



**РОЛЬ ТА ЗНАЧЕННЯ
БУХГАЛТЕРСЬКОГО ОБЛІКУ,
ОПОДАТКУВАННЯ, АНАЛІЗУ ТА КОНТРОЛЮ
У ПІДТРИМЦІ ІННОВАЦІЙНО-ІНВЕСТИЦІЙНОЇ
АКТИВНОСТІ ПІДПРИЄМСТВ ДЛЯ СТВОРЕННЯ
ПРОДУКЦІЇ З ВИСОКИМ СТУПЕНЕМ ДОДАНОЇ
ВАРТОСТІ ТА СПРИЯННЯ ПІСЛЯВОЄННОМУ
ВІДНОВЛЕННЮ ЕКОНОМІКИ УКРАЇНИ**

**Міністерство освіти і науки України
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**Роль та значення бухгалтерського обліку,
оподаткування, аналізу та контролю у підтримці
інноваційно-інвестиційної активності
підприємств для створення продукції з високим
ступенем доданої вартості та сприяння
післявоєнному відновленню економіки України**

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Досліджено основні аспекти, пов'язані з бухгалтерським обліком, оподаткуванням, аналізом та контролем на підприємствах, та їх значення у підтримці інноваційно-інвестиційної діяльності підприємств у контексті створення продукції з високим ступенем доданої вартості.

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2.1. Formation of information in the system of accounting and analysis of production stocks for their efficient use

In today's business environment, one of the key areas for increasing the market value and competitiveness of enterprises is the rational management of assets, including production stocks. On the one hand, the accumulated production stocks ensure the constancy, continuity and rhythmicity of the enterprise's activities, guarantee its economic security, and on the other hand, at the level of large industrial enterprises, they require large capital investments. For any enterprise to operate efficiently, it is necessary to attract significant resources in the form of current assets, such as inventories, which will be used for the efficient conduct of business activities, production of finished goods or provision of services.

The influence of a number of factors of the external market environment leaves its mark on the tightening of requirements for the quality and cost properties of products (services), which can only be achieved through effective accounting, analysis and control of inventories. The problem of accounting, analysis and control of inventories becomes especially relevant in the context of significant adverse market fluctuations in the domestic and international markets, as well as in crisis conditions, due to military and political instability and the global COVID-19 pandemic.

The efficiency, reliability and security of management decisions absolutely depend on the quality of information resources and the adequacy of the means of communication used to transmit them, which is why there is an urgent need to improve the information support system for the enterprise, which will improve the quality of accounting and analytical information, its processing

and storage and, accordingly, the efficient use of production stocks.

An important area of improving the efficiency of enterprise management systems is the improvement of accounting systems in the direction of transition from traditionally passive, recording accounting to its active forms, for example, to accounting, analytical and control support for information management and justification of organisational and management decisions, identification of reserves for improving the efficiency of the enterprise.

One of the important problems of the effective functioning of enterprises is the rational use of material reserves, creation of appropriate conditions for their storage, ensuring a dynamic match between supply and demand, and ensuring a strict economy regime. In view of this, it is important to create not only appropriate conditions for the storage of material assets, but also to ensure the possibility of promptly generating information on the need for them, the effectiveness of their use in order to ensure their quality management⁴⁹.

Accounting plays an important role in the management of an enterprise. Its significance is significantly enhanced by reforms in line with international financial reporting standards. In a market economy, an accountant is not only a bookkeeper who records business events, but also a specialist who is able to understand and assess any phenomena in the business life of an enterprise, as well as to prevent them and suggest ways to develop events.

Accounting and analytical support is a component of the information support of an enterprise and is an integral system whose purpose is to provide high-quality and timely economic information to interested internal and external users in order to make management decisions to ensure sustainable development of the enterprise. According to scientists, the share of accounting and analytical information in the enterprise information support system

⁴⁹ Грицишен Д. О., Каленчук Л. В. Обліково-аналітичне забезпечення управління виробничими запасами підприємства. *Вісник Житомирського державного технологічного університету. Сер. Економічні науки*. 2014. № 4. С. 268–276.

is about 70% of the total amount of economic information⁵⁰. However, it should be noted that to ensure the effective operation of the management system, regulatory, technical, methodological, organisational and other information is also required, which in aggregate can be considered as reference.

The object of accounting and analytical support is various kinds of information – current and preparatory accounting and analytical information. Accounting information includes operational data used for economic analysis, statistical, technical, social and other types of information⁵¹.

The accounting and analytical support system includes the process of collecting, recording, summarising and analysing information. Accounting information is generated within the framework of financial and management accounting, analytical information is generated on the basis of data using strategic, financial and management analysis methods, depending on the requirements of interested users. In addition, the accounting and analytical support system is not a closed system, as it receives information from the outside, processes it within the system and provides it to other users. The accounting process is faced by almost all business entities, because where there is money there is a need to keep them. Thus, the question arises of its effective organization to minimize the time spent on unnecessary operations and increase its accuracy and transparency. The components of accounting and analytical support: accounting and analysis - have interconnected flows of accounting and analytical information, exchange and complement information, as they have a single information base⁵².

Gudzinsky O.D. considers this concept as an integrated system

⁵⁰ Гоголь Т. А. Обліково-аналітичне забезпечення управління підприємств малого бізнесу: монографія. Чернівці : Видавець Лозовий В.М., 2014. 384 с.

⁵¹ Сопко В. В. Бухгалтерський облік в управлінні підприємством: навч. посібник. Київ : КНЕУ, 2006. 526 с.

⁵² Dmytrenko O.M., Yarmoliuk O.F., Kudlaieva N.V., Sysoieva I.M., Borkovska V.V. and Demianyshyna O.A. (2020). Organizational and managerial aspects of automation in the international accounting of an enterprise. *International Journal of Economics and Business Administration* 8(Special Issue 1