plan.

The amount of collateral is determined based on the accounting estimate of the resources (minus the amount of expected compensation) required to repay the corresponding obligation as of the balance sheet date.

Provision for an onerous contract is determined in the amount of unavoidable costs associated with its performance. The amount of unavoidable costs associated with the performance of an onerous contract is determined by the smallest of two values: the costs of performing the contract or the costs of paying penalties (fines, penalties) for non-performance of the contract. The costs of implementing an onerous contract are estimated by the difference between the costs of its implementation and income (losses) from the implementation of another contract concluded with the aim of minimizing losses from the implementation of an onerous contract.

The security is used to reimburse only those costs for which it was created.

The security balance is reviewed at each balance sheet date and, if necessary, adjusted (increased or decreased). In the absence of the probability of disposal of assets to repay future obligations, the amount of such security shall be reversed.

Lecture № 14

Topic 11. ACCOUNTING FOR LIABILITIES

11.1. Concept and classification of obligations

11.2. Accounting for long-term liabilities

11.3. Accounting for current liabilities

11.4. Accounts payable for goods (works, services)

Recommended information resources:

1. Skorobogatova N.Ye. Accounting [Electronic resource]: tutorial / N.Ye. Skorobogatova; Igor Sikorsky KPI. Electronic text data (1 file: 3.7 MB). Kyiv: Igor Sikorsky KPI, 2017. 248 p. URL: https://ela.kpi.ua/handle/123456789/20080 (P. 162 - 175).

2. National regulation (standard) of accounting 1 “General requirements for financial reporting”, approved by order of the Ministry of Finance of Ukraine on February 7, 2013 № 73.URL: https://zakon.rada.gov.ua/laws/show/z0336-13#Text

3. On accounting and financial reporting in Ukraine: Law of Ukraine dated July 16, 1999 № 996-XIV. URL: http://zakon3.rada.gov.ua/laws/show/996-14

4. National regulation (standard) of accounting 11 “Liabilities”, approved by order of the Ministry of Finance of Ukraine on January 31, 2020. № 20 https://zakon.rada.gov.ua/laws/show/z0085-00#Text

11.1. Concept and classification of obligations

According to the National Regulation (standard) of accounting 1 “General requirements for financial reporting”, liabilities are the debts of the enterprise that arose as a result of past events and the repayment of which in the future is expected to lead to a decrease in the resources of the enterprise, embodying economic benefits

National regulation (standard) of accounting 11 “Liabilities” defines the methodological principles of formation in accounting of information about liabilities and its disclosure in financial statements. For accounting purposes, liabilities are divided into:

– long-term – all obligations that are not current;

– current – these are liabilities that will be repaid during the operating cycle of the enterprise or must be repaid within twelve months, starting from the balance sheet date;

– contingent liabilities are:

a) an obligation that may arise as a result of past events and the existence of which will be confirmed only when one or more uncertain future events over which the enterprise does not have full control will occur or not occur; or

b) a present obligation that arises as a result of past events but is not recognized because it is unlikely that an outflow of resources will be required to settle the obligation, or because the amount of the obligation cannot be reliably determined. Contingent liabilities are reflected in the enterprise's off-balance sheet accounts according to the accounting estimate.

– deferred income is income that has arisen in the present, but refers to future periods.

11.2. Accounting for long-term liabilities

Long-term liabilities include long-term bank loans; other long-term liabilities; deferred tax liabilities; long-term provisions.

Long-term liabilities, on which interest is accrued, are reflected in the balance sheet at their present value. The determination of the present value depends on the conditions and type of obligation.

Present value is the discounted amount of future payments (less the amount of expected compensation) that is expected to be required to settle the obligation in the ordinary course of business.

To record data and generalize information about:

− the enterprise's indebtedness to banks for loans received from them, which is not a current liability;

− the company's indebtedness in relation to obligations involving borrowed funds (except for bank loans), on which interest is accrued;

− the amount of income tax payable in future periods as a result of the temporary difference between the accounting and tax assessment bases;

− debts due to issued long-term promissory notes and distributed bonds are assigned to accounts of class 5 “Long-term loans”.

Long-term liabilities are recorded in accounting accounts if their value can be reliably determined and there is a possibility of a decrease in economic benefits in the future as a result of their repayment.

Account 50 “Long-term loans” records settlements for long-term loans from banks and other borrowed funds from other persons, which are not current liabilities. The amount of received long-term loans, as well as the transfer of short-term (deferred) loans, are shown on the credit of account 50 “Long-term loans”, and on the debit side - the repayment of arrears on them and the transfer to current arrears on long-term liabilities.

Subaccounts 501, 502 show the amounts of long-term debt to banks for the granted credit in national and foreign currency, respectively.

Sub-accounts 503, 504 show the amounts of deferred debt to banks for a loan whose repayment term has been postponed, in national and foreign currency, respectively.

Sub-accounts 505, 506 show the amounts of long-term debt in relation to the obligation to raise loan funds (except for bank loans), respectively, in national and foreign currency.

Analytical accounting is carried out by lenders (banks) in terms of each credit (loan) separately and the repayment terms of the credit (loan).

When the loan is due for repayment within twelve months from the balance sheet date, the long-term loan is transferred to the current debt for long-term liabilities – account 61 “Current debt for long-term liabilities”. Account 61 has the following sub-accounts:

611 “Current debt for long-term liabilities in national currency”

612 “Current debt for long-term liabilities in foreign currency”

The credit of account 61 shows that part of long-term liabilities that is to be repaid within twelve months from the balance sheet date, the debit shows the repayment of current debt, its write-off, etc.

Analytical accounting is carried out by creditors and types of debt.

Long-term liabilities also include “Long-term obligations under bonds” (account 52) - issued and paid own bonds of the enterprise. Account 52 “Long-term obligations under bonds” has the following sub-accounts:

521 “Liabilities under bonds”

522 “Premium for issued bonds”

523 “Discount on issued bonds”

Under the credit of subaccount 521 “Liabilities under bonds” accounting for debt obligations is carried out according to the nominal value of bonds, under debit - debt repayment according to settlements with bond owners.

The credit of subaccount 522 “Premium for issued bonds” accounts for received premiums (the excess of the selling price of the bond over its nominal value) for the issued bonds, and the debit - amortization of the premium with the recognition of financial income.

The debit of subaccount 523 “Discount on issued bonds” records the discount granted (the excess of the nominal value of the bond over its sale price) for the issued bonds, and the credit – amortization of the discount with the recognition of financial expenses.

Analytical accounting of long-term obligations for bonds is conducted according to their types and maturity dates.

Account 53 “Long-term lease liabilities” summarizes information on the state of settlements with lessors for non-current assets transferred under the terms of a long-term lease, as well as for current tangible assets, funds and securities received under a lease agreement for a complete property complex. The credit of account 53 “Long-term lease liabilities” shows the accrual of indebtedness to the lessor for the received long-term lease objects, the debit shows its repayment, transfer to short-term liabilities, write-offs, etc. Analytical accounting is kept for each lessor and object of leased non-current assets.

Account 54 “Deferred tax liabilities” records the amount of income taxes that will be paid in subsequent periods as a result of a temporary difference between the book value of assets or liabilities and the valuation of these assets or liabilities, which is used for taxation purposes. The credit of account 54 “Deferred tax liabilities” shows the amount of income tax payable in future periods in accordance with taxable temporary differences, the debit shows the reduction of deferred tax liabilities due to the accrual of current tax liabilities.

Determining the amount of the deferred tax liability is carried out in accordance with Accounting Regulation (standard) 17 “Income Taxes”.

Account 55 “Other long-term liabilities” is intended to summarize information about settlements with other creditors and other transactions, the debt for which is not a current liability and the accounting of which is not reflected in the remaining accounts of class 5 “Long-term liabilities”. The credit of account 55 “Other long-term liabilities” shows an increase in long-term liabilities, the debit shows their repayment, transfer to short-term liabilities, write-offs, etc.

11.3. Accounting for current liabilities

Current liabilities include^

– short-term bank loans;

– current accounts payable for long-term liabilities, for goods, works, services, for settlements with the budget, including income tax, for insurance settlements, for labor payment settlements, for settlements with participants, for settlements with internal calculations;

– short-term promissory notes issued;

– current provisions;

– other current liabilities.

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

Accounts of class 6 “Current liabilities” are designated for recording data and summarizing information about liabilities that will be repaid in the normal course of the enterprise's operating cycle or must be repaid within twelve months from the balance sheet date.

On separate sub-accounts of synthetic accounts 63, 64, 65, 68, the balance at the end of the month can be not only credit, but also debit. Such indicators are not collapsed, and the balance of the synthetic account is determined expanded by debit and credit as the sum of the corresponding balance on the subaccounts.

Account 60 “Short-term loans” records payments in national and foreign currencies for bank loans, the repayment term of which does not exceed twelve months from the balance sheet date, and for loans whose repayment term has passed. The amount of received credits (loans) is shown on the credit side of the account, and the amount of their repayment and transfer to long-term liabilities in case of postponement of credits (loans) is shown on the debit side. Analytical accounting is carried out by lenders (banks) in terms of each credit (loan) separately and their repayment terms.

Account 62 “Short-term promissory notes issued” records payments owed to suppliers, contractors and other creditors for raw materials, materials, goods, services, works and other operations for which promissory notes were issued by the company.

Account 62 “Short-term bills issued” has the following sub-accounts:

621 “Short-term bills issued in national currency”

622 “Short-term promissory notes issued in foreign currency”

The credit of account 62 “Short-term promissory notes issued” shows the issuance of promissory notes to secure supplies (works, services) of suppliers and other creditors and to secure other operations, the debit shows the repayment of debt on issued promissory notes, its write-off, etc. Analytical accounting is kept for each issued promissory note and for their repayment terms.

Account 64 “Calculations for taxes and payments” is intended to summarize information about the company's calculations for all types of payments to the budget, including taxes from the company's employees, and for financial sanctions that are paid to the budget's income. This account also summarizes information on other calculations with the budget, including subsidies, subsidies and other allocations. The procedure for making such payments is regulated by current legislation.

The credit of account 64 “Calculations for taxes and payments” shows accrued payments to the budget, the debit shows taxes due for reimbursement from the budget, their payment, write-offs, etc.

Account 67 “Settlements with participants” is intended to summarize information about settlements with participants and founders of the enterprise, related to the distribution of equity (dividends, return of shares, etc.). The credit of account 67 “Payments with participants” shows the increase in the company's debt to the founders and participants of the company, the debit shows its decrease (repayment), including reinvestment of income, etc.

Account 68 “Settlements for other operations” records calculations for operations that cannot be reflected on accounts 63-67. Analytical accounting of settlements with other creditors is kept separately for enterprises, organizations, institutions and individuals with whom settlements are made.

11.4. Accounts payable for goods (works, services)

Account 63 “Settlements with suppliers and contractors” records settlements with suppliers and contractors for goods and material values received, works performed and services provided. On this account, a member of the industrial and financial group keeps records of payments for goods and material values (works, services) received from IFG members.

Industrial and financial group (IFG) is an association that can include industrial enterprises, agricultural enterprises, banks, scientific and design institutions, other institutions and organizations of all forms of ownership, which aim to obtain profit, and which is created by the decision of the Government of Ukraine for a certain period in order to implement state programs for the development of priority industries of production and structural restructuring of the economy of Ukraine, including programs in accordance with intergovernmental agreements, as well as the production of final products.

The credit of account 63 “Accounts with suppliers and contractors” shows the debt for goods and material values received from suppliers and contractors, accepted works, services, and the debit - its repayment, write-off, etc.

Account 63 “Payments with suppliers and contractors” has the following sub-accounts:

631 “Settlements with domestic suppliers”

632 “Settlements with foreign suppliers”

633 “Settlements with PFG participants”

Analytical accounting is carried out separately for each supplier and contractor in the section of each document (invoice) for payment.

Table 11.1 – Accounting of payments with suppliers and contractors

№	Content of the operation	Correspondence of accounts	
		Debit	Credit
1	Receipt of material values from the supplier without prior payment		
2	Material assets received from the supplier: - for the amount without VAT - for the amount of VAT (tax credit)	20, 21, 22, 28, 15 641	63 63
3	Delivery and unloading costs are displayed: - for the amount without VAT - for the amount of VAT (tax credit)	20, 21, 22, 28, 15 641	63, 685 63, 685
4	The services of the supplier, transport organization have been paid	63, 685	31, 30, 62, 60, 50
5	Receipt of material values from the supplier with advance payment		
6	Advance payment made to the supplier: - for the total amount - for the amount of VAT (tax credit)	371 641	311 644
7	Purchased tangible assets from the supplier after preliminary payment: - for the amount without VAT - for the amount of VAT	20, 21, 22, 28, 15 644	63 63
8	Debt offset is displayed	63	371

Lecture № 15

Topic 12. ACCOUNTING FOR LABOUR, ITS PAYMENT AND SOCIAL INSURANCE OF PERSONNEL

12.1. Concepts, types and forms of remuneration

12.2. Methodology of salary calculation

12.3. Types of deductions and taxation of wages

12.4. Accrual of temporary disability benefits

12.5. Accounting for accrual and payment of vacation pay

Recommended information resources:

1. Skorobogatova N.Ye. Accounting [Electronic resource]: tutorial / N.Ye. Skorobogatova; Igor Sikorsky KPI. Electronic text data (1 file: 3.7 MB). Kyiv: Igor Sikorsky KPI, 2017. 248 p. URL: https://ela.kpi.ua/handle/123456789/20080 (P. 176 - 193).

2. Law of Ukraine “On accounting and financial reporting in Ukraine”. URL: https://zakon.rada.gov.ua/laws/show/996-14#Text

3. National regulation (standard) of accounting 1 “General requirements for financial reporting”, approved by order of the Ministry of Finance of Ukraine on February 7, 2013 № 73. URL: https://zakon.rada.gov.ua/laws/show/z0336-13#Text

4. National regulation (standard) of accounting 11 “Liabilities”, approved by order of the Ministry of Finance of Ukraine on January 31, 2020. № 20. URL: https://zakon.rada.gov.ua/laws/show/z0085-00#Text

5. Law of Ukraine “On State Statistics”. URL: https://zakon.rada.gov.ua/laws/show/2614-12#Text

6. Law of Ukraine “On Payment of Labor”. URL: https://zakon.rada.gov.ua/laws/show/108/95-%D0%B2%D1%80#Text

12.1. Concepts, types and forms of remuneration

Salary is a reward, calculated, as a rule, in monetary terms, which the employer pays to the employee for the work performed by him under the employment contract.

The size of the salary depends on the complexity and conditions of the work performed, the professional and business qualities of the employee, the results of his work and the economic activity of the enterprise.

Forms and systems of labor remuneration are a list of certain concepts and rules, with the help of which the dependence of labor remuneration on the actual results (costs) of labor is established. The measure of labor costs is the amount of manufactured products or the amount of time worked, the term of work.

To estimate the amount of wages of employees, the indicator of the wage fund is used. The wage fund includes accruals to employees in cash and in kind (valued in monetary terms) for the time worked and not worked, which is subject to payment, or for the work performed, regardless of the source of financing these payments.

The salary structure consists of the following types:

– basic salary – remuneration for work performed in accordance with established labor standards (standards of time, production, service, job duties). It is established in the form of tariff rates (salaries) and piece rates for workers and official salaries for employees;

– additional salary – a reward for work beyond the established standards, for work success and ingenuity, and for special working conditions. It includes surcharges, allowances, guarantee and compensation payments provided for by current legislation; bonuses related to the performance of production tasks and functions;

– other incentive and compensatory payments – payments in the form of rewards based on the results of work for the year, bonuses according to special systems and regulations, compensatory and other monetary and material payments that are not provided for by acts of current legislation or that are carried out in excess of the norms established by the specified acts.

Other payments that do not belong to the wage fund include:

− enterprise contributions to mandatory state social insurance;

− allowances and other payments made at the expense of state social insurance funds;

− payment of the first five days of temporary incapacity at the expense of the enterprise;

− social benefits and payments at the expense of the company's funds, established by the collective agreement;

− one-time assistance to employees upon retirement, etc.

12.2. Methodology of salary calculation

The basis of the wage organization is the tariff system, which includes: tariff grids, tariff rates, salary schemes and tariff and qualification characteristics (directories).

The tariff system of labor payment is used to distribute jobs depending on their complexity, and employees - depending on their qualifications and according to the categories of the tariff grid. It is the basis of formation and differentiation of wages. The tariff grid (salary scheme) is formed on the basis of:

− the tariff rate of the first-class worker;

− inter-qualification (inter-position) ratios of tariff rates (position salaries).

The size of the minimum wage is established by the Verkhovna Rada of Ukraine at the request of the Cabinet of Ministers of Ukraine at least once a year in the Law on the State Budget of Ukraine. The minimum wage is the legally established amount of wages for simple, unskilled work, below which payment cannot be made for the monthly and hourly rate of work performed by the employee (volume of work). Additional payments, allowances, incentive and compensation payments are not included in the minimum wage. The minimum wage is set at an amount not lower than the subsistence minimum for able-bodied persons.

Contractual regulation of remuneration of employees of enterprises is carried out on the basis of a system of agreements concluded at the national (general agreement), sectoral (sectoral (inter-sectoral) agreement), territorial (territorial agreement) and local (collective agreement) levels in accordance with laws.

Forms and systems of labor payment, labor standards, rates, tariff grids, salary schemes, conditions of introduction and amounts of allowances, surcharges, bonuses, rewards and other incentive, compensation and guarantee payments are established by enterprises in the collective agreement.

The payment of the company's employees is carried out on a priority basis. All other payments are made by the company after fulfilling the obligations regarding payment of labor.

Wages are paid to employees regularly on working days within the terms established by the collective agreement or the employer's regulatory act, but not less often than twice a month after a period of time not exceeding sixteen calendar days, and no later than seven days after the end of the period for which the payment is made . If the day of payment of wages coincides with a weekend, holiday or non-working day, wages are paid the day before.

Wages are paid at the place of work. With the personal written consent of the employee, the payment of wages can be made through bank institutions, by postal transfers to the account (address) specified by them, with mandatory payment of these services at the expense of the employer.

A working day is a legally established norm of working hours during the day, which is the basis of its legal regulation. Standardization of working hours during the calendar week is carried out through the working week - the maximum duration of work during the week. With a five-day working week, the established duration of the working week is 40 hours.

Accounting for the use of working time, as well as control over the state of labor discipline at enterprises is carried out by means of timesheet accounting. Upon hiring, the employee is given a report card number, and a note is made in the employment book (located in the personnel department) that he is enrolled on the basis of the Order of the head of the enterprise. A personal card is opened for each employee in the personnel department, in which the necessary personal data about the employee and all changes occurring in his work are indicated. Accounting opens a personal card for each employee. The actual time worked is recorded in the Table of accounting for the use of working time for the month, where the names of all employees are entered. The report is kept separately for each shop, department, etc. The timesheet indicates the number of hours worked by each employee and absences from work (with the help of conditional markings). At the end of the month, data from the report cards are summarized for each employee and transferred to the accounting department for calculation of wages for employees for the reporting month. In the case of piecework payment, the accounting of the actual output of workers is carried out on the basis of orders (individual output), reports or information on the output of the brigade (team output). Operations provided for by the technological process are paid for by work orders, and various additional payments are paid for by additional payment slips (performance of state or public duties, payment of vacations, etc.).

When calculating wages, monthly earnings and necessary deductions are calculated in the settlement or settlement and payment information. In the left part of the settlement and payment statement, the sums of all types of accrued wages are recorded by their types, and in the right - withholding by their types and the amounts to be issued.

In the case of individual production, the primary document for accounting for labor, production and basic wages is the order, in serial and mass production - the route sheet. The salary for the month is determined by multiplying the established rate per unit of production by the amount of the worker's production for the month. The primary documents for charging extra payments to temporary workers are:

– list of persons who worked overtime;
– idle time sheet;
– certificate of marriage;
– a record of the use of working time.

Wages for workers according to the tariff are calculated by multiplying the hourly tariff rate by the number of shift hours. The distribution of wages in the case of a brigade piece rate form of payment is carried out in proportion to the production rate.

The procedure for payment of downtime due to no fault of the employee is paid on the basis of layoff letters in a reduced amount, but not lower than 2/3 of the tariff rate of the grade (salary) established for the employee. Downtime due to the fault of the employee is not paid.

Overtime work can be carried out only with the permission of the trade union committee of the enterprise, and no more than 4 hours during two consecutive days and 120 hours per year. Payment for overtime work is made in double amount.

Additional payment for work at night is carried out in the amount established by the general, sectoral agreements, collective agreement, but not less than 20% of the tariff rate (salary) for each hour of work at night. Work on holidays and non-working days is paid at double rate.

12.3. Types of deductions and taxation of wages

Tax and other deductions are made from the employee's salary (trade union dues, deductions according to executive letters, etc.).

Tax payments withheld from employees' wages include personal income tax and military tax.

A military tax of 1,5% is deducted from the wages of employees. The base for taxation by military levy is the amount of accrued wages, accrued benefits for temporary incapacity for work, remuneration under civil law contracts.

In addition, according to the Tax Code of Ukraine, personal income tax (PIT) of 18% is withheld from wages and payments equivalent to it. The object of taxation of a resident is the total monthly (annual) taxable income, income from the source of their origin in Ukraine, foreign income. The object of taxation of a non-resident is the total monthly (annual) taxable income from its source of origin in Ukraine.

The procedure for calculating personal income tax:

Personal income tax = (Salary – TSB) * 18%

Tax social benefit from personal income tax (TSB) – the amount by which the payer of personal income tax must reduce the amount of his total monthly taxable income received from sources in Ukraine from one employer in the form of wages. 100% of the TSB is equal to 50% of the minimum living wage for an able-bodied person (calculated per month), established on January 1 of the reporting tax year. TSB is granted to an employee if his income does not exceed the amount equal to the monthly living wage for an able-bodied person as of January 1 of the reporting tax year, multiplied by 1.4 and rounded to the nearest 10 hryvnias (income limit).

Other deductions can be made from wages. Deductions from wages can be made only in cases provided for by law. With each payment of wages, the total amount of all deductions cannot exceed 25%, and in cases provided by law – 50% of the wages due to be paid to employees.

These restrictions do not apply to deductions from wages when serving a sentence in the form of correctional labor and when collecting alimony for minor children. In these cases, the amount of salary deductions cannot exceed 70%.

The employee's salary is subject to the Single Social Contribution (SSC) of 22%. This tax is paid by the employer.

12.4. Accrual of temporary disability benefits

Calculation and payment of benefits for temporary incapacity for work are carried out on the basis of a certificate of incapacity for work. The rules for drawing up the specified document are established in the Instructions on the Procedure for Issuing Documents Certifying the Temporary Incapacity of Citizens. If inaccuracies (inaccuracies) are found in the sick leave certificate received from the employee, it is not possible to pay benefits for it.

Three points are decisive for the calculation of temporary disability benefits:

– the number of days of incapacity for work that are subject to payment;

– average daily (average hourly) earnings of an employee;

– employee's work experience.

Temporary disability benefits must be provided for calendar days.

The first 5 days of temporary incapacity due to illness or injury not related to an accident at work are paid for by the company. The following days are paid from the funds of the Disability Fund.

The amount of temporary disability benefit is determined depending on the insurance experience of the employee. The insurance period is calculated on the date of occurrence of the insured event:

a) 50% of the average salary (income) - to an insured person with up to 3 years of insurance experience;

b) 60% of the average salary (income) - to an insured person with 3 to 5 years of insurance experience;

c) 70% of the average salary (income) - for persons with insurance experience of 5 to 8 years;

d) 100% of the average salary (income) to persons who:

– have more than 8 years of insurance experience;

– assigned to 1-4 categories of persons who suffered as a result of the Chernobyl disaster;

– to one of the parents or a person who replaces them and cares for a sick child under the age of 14 who suffered from the Chernobyl disaster;

– are war veterans and persons equal to them;

– classified as victims of Nazi persecution;

– are donors.

The average daily salary (income, financial support) is calculated by dividing the salary (income, financial support) accrued for the calculation period (12 calendar months), to which the SSC is charged, by the number of calendar days of employment in the calculation period without taking into account calendar days not worked for good reasons:

– temporary incapacity;

– leave due to pregnancy and childbirth;

– childcare leave until the child reaches the age of three and six years according to a medical opinion;

– leave without pay.

Months of the calculation period (from the first to the first day), in which the insured person did not work for valid reasons, are excluded from the calculation period.

The average daily wage (income, financial support) cannot exceed the maximum value of the basis of the calculation of the EUS based on one calendar day, which is calculated by dividing its established amount in the last month of the calculation period by the average monthly number of calendar days (30, 44).

The calculation period for which the average salary is calculated is 12 calendar months of employment (from the first to the first date) at the last main place of work of the insured person preceding the month in which the insured event occurred.

For the first 5 calendar days, the employer pays from his own funds. Such payment shall be made on the deadline established for the payment of wages closest to the date of temporary disability benefit. The rest of the days (starting from the 6th calendar day) sick leave is paid by the Social Insurance Fund. In order to receive funds from the Fund to pay for a sick leave, you should open a separate current account in any bank of Ukraine, to which funds from the Social Insurance Fund will be credited.

The decision to pay from the funds of the Social Insurance Fund for the sick leave provided by the employee is made by the social insurance commission (or authorized person) of the enterprise, which draws up a protocol with a decision on the assignment of financial support to the insured person. On the basis of the protocol, the accountant draws up a statement-calculation, which will include information about the amounts of sick leave accrued to the insured person, which will be paid at the expense of the Social Insurance Fund. The application-calculation is submitted to the territorial body of the Social Insurance Fund to receive funds for the payment of sick leave. The fund verifies the data specified in the settlement statement, and if no errors are found, funds are transferred to the company's special account for the payment of temporary disability benefits. The specified funds must arrive within 10 working days after receipt of the settlement application. It is after this event that the company will be able to pay the employee temporary disability benefits from a special account.

Amounts from the special account can be used only for the payment of temporary disability benefits at the expense of the Social Insurance Fund and the payment of a single social contribution, military duty and personal income tax withheld from the amount of such benefits.

The amount of assistance in connection with temporary incapacity for work is subject to taxation with a single social contribution (22%), military tax (1.5%), personal income tax (18%), since for the purpose of taxation they are equated to salary.

In accounting, accrual and payment of sick leave is carried out on sub-account 663 “Settlements for other payments”, and settlements with the Social Insurance Fund are carried out on sub-account 378 “Settlements with state special funds”.

12.4. Accrual of temporary disability benefits

According to the Law of Ukraine “On Vacations”, the following types of vacations are established:

– annual vacations (main and additional);

– additional holidays in connection with studies;

– creative leave;

– social leave (in connection with pregnancy and childbirth, for taking care of a child until it reaches the age of three, additional leave for employees who have children);

– leave without pay.

The duration of vacations is determined by the Law of Ukraine “On Vacations” and other laws and regulations and is calculated in calendar days. Holidays and non-working days increase the length of leave, but are not paid. The duration of the annual basic leave is at least 24 calendar days for the completed working year, starting from the date of conclusion of the employment contract.

Leave without pay may be granted to an employee for a period of no more than 15 calendar days per year.

In case of dismissal of an employee, he is paid monetary compensation for all unused days of annual leave, as well as additional leave for persons with children.

Vacation pay is calculated based on the average daily (hourly) wage multiplied by the number of paid calendar days. Vacation pay is calculated on the basis of the following primary documents:

– an order to grant leave;
– order on compensation for unused vacation;
– dismissal order, etc.

The Law of Ukraine “On Vacations” states that vacation pay should be paid to employees before the vacation begins. Taxation of vacation pay is carried out similarly to taxation of wages of employees.

CHAPTER 3. ACCOUNTING OF EXPENSES, INCOME, FINANCIAL RESULTS AND FINANCIAL REPORTING

Lecture № 16

Topic 13. COST ACCOUNTING OF ENTERPRISE ACTIVITY

13.1. Concept and classification of production costs

13.2. Formation and accounting of the cost of sold products (goods, works, services)

13.3. Accounting of general production costs

13.4. Accounting of administrative expenses

13.5. Accounting for sales costs

13.6. Accounting for other expenses

Recommended information resources:

1. Skorobogatova N.Ye. Accounting [Electronic resource]: tutorial / N.Ye. Skorobogatova; Igor Sikorsky KPI. Electronic text data (1 file: 3,7 MB). Kyiv: Igor Sikorsky KPI, 2017. 248 p. URL: https://ela.kpi.ua/handle/123456789/20080 (P. 194 - 205).

2. Law of Ukraine "On accounting and financial reporting in Ukraine". URL: https://zakon.rada.gov.ua/laws/show/996-14#Text

3. National regulation (standard) of accounting 1 "General requirements for financial reporting", approved by order of the Ministry of Finance of Ukraine on February 7, 2013. № 73. URL: https://zakon.rada.gov.ua/laws/show/z0336-13#Text

4. National regulation (standard) of accounting 9 "Inventories". URL: https://zakon.rada.gov.ua/laws/show/z0751-99#Text

5. National regulation (standard) of accounting 16 "Expenses". URL: https://zakon.rada.gov.ua/laws/show/z0027-00#Text

6. National regulation (standard) of accounting 17 "Income tax". URL: https://zakon.rada.gov.ua/laws/show/z0047-01#Text

13.1. Concept and classification of production costs

According to the National regulation (standard) of accounting 1 "General requirements for financial reporting" and National regulation (standard) of accounting 16 "Expenses", **expenses** are a decrease in economic benefits in the form of disposal of assets or an increase in liabilities, which lead to a decrease in own capital (with the exception of the reduction of capital due to its withdrawal or distribution by owners), provided that these costs can be reliably estimated.

Expenses are recognized as expenses of a certain period simultaneously with the recognition of the income for which they were incurred.

Expenses that cannot be directly related to the income of a certain period are reflected as part of the expenses of the reporting period in which they were incurred.

If the asset provides the receipt of economic benefits over several accounting periods, then expenses are recognized by systematically allocating its value. For example, fixed assets used for more than 12 months – the costs of their purchase are included in the company's expenses in the form of depreciation.

At the same time, the following are not recognized as expenses:

– payments under commission agreements, agency agreements and other similar agreements in favor of the principal, the principal;
– preliminary (advance) payment for stocks, works, services;
– repayment of received loans;
– expenses reflected by a decrease in equity;
– book value of foreign currency.

Accounting of enterprise costs is carried out in two directions: by types of activities and by elements. Cost accounting by types of activities reflects the purposes for which the company's assets are spent, and cost accounting by elements shows exactly what resources are spent. According to accounting standards, the following types of its activities are distinguished:

– ordinary activity - any main activity of the enterprise, as well as operations that provide it or arise as a result of its implementation;

− main activity - operations related to the production or sale of products (goods, works, services), which are the main purpose of the enterprise and provide the main share of its income;

− operational activity - the main activity of the enterprise, as well as other types of activities that are not investment or financial activities;

− investment activity - acquisition and realization of those non-current assets, as well as those financial investments that are not part of cash equivalents;

− financial activity - activity that leads to changes in the size and composition of the company's equity and loan capital.

In accounting, expenses by types of activities are reflected in the accounts of class 9 “Activity expenses”, and expenses by elements – in class 8 “Expenses by elements”. On the accounts of class 8, except for account 85 “Other costs”, accounting of the costs of operational activities is carried out according to the following cost elements: material costs (account 80), labor costs (account 81), deductions for social activities (account 82), depreciation (account 83) and other operating expenses (account 84). Account 85 is used to summarize information about expenses related to investment and financial activities, as well as other activity expenses.

Accounts of class 9 “Activity expenses” are used to summarize information about the costs of operational, investment, financial and other activities of the enterprise. The debit of the accounts of this class shows the amount of expenses, the credit shows the amount of expenses at the end of the reporting year or every month to account 79 “Financial results”.

13.2. Formation and accounting of the cost of sold products (goods, works, services)

The cost of sold goods is determined according to Accounting Regulation (standard) 9 “Inventories”.

The cost of sold products (works, services) consists of:

– production cost of products (works, services), which was realized during the reporting period;

– undistributed permanent general production costs;

– excessive production costs.

The production cost of products (works, services) is the main component of the cost of sold products, which is formed during the reporting period on account 23 “Production”. It includes:

– direct material costs;

– direct labor costs;

– other direct costs;

– variable general production and constant distributed general production costs.

The production cost of products is reduced by the fair value of related products that are sold, and the value of related products in the assessment of their possible use, which is used at the enterprise itself.

The list and composition of articles for calculating the production cost of products (works, services) are established by the enterprise.

Account 90 “Cost of sales” is used to summarize information about the cost of sold finished products, goods, completed works, and services. According to the debit of account 90, the production cost of sold finished products, works, and services is reflected; actual cost of sold goods (without trade markups), insurance payments in accordance with insurance contracts, on credit - write-off in the order of closing debit turnovers to account 79 “Financial results”. Account 90 “Cost of sale” has the following sub-accounts:

901 “Cost of sold finished products”

902 “Cost of goods sold”

903 “Cost of realized works and services”

904 “Insurance payments”

13.3. Accounting of general production costs

General production costs are also included in the production cost, but they are indirect in nature, as they are related to the production of a group or all products, the performance of all services / works. According to National regulation (standard) of accounting 16 "Expenses", the composition of general production costs includes:

− costs of production management (wages for the management apparatus of workshops, divisions, etc., deductions for social events and medical insurance of the management apparatus of workshops, divisions; expenses for the payment of business trips for personnel of workshops, divisions, etc.);

− depreciation of fixed assets and intangible assets of general production (shop, district, line) purpose;

− expenses for maintenance, operation and repair, insurance, operating lease of fixed assets, other non-current assets of general production purpose;

− expenses for improving technology and organization of production (wages and deductions for social activities of employees engaged in improving technology and organization of production, improving product quality, increasing its reliability, durability, and other operational characteristics in the production process; expenses for materials, purchase of components and semi-finished products , payment for services of third-party organizations, etc.);

− expenses for heating, lighting, water supply, drainage and other maintenance of industrial premises;

− expenses for maintenance of the production process (wages of general production staff; deductions for social events, medical insurance of workers and production management apparatus; expenses for implementation of technological control over production processes and the quality of products, works, services);

− expenses for labor protection, safety equipment and environmental protection, etc.

General production costs are divided into fixed and variable.

Variable general production costs are costs for maintenance and management of production (workshops, sites), which change directly (or almost directly) in proportion to changes in the volume of activity. They are allocated to each cost object using the distribution base (labor hours, wages, volume of activity, direct costs, etc.), based on the actual capacity of the reporting period.

Fixed general production costs are costs for maintenance and production management that remain unchanged (or almost unchanged) when the volume of activity changes. Fixed general production costs are allocated to each cost object using the allocation base (labor hours, wages, volume of activity, direct costs, etc.) at normal capacity. Undistributed permanent general production costs are included in the cost of goods sold (works, services) in the period of their occurrence. The total amount of allocated and unallocated fixed general production costs cannot exceed their actual value.

The list and composition of variable and fixed general production costs are established by the enterprise.

Account 91 “General production costs” records production overhead costs for the organization of production and management of workshops, divisions, branches, teams and other divisions of the main and auxiliary production, as well as costs for maintenance and operation of machines and equipment. The debit of account 91 shows the amount of recognized expenses, the credit – monthly, according to the appropriate distribution, debiting to accounts 23 “Production” and 90 “Cost of sales”. Analytical accounting is carried out by places of occurrence, centers and articles (types) of expenses.

13.4. Accounting of administrative expenses

Expenses related to operational activities, which are not included in the cost of goods sold (goods, works, services), are divided into administrative expenses, sales expenses and other operating expenses.

Administrative expenses are general economic expenses aimed at the maintenance and management of the enterprise:

– general corporate expenses (organizational expenses, expenses for conducting annual meetings, representative expenses, etc.);

– expenses for business trips and maintenance of the enterprise's management apparatus and other general economic personnel;

– expenses for maintenance of fixed assets, other non-current assets of general economic use (operating lease, property insurance, depreciation, repairs, heating, lighting, water supply, drainage, security);

– fees for professional services (auditing, legal, etc.);

– communication costs;

– expenses for settlement of disputes in judicial bodies;

– taxes, fees and other mandatory payments stipulated by law (except those included in the production cost of products, works, services);

– fees for settlement and cash service and other bank services, as well as expenses related to the purchase and sale of currency, etc.

Account 92 “Administrative expenses” shows general economic expenses related to the management and maintenance of the enterprise. The debit of account 92 “Administrative expenses” shows the amount of recognized administrative expenses, and the credit shows a debit to account 79 “Financial results”. Analytical accounting is carried out by expense items.

13.5. Accounting for sales costs

Sales costs – costs related to the sale of products (goods, works, services):

– consumption of packaging materials for packaging finished products in warehouses of finished products;

– costs for the repair of containers;

– wages and commissions to sellers, sales agents and employees of sales departments;

– expenses for advertising and market research (marketing);

– costs for pre-sale preparation of goods;

– travel expenses of employees engaged in sales;

– expenses for maintenance of fixed assets, other non-current assets related to the sale of products, goods, works, services (operating lease, insurance, depreciation, repair, heating, lighting, security);

– expenses for transportation, transshipment and insurance of finished products (goods), transport forwarding and other services related to the transportation of products (goods) in accordance with the terms of the contract (basis) of delivery;

– costs for warranty repair and warranty service;

– costs for insurance of finished products (goods) intended for further sale, stored in the company's warehouse, etc.

Account 93 “Sales expenses” records expenses related to the sale (realization, sale) of products, goods, works and services. The debit of the account shows the amount of recognized sales expenses, and the credit shows a debit to account 79 “Financial results”.

13.6. Accounting for other expenses

Other operating expenses include:

– research and development expenses in accordance with standart 8 “Intangible assets” – subaccount 941;

– the cost of realized production stocks, which for accounting purposes consists of their accounting value and costs associated with their realization - subaccount 943;

– the amount of bad debts and deductions to the reserve of doubtful debts – subaccount 944;

– losses from the operational exchange rate difference (that is, from the change in the currency exchange rate for operations, assets and liabilities related to the operational activities of the enterprise) – subaccounts 942 and 945;

– losses from depreciation of stocks – subaccounts 940 and 946;

– shortages and losses from deterioration of valuables – subaccount 947;

- recognized fines, penalties, penalties – subaccount 948;
- expenses for the maintenance of objects of social and cultural purpose;
- other operating costs – subaccount 949.

Account 94 “Other costs of operational activity” records the costs of the company's operational activities, except for the costs that are reflected in accounts 90 “Cost of sales”, 91 “General production costs”, 92 “Administrative expenses”, 93 “Costs for sales”. The debit of the account shows the amount of recognized expenses, and the credit shows a debit to account 79 “Financial results”.

The costs of financial activity include interest costs for the use of loans received, bonds issued, financial leases, as well as costs associated with raising loan capital. To account for these costs, account 95 “Financial costs” is provided in the chart of accounts. Account 95 records interest expenses and other expenses of the enterprise related to borrowing. It has the following sub-accounts:

951 “Loan interest”

952 “Other financial expenses”

The debit of the account shows the amount of recognized expenses, and the credit shows a debit to account 79 “Financial results”.

Costs of investment activities include costs of capital construction, acquisition and production of fixed assets, intangible assets, acquisition of long-term and current financial investments, as well as costs related to the sale of non-current assets and financial investments.

Accounting for expenses on capital and financial investments is kept on accounts 14 “Long-term financial investments”, 15 “Capital investments”, 35 “Current financial investments”. Class 9 accounts record only losses from capital participation and expenses from the sale of non-current assets and financial investments. Equity losses are losses from investments in associates, subsidiaries or joint ventures that are accounted for using the equity method. Account 96 “Loss from equity participation” records losses from the decrease in the value of investments, which are accounted for according to the method of equity participation, arising in the course of the enterprise's investment activities. The debit of the account shows the amount of recognized losses, and the credit shows a debit to account 79 “Financial results”.

Account 97 “Other expenses” records expenses that arise in the course of activity (except for financial expenses), but are not related to the production or sale of the main products (goods) and services. The debit shows the amount of recognized expenses, the credit shows a debit to account 79 “Financial results”.

Account 97 “Other expenses” has the following sub-accounts:

970 “Costs from changes in the value of financial instruments”

971 “Cost of realized financial investments”

972 “Loss from impairment of assets”

974 “Losses from non-operational exchange rate differences”

975 “Valuation of non-current assets and financial investments”

976 “Writing off non-current assets”

977 “Other activity expenses”.

Account 98 “Income tax” records the amount of income tax expenses, which consists of current income tax taking into account the deferred tax liability and deferred tax asset and is determined in accordance with standart 17 “Income tax”. The debit of the account shows the accrued amounts of income tax, deductions to the State Budget of Ukraine from the income from state money lotteries and tax on income from insurance activities, and the credit – inclusionn in the financial results on account 79 “Financial results”.

Debet 98 Kredit 641 – income tax is charged

Debet 641 Kredit 311 – incomee tax was transferred to the budget.

Lecture № 17

Topic 14. ACCOUNTING OF INCOME AND FINANCIAL RESULTS

14.1. Concept, classification and assessment of income

14.2. Accounting of income from the sale of products (goods, works, services)

14.3. Accounting of other incomes

14.4. Procedure for formation and accounting of financial results

Recommended information resources:

1. Skorobogatova N.Ye. Accounting [Electronic resource]: tutorial / N.Ye. Skorobogatova; Igor Sikorsky KPI. Electronic text data (1 file: 3.7 MB). Kyiv: Igor Sikorsky KPI, 2017. 248 p. URL: https://ela.kpi.ua/handle/123456789/20080 (P. 206 - 219).

2. Law of Ukraine "On accounting and financial reporting in Ukraine". URL: https://zakon.rada.gov.ua/laws/show/996-14#Text

3. National regulation (standard) of accounting 1 "General requirements for financial reporting", approved by order of the Ministry of Finance of Ukraine on February 7, 2013. № 73. URL: https://zakon.rada.gov.ua/laws/show/z0336-13#Text

4. National regulation (standard) of accounting 15 "Revenues". URL: https://zakon.rada.gov.ua/laws/show/z0860-99#Text

5. National regulation (standard) of accounting 17 "Income tax". URL: https://zakon.rada.gov.ua/laws/show/z0047-01#Text /

14.1. Concept, classification and assessment of income

According to the National regulation (standard) of accounting 1 "General requirements for financial reporting" and the National regulation (standard) of accounting 15 "Revenues", **revenues** are an increase in economic benefits in the form of an inflow of assets or a decrease in liabilities, which lead to an increase in own capital (with the exception of capital growth at the expense of owners' contributions). The following receipts from other persons are not recognized as income:

- the amount of value-added tax, excise duties, other taxes and mandatory payments subject to transfer to the budget and extra-budgetary funds;
- the amount of income under the commission contract, agency and other similar contracts in favor of the principal, principal, etc.;

- amount of advance payment for products (goods, works, services);
- the amount of the advance for the payment of products (goods, works, services);
- the amount of the deposit as collateral or in repayment of the loan, if it is stipulated by the relevant contract;
- receipts belonging to other persons;
- proceeds from the initial placement of securities;
- the amount of the balance sheet value of the currency.

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

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

The composition of **other operating income** includes amounts of other income from the company's operational activities, in addition to net income from the sale of products (goods, works, services), in particular:

- income from operational lease of assets;
- income from operational exchange rate differences;
- reimbursement of previously written-off assets;
- income from royalties, interest received on balances of funds in current accounts in banks, income from the sale of current assets (except for financial investments), non-current assets held for sale, and disposal groups, etc.

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

Other income includes:

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

Income (revenue) from the sale of products (goods, other assets) is recognized if all of the following conditions are met:

- risks and benefits related to ownership of products (goods, other asset) transferred to the buyer;
- the enterprise does not manage and control the products sold (goods, other assets) in the future;
- the amount of income (revenue) can be reliably determined;
- there is certainty that the operation will result in an increase in the company's economic benefits, and the costs associated with this operation can be reliably determined.

Income is not recognized if there is an exchange of products (goods, works, services and other assets) that are similar in purpose and have the same fair value.

Income related to the provision of services is recognized based on the degree of completion of the transaction on the provision of services as of the balance sheet date, if the result of this transaction can be reliably estimated.

The result of a service operation can be reliably estimated if all of the following conditions are present:

- the possibility of reliable assessment of income;
- probability of receiving economic benefits from the provision of services;
- the possibility of a reliable assessment of the degree of completion of the provision of services as of the balance sheet date;
- the possibility of a reliable assessment of the costs incurred for the provision of services and necessary for their completion.

Assessment of the degree of completion of the service operation is carried out:

- study of the completed work;
- determining the specific weight of the volume of services provided on a certain date in the total volume of services to be provided;
- determination of the specific weight of costs incurred by the enterprise in connection with the provision of services, in the total expected amount of such costs.

The amount of expenses incurred on a certain date includes only those expenses that reflect the volume of services provided on that date.

If the income (revenue) from the provision of services cannot be reliably determined, then it is reflected in accounting in the amount of determined costs that are subject to reimbursement.

If the income (revenue) from the provision of services cannot be reliably estimated and there is no probability of reimbursement of incurred expenses, then the income is not recognized, and the incurred expenses are recognized as expenses of the reporting period. If in the future the amount of income will be reliably estimated, then income is recognized based on this estimate.

Determined income (revenue) from doubtful and hopeless receivables. The amount of such debt is recognized as an expense of the enterprise in accordance with standart 10 “Receivables”.

The amount of the obligation, which is not subject to repayment, is recognized as income.

Income arising from the use of the company's assets by other parties is recognized in the form of interest, royalties and dividends, if:

- likely receipt of economic benefits associated with such an operation;
- income can be reliably estimated.

Such income should be recognized in the following order:

- interest is recognized in the reporting period to which it belongs, based on the basis of their calculation and the period of use of the relevant assets, taking into account the economic content of the relevant agreement;

– royalties are recognized according to the accrual principle according to the economic content of the relevant agreement;

– dividends are recognized in the period of decision on their payment.

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

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

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

On the accounts of class 7 “Income and results of activity” during the reporting year, the amount of total income together with the amount of indirect taxes, fees (mandatory payments) included in the sales price is displayed as a credit, and as a debit - a monthly display of the appropriate amount of indirect taxes, fees (mandatory payments), annual or monthly assignment of the amount of net income to account 79 “Financial results”.

14.2. Accounting of income from the sale of products (goods, works, services)

To summarize information on income from the sale of finished products, goods, works and services, income from renting investment real estate, income from insurance activities, income from gambling business, from holding lotteries, as well as the amount of discounts given to buyers, and account 70 “Proceeds from sales” is assigned for other deductions from income.

Account 70 “Proceeds from sales” has the following sub-accounts:

701 “Income from the sale of finished products”

702 “Income from sale of goods”

703 “Income from the implementation of works and services”

704 “Deduction from income”

705 “Reinsurance”

The credit of subaccounts 701 - 703 shows the increase (receipt) of income, the debit shows the appropriate amount of indirect taxes (excise tax, VAT and others provided for by law); the result of reinsurance operations (in correspondence with subaccount 705 “Reinsurance”); the result of changes in reserves of unearned premiums (in insurance organizations); and debiting in order of closing to account 79 “Financial results”.

Analytical accounting of income from sales is carried out by types (groups) of products, goods, works, services, sales regions and/or other areas determined by the enterprise.

Sub-account 704 “Deductions from income” debits the sums of receipts under commission contracts, agency contracts and other similar contracts in favor of principals and principals; the amount of discounts given to buyers after the sale date, the cost of products and goods returned by the buyer, and other amounts subject to deduction from income. For the credit of subaccount 704, the write-off of debit turnover is reflected on account 79 “Financial results”.

14.3. Accounting of other incomes

Account 71 “Other operating income” summarizes information on other income from the enterprise's operating activities in the reporting period, except income (revenue) from the sale of products (goods, works, services).

The credit of account 71 “Other operating income” shows the increase (receipt) of income, the debit shows the amount of indirect taxes (value added tax, excise tax and other fees (mandatory payments)) and debited in order of closing to account 79 “Financial results”.

Account 71 “Other operating income” has the following sub-accounts:

710 “Income from the initial recognition and from changes in the value of assets accounted for at fair value” - income from the initial recognition of

agricultural products and biological assets, and from changes in the fair value of biological assets, which is determined in accordance with standart 30 “Biological Assets”. Enterprises whose main activity is securities trading, in this article, reflect income from changes in the value of financial instruments that are valued at fair value;

711 “Income from the purchase and sale of foreign currency” - the positive difference between the price of purchase and sale of foreign currency and its book value;

712 “Income from the sale of other current assets”;

713 “Income from operating lease of assets”;

714 “Income from operational exchange rate difference”;

715 “Received fines, penalties, penalties” – fines, penalties, penalties and other sanctions for violation of business contracts, which are recognized by the debtor or in respect of which decisions of the court, arbitration court have been received on their collection, as well as on amounts for compensation of losses suffered;

716 “Reimbursement of previously written-off assets”;

717 “Income from write-off of payables”;

718 “Income from freely received current assets”;

719 “Other income from operating activities”.

Account 72 “Income from equity participation” is intended to summarize information on income from investments made in associated, subsidiary or joint ventures and accounted for by the equity method. Account 72 has the following sub-accounts:

721 “Income from investments in associated enterprises”

722 “Income from joint activities”

723 “Income from investments in subsidiaries”

The credit of the account shows an increase (receipt) of income, and the debit shows a write-off in order of closing to account 79 “Financial results”.

Analytical accounting of income from participation in capital is conducted for each investment object and other characteristics determined by the enterprise.

Account 73 “Other financial income” is intended for accounting of income arising in the course of the company's financial activities, in particular dividends, interest and other income from financial activities, which are not accounted for in account 72. Account 73 “Other financial income” has the following sub-accounts:

731 “Dividends received”

732 “Interest received”

733 “Other income from financial transactions”

The credit of the account shows the recognized amount of income, the debit shows the write-off of credit turnover to account 79 “Financial results”.

Account 74 “Other income” is intended to record income that arises in the course of activity, but is not related to the operational and financial activities of the enterprise. The credit of account 74 shows the increase (receipt) of income, the debit shows the due amount of indirect taxes (VAT, excise tax and other fees (mandatory payments)) and debited in order of closing to account 79 “Financial results”. Account 74 “Other income” has the following sub-accounts:

740 “Income from changes in the value of financial instruments”

741 “Income from realization of financial investments”

742 “Income from asset recovery”

744 “Income from non-operational exchange rate difference”

745 “Income from assets received free of charge”

746 “Other income”.

Account 76 “Insurance payments” is intended for accounting by insurers of receipts of insurance payments (insurance premiums, insurance premiums) under insurance contracts. The credit of account 76 shows an increase in insurance payments to the insurer, and the debit shows the return of insurance payments to the insured in the event of early termination of the insurance contract.

Every month, account 76 is closed by correspondence with sub-account 703 “Income from the implementation of works and services”.

14.4. Procedure for formation and accounting of financial results

At the end of the period, income accounts and expense accounts are closed by debiting their balance to account 79 “Financial results”. The instructions for the Chart of Accounts allow you to close income and expense accounts every month or until the end of the reporting year. Schematically, the relationship between income and expense accounting accounts has the following form:

Figure 14.1 – Interrelationship of income and expense accounts

Account 79 “Financial results” is intended for recording and summarizing information about the financial results of the enterprise.

The credit of account 79 “Financial results” shows the amounts in the order of closing the income accounting accounts, the debit - the amounts in the order of closing the expense accounting accounts, as well as the due amount of accrued income tax.

The balance of the account when it is closed is debited to account 44 “Retained earnings (uncovered losses)”.

Account 79 “Financial results” has the following sub-accounts:

791 “Result of operating activities”

792 “Result of financial operations”

793 “Result of other activity”

Profit (loss) from the enterprise's operating activities is determined on sub-account 791 “Result of operating activities”. On the credit of the subaccount, the amount of income from the sale of finished products, goods, works, services and from other operating activities is reflected in the order of closing the accounts (accounts 70 “Revenue from sales”, 71 “Other operating income”), on the debit - the amount in the order of closing the accounts accounting for the cost of sold finished products, goods, works and services, administrative costs, sales costs, other operating costs (90 “Cost of sales”, 92 “Administrative expensis”, 93 “Sales costs”, 94 “Other operating costs”) .

Sub-account 792 “Result of financial operations” determines the profit (loss) from financial operations of the enterprise. The credit of the subaccount shows the debiting of the amount in the order of closing the accounting accounts of income from equity participation and other financial income, the debit - the debiting of financial expenses from accounts 95 “Financial expenses” and 96 “Loss from equity participation”.

Profit (loss) from other activities of the enterprise is determined on sub-account 793 “Result from other activities”. The credit of the account shows the write-off of the amount in the order of closing the accounting accounts of income from investment and other activities of the enterprise, and the debit - the write-off of expenses from account 97 “Other expenses”.

Lecture № 18

Topic 15. FINANCIAL REPORTING

15.1. General requirements for financial reporting

15.2. Content and procedure for drawing up the balance sheet

15.3. Content and procedure for drawing up a report on financial results

15.4. Content and procedure for drawing up a cash flow report

15.5. Content and procedure for drawing up a report on changes in equity

Recommended information resources:

1. Skorobogatova N.Ye. Accounting [Electronic resource]: tutorial / N.Ye. Skorobogatova; Igor Sikorsky KPI. Electronic text data (1 file: 3.7 MB). Kyiv: Igor Sikorsky KPI, 2017. 248 p. URL: https://ela.kpi.ua/handle/123456789/20080 (P. 220-229).

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5. Murashko T. Annual financial reporting. URL: http://www.visnuk.com.ua/uk/publication/100003890-richna-finansova-zvitnist

6. The procedure for submitting financial statements. URL: https://zakon.rada.gov.ua/laws/show/419-2000-%D0%BF#Text

15.1. General requirements for financial reporting

The purpose, composition and principles of preparation of financial statements and requirements for recognition and disclosure of its elements are determined by the National Regulation (standard) of accounting 1 “General requirements for financial statements”.

Financial reporting – accounting reporting containing information on the financial status, results of operations and cash flow of the enterprise for the reporting period.

The purpose of preparing financial statements is to provide users with complete, true and unbiased information about the financial condition, performance and cash flow of the enterprise for decision-making. The procedure for submitting financial statements to users is determined by current legislation.

Financial reporting consists of:

- balance sheet (financial statement)
- financial results report (comprehensive income report)
- cash flow report,
- equity report
- a note to the financial statements.

For small business entities and representative offices of foreign entities of economic activity, national regulations (standards) establish abbreviated financial reporting in terms of indicators as part of a balance sheet and a report on financial results, the form and procedure of which are determined by Accounting Regulation (standard) 25 “Financial Report of a small business entity”.

Enterprises that in accordance with the law apply international financial reporting standards and in accordance with International financial reporting standard 1 “First application of international financial reporting standards” submit the first annual financial reporting according to international standards, in the balance sheet provide information on the beginning and end of the reporting period, as well as on date of transition to international financial reporting standards.

The information provided in the financial statements should be profitable and understandable to its users, provided that they have sufficient knowledge and are interested in the perception of this information.

Financial statements should contain only relevant information that affects decision-making by users, allows timely assessment of past, present and future events, confirms and corrects their assessments made in the past.

Financial statements must be reliable. The information provided in the financial statements is reliable if it does not contain errors and distortions that can influence the decisions of the users of the statements.

Financial statements should enable users to compare:

- financial statements of the enterprise for different periods;
- financial reports of various enterprises.

The prerequisite for comparability is the provision of relevant information from the previous period and the disclosure of information about the accounting policy and its changes. Establishing and changing the accounting policy of the enterprise is carried out by the enterprise, which determines it in agreement with the owner (owners) or an authorized body (official) in accordance with the founding documents.

The financial statements of the enterprise are formed in accordance with the following principles:

- autonomy of the enterprise
- business continuity
- periodicity
- historical (actual) cost price
- accrual and matching of income and expenses
- full coverage
- sequences
- prudence
- the predominance of essence over form
- a single monetary unit

Each financial statement must contain the date as of which its figures are given or the period it covers. If the period for which the financial statement is prepared differs from the reporting period, the reasons and consequences of this should be disclosed in the notes to the financial statements.

15.2. Content and procedure for drawing up the balance sheet

The balance sheet of the enterprise is drawn up at the end of the last day of the reporting period. Interim (monthly, quarterly) reporting, which covers a certain period, consists of a cumulative total from the beginning of the reporting year.

Enterprises may not provide items for which there is no information prior to disclosure (unless such information was available in the previous reporting period), as well as add items with their name and line code preserved from the list of additional items of financial reporting listed in the appendix of the National Regulation (standard), if the article meets the following criteria:

- the information is essential;
- the evaluation of the article can be reliably determined.

The balance sheet shows the assets, liabilities and equity of the enterprise.

The purpose of drawing up a balance sheet is to provide users with complete, true and unbiased information about the financial condition of the enterprise as of the reporting date.

The balance sheet shows the assets, liabilities and equity of the enterprise. The sum of the balance sheet assets must equal the amount

An asset is shown in the balance sheet provided that its value can be reliably determined and it is expected to receive future economic benefits associated with its use.

Costs for the acquisition and creation of an asset that cannot be reflected in the balance sheet are included in the expenses of the reporting period.

A liability is reflected in the balance sheet if its value can be reliably determined and there is a possibility that economic benefits will decrease in the future as a result of its repayment.

Equity is reflected in the balance sheet simultaneously with the reflection of assets or liabilities that lead to its change.

The balance is compiled using the balances of accounts of class 1-6:

Table 15.1 – Relationship between the chart of accounts and the Balance Sheet

<table>
<tr><th colspan="2">Assets</th><th colspan="2">Liabilities and equity</th></tr>
<tr><td>Section of the asset</td><td>Account class</td><td>Section of the passive</td><td>Account class</td></tr>
<tr><td>I. Non-current assets</td><td>1. Non-current assets</td><td>I. Equity</td><td>4. Equity and securing liabilities</td></tr>
<tr><td>II. Current assets</td><td>2. Supplies</td><td>II. Long-term liabilities and security</td><td>5. Long-term liabilities</td></tr>
<tr><td rowspan="2">III. Non-current assets held for sale and disposal groups</td><td rowspan="2">3. Funds, settlements and other assets</td><td>III. Current liabilities and provisions</td><td>6. Current liabilities</td></tr>
<tr><td>IV. Liabilities related to non-current assets,</td><td>Account 680. Settlements related to non-current assets and disposal groups held for sale</td></tr>
</table>

The balance sheet includes the residual value of non-current assets, which is defined as the difference between the original value and the amount of accumulated depreciation, which is given in parentheses.

15.3. Content and procedure for drawing up a report on financial results

The purpose of compiling a report on financial results is to provide users with complete, true and unbiased information about income, expenses, profits and losses and the total income of the enterprise for the reporting period.

To compile the report, turnover data on accounts of classes 7 “Income and financial results”, 8 “Expenses by elements”, 9 “Activity costs” are used.

“Net income from the sale of products (goods, works, services)” shows the income (revenue) from the sale of products, goods, works, services after deducting the discounts provided, the value of returned goods previously sold, income that according to the contracts belongs to the principals (principals etc.), and taxes and fees.

“Cost of sold products (goods, works, services)” shows the production cost of sold products (works, services) and/or the cost of sold goods, that is, the amount of turnover on account 90 “Cost of sales”.

Gross profit (loss) is calculated as the difference between the net income from the sale of products (goods, works, services) and the cost of sold products (goods, works, services) taking into account the amounts specified in additional articles.

“Other operating income” shows the sums of other income from the company's operational activities, in addition to net income from the sale of products (goods, works, services): income from operating lease of assets; income from operational exchange rate differences; reimbursement of previously written-off assets; income from royalties, interest received on balances of funds in current accounts in banks, income from the sale of current assets (except financial investments), non-current assets held for sale and disposal groups, income from write-off of payables, received fines, penalties, penalties etc.

“Administrative expenses” reflects the general economic expenses related to the management and maintenance of the enterprise, i.e. turnover on account 92 “Administrative expenses”.

“Costs for sales” reflects the company's costs related to the sale of products (goods), — costs for maintaining units engaged in the sale of products (goods), advertising, delivery of products to consumers, etc., i.e. turnover on account 93 “Costs for marketing”.

“Other operating expenses” reflects the cost of realized production stocks, non-current assets held for sale, and disposal groups; deduction for the creation of a reserve of doubtful debts and the amount of written-off bad debts; losses from stock depreciation; losses from operational exchange rate differences; recognized economic (financial) sanctions; deductions to ensure the following operating costs, as well as all other costs arising in the course of the company's operational activities.

Profit (loss) from operating activities is defined as the algebraic sum of gross profit (loss), other operating income, administrative expenses, selling expenses and other operating expenses, taking into account the amounts specified in additional articles.

Profit (loss) before taxation is defined as the algebraic sum of profit (loss) from operating activities, financial and other income (profits), financial and other expenses (losses), taking into account the amounts specified in additional articles.

Net profit (loss) is calculated as the algebraic sum of profit (loss) before tax, income tax and profit (loss) from discontinued operations after tax.

Section II of the financial results report provides information on other aggregate income and calculates the enterprise's aggregate income received in the reporting period.

Section III of the financial results report lists the relevant elements of operating expenses (for production and sales, management and other operating expenses) incurred by the enterprise in the course of its activities during the reporting period, less internal turnover, i.e. less those costs that constitute the cost price products (works, services) produced and consumed by the enterprise itself, i.e. turnover on class 8 accounts.

Section IV of the report on financial results is filled out by joint-stock companies whose ordinary shares or potential ordinary shares are openly sold and bought on stock exchanges, including companies that are in the process of issuing such shares.

15.4. Content and procedure for drawing up a cash flow report

The purpose of drawing up a cash flow statement is to provide users of financial statements with complete, true and unbiased information about the changes that occurred in the company's cash and cash equivalents during the reporting period.

When drawing up financial statements and consolidated financial statements, enterprises can choose the method of drawing up a cash flow report using the direct or indirect method using the appropriate report form.

The cash flow statement provides detailed sums of the company's cash receipts and expenditures resulting from operational, investment, and financial activities during the reporting period.

If the flow of cash as a result of one transaction includes amounts that belong to different types of activities, then these amounts are presented separately in the report as part of the articles related to the corresponding types of activities. Non-monetary transactions (acquisition of assets through financial leasing; barter transactions; acquisition of assets through the issuance of shares, etc.) are not included in the cash flow statement.

In the report on the flow of funds, compiled according to the direct method, the flow of funds as a result of operational activity is determined by the amount of income from operational activity and the amount of spending on operational activity of funds according to the records of their movement in accounting accounts.

In the statement of cash flows prepared using the indirect method, the flow of cash from operating activities is determined by adjusting profit (loss) from ordinary activities before taxation.

“Net flow of funds for the reporting period” displays the sum of the differences between the sum of cash receipts and expenses, reflected in the articles: “Net flow of funds from operating activities”, “Net flow of funds from investment activities” and “Net flow of funds from financial activities” .

“Balance of funds at the beginning of the year” shows the balance of funds at the beginning of the year, shown in the balance sheet.

“Impact of exchange rate changes on the balance of funds” shows the amount of increase or decrease (in parentheses) of the balance of funds as a result of foreign currency conversion when exchange rates change during the reporting period.

“Balance of funds at the end of the year” shows the difference between the amount of cash receipts and expenses, reflected in the articles “Balance of funds at the beginning of the year”, “Net movement of funds for the reporting period” and “Effect of changes in exchange rates on the balance of funds”. The indicator calculated in this way should be equal to the balance of cash and cash equivalents at the end of the reporting period.

15.5. Content and procedure for drawing up a report on changes in equity

The purpose of drawing up a report on equity is to provide users of financial statements with complete, true and unbiased information about changes in the composition of the company's equity during the reporting period.

Enterprises in the columns of the equity report, in which the components of equity capital are indicated, list only those of them that are indicated in the balance sheet. The consolidated statement of equity also provides information on changes in equity by non-controlling interest.

In order to provide a comparative analysis of information to the annual report, the report on the company's own capital is added to the report on the previous year's own capital.

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APPENDICES

Appendix A

Appendix 1
to the National regulation (standard) of accounting 1
“General requirements for financial reporting”

	Date (year, month, day)		01
Enterprise ______________________________	according to EDRPOU		
The territory of___________________________________	according to COATUU		
Organizational and legal form of business ___________________________________	according to KOPFG		
Type of economic activity ___________________________________	according to KVED		

Average number of employees ______________________________________
Address, telephone ____
Unit of measurement: thousand hryvnias. without a decimal point (except for section IV of the Report on financial results (Report on total income) (form N 2), the monetary indicators of which are given in hryvnias with kopecks)
Completed (mark "v" in the appropriate cell):

according to accounting regulations (standards).	
according to international financial reporting standards	

Balance sheet (Statement of financial position)
on _____________ 20__

Form No. 1

Asset	Line code	At the beginning of the reporting period	At the end of the reporting period
1	2	3	4
I. Non-current assets Intangible assets	1000		
initial value	1001		
accumulated depreciation	1002		
Unfinished capital investments	1005		
Fixed assets	1010		
initial value	1011		
wear and tear	1012		
Investment Property	1015		
Long-term biological assets	1020		
Long-term financial investments: which are accounted for by the method of participation in	1030		

other financial investments	1035		
Long-term receivables	1040		
Deferred tax assets	1045		
Other non-current assets	1090		
All according to section I	**1095**		
II. Current assets Reserves	1100		
Current biological assets	1110		
Accounts receivable for products, goods, works, services	1125		
Accounts receivable according to calculations: on issued advances	1130		
with a budget	1135		
including income tax	1136		
Other current receivables	1155		
Current financial investments	1160		
Money and its equivalents	1165		
Expenses of future periods	1170		
Other current assets	1190		
All according to section II	**1195**		
III. Non-current assets held for sale and disposal groups	**1200**		
Balance	**1300**		
Passive	Line code	At the beginning of the reporting period	At the end of the reporting period
1	2	3	4
I. Equity Registered (share) capital	1400		
Capital in reassessments	1405		
Additional capital	1410		
Reserve capital	1415		
Retained earnings (uncovered loss)	1420		
Unpaid capital	1425	( )	( )
Withdrawn capital	1430	( )	( )
All according to section I	**1495**		
II. Long-term liabilities and security Deferred tax liabilities	1500		
long-term bank credits	1510		
Other long-term liabilities	1515		
Long-term provisions	1520		
Targeted financing	1525		
All according to section II	**1595**		

III. Current liabilities and provisions Short-term bank credits	1600		
Current accounts payable for: long-term liabilities	1610		
goods, works, services	1615		
calculations with the budget	1620		
including income tax	1621		
insurance calculations	1625		
payroll calculations	1630		
Current provisions	1660		
Deferred income	1665		
Other current commitments	1690		
All according to section III	**1695**		
IV. Liabilities related to non-current assets, held for sale and disposal groups	**1700**		
Balance	**1900**		

Head

Chief Accountant

Date (year, month, day)			01
according to EDRPOU			

Enterprise________________________________

Statement of Financial Results (Statement of Comprehensive Income)
for ____________________20__

Form No. 2 1801003

I. FINANCIAL RESULTS

Paragraph	Code line	For reporting period	By similar period previous year
1	2	3	4
Net income from the sale of products (goods, works, services)	2000		
Cost of goods sold (goods, works, services)	2050	( )	( )
Gross:	2090		

profit			
loss	2095	( )	( )
Other operating income	2120		
Administrative expenses	2130	( )	( )
Selling expenses	2150	( )	( )
Other operating expenses	2180	( )	( )
Financial result from operating activities:			
profit	2190		
loss	2195	( )	( )
Income from equity participation	2200		
Other financial income	2220		
Other income	2240		
Financial expenses	2250	( )	( )
Losses from equity participation	2255	( )	( )
Other expenses	2270	( )	( )
Financial result before taxation:			
profit	2290		
loss	2295	( )	( )
Expenses (income) from income tax	2300		
Profit (loss) from discontinued operations after taxation	2305		
Net financial result:			
profit	2350		
loss	2355	( )	( )

II. COMPREHENSIVE INCOME

Paragraph	Code line	For reporting period	By similar period previous year
1	2	3	4
Revaluation (depreciation) of non-current assets	2400		
Additional assessment (depreciation) of financial instruments	2405		
Accumulated exchange rate differences	2410		
Share of other aggregate income of associates and joint ventures	2415		
Other comprehensive income	2445		
Other comprehensive income before taxation	**2450**		
Income tax related to other comprehensive income	2455		
Other comprehensive income after tax	**2460**		
Total income (sum of lines 2350, 2355 and 2460)	**2465**		

III. ELEMENTS OF OPERATIONAL COSTS

Paragraph	Code line	For reporting period	By similar period previous year
1	2	3	4
Material costs	2500		
salary expenses	2505		
Deductions for social events	2510		
Amortization	2515		
Other operating expenses	2520		
Total	**2550**		

IV. CALCULATION OF SHARE PROFITABILITY INDICATORS

Paragraph	Code line	For reporting period	By similar period previous year
1	2	3	4
Annual average number of ordinary shares	2600		
Adjusted average annual number of common shares	2605		
Net income (loss) per common share	2610		
Adjusted net income (loss) per common share	2615		
Dividends per common share	2650		

Head

Chief Accountant

Appendix B

APPROVED
Order of the Ministry of Finance of Ukraine
30.11.99 No. 291
(as amended by the order of the Ministry of Finance of Ukraine dated 09.12.2011 No. 1591)
Registered
in the Ministry of Justice of Ukraine
December 28, 2011 under No. 1557/20295

Chart of accounts for accounting of assets, capital, and liabilities and economic operations of enterprises and organizations

Synthetic accounts		
Code	Name	
1	2	3
Class 1. Non-current assets		
10	Fixed assets	All types of activities
11	Other non-current tangible assets	All types of activities
12	Intangible assets	All types of activities
13	Depreciation (amortization) of non-current assets	All types of activities
14	Long-term financial investments	All types of activities
15	Capital Investments	All types of activities
16	Long-term biological assets	Agricultural enterprises, enterprises of other industries, carrying out agricultural activities
17	Deferred tax assets	All types of activities
18	Long-term receivables and other non-current assets	All types of activities
19	Goodwill	All types of activities
Class 2. Reserves		
20	Inventories	All types of activities
21	Current biological assets	Agricultural enterprises, enterprises of other industries, carrying out agricultural activities
22	Low-value and fast-wearing items	All types of activities
23	Production	All types of activities
24	Lack of production	Branches of material production
25	Semi-finished products	Industry
26	Final product	Industry, agriculture, etc.

27	Agricultural products	Agricultural enterprises, enterprises of other industries, carrying out agricultural activities
28	Goods	All types of activities
Class 3. Funds, settlements and other assets		
30	Cash	All types of activities
31	Bank accounts	All types of activities
33	Other funds	All types of activities
34	Short-term bills received	All types of activities
35	Current financial investments	All types of activities
36	Settlements with buyers and customers	All types of activities
37	Settlements with various debtors	All types of activities
38	Reserve for doubtful debts	All types of activities
39	Expenses of future periods	All types of activities
Class 4. Equity and securing liabilities		
40	Share capital	All types of activities
41	Capital in reassessments	Cooperative organizations, credit unions
42	Additional capital	All types of activities
43	Reserve capital	All types of activities
44	Retained earnings (uncovered losses)	All types of activities
45	Withdrawn capital	All types of activities
46	Unpaid capital	All types of activities
47	Provision of future expenses	All types of activities
48	and payments	All types of activities
49	Targeted funding and target revenues	Insurance activity
Class 5. Long-term liabilities		
50	Long-term loans	All types of activities
51	Long-term bills have been issued	All types of activities
52	Long-term liabilities	All types of activities
53	Long-term bonds	All types of activities
54	Long-term lease obligations	All types of activities
55	Deferred tax liabilities	All types of activities
Class 6. Current liabilities		
60	Short-term loans	All types of activities
61	Current debt for long-term liabilities	All types of activities
62	Short-term bills are issued	All types of activities
63	Settlements with suppliers and contractors	All types of activities

64	Tax calculations	All types of activities
65	Insurance payments	All types of activities
66	Settlements with personnel	All types of activities
67	Settlements with founders	All types of activities
68	Settlements for other operations	All types of activities
Class 7. Income and results of activity		
70	Income from sales	All types of activities
71	Other operating income	All types of activities
72	Income from equity participation	All types of activities
73	Other financial income	All types of activities
74	Other income	All types of activities
75	Extraordinary income	All types of activities
76	Insurance payments	All types of activities
79	Financial results	All types of activities
Class 8. Costs by elements		
80	Material costs	All types of activities
81	Salary expenses	All types of activities
82	Deductions for social events	All types of activities
83	Depreciation	All types of activities
84	Other operating expenses	All types of activities
85	Other costs	All types of activities
Class 9. Activity expenses		
90	Cost of sales	All types of activities
91	Total expenditures	All types of activities
92	Administrative expenses	All types of activities
93	Selling expenses	All types of activities
94	Other operating expenses	All types of activities
95	Financial expenses	All types of activities
96	Losses from equity participation	All types of activities
97	Other expenses	All types of activities
98	Income tax	All types of activities
99	Extraordinary expenses	All types of activities
Class 0. Off-balance sheet accounts		
01	Leased fixed assets	All types of activities
02	Assets in custody	All types of activities
03	Contractual obligations	All types of activities
04	Contingent assets and liabilities	All types of activities
05	Guarantees and security are provided	All types of activities
06	Guarantees and security received	All types of activities
07	Assets written off	All types of activities
08	Forms of strict accounting	All types of activities
09	Depreciation deductions	All types of activities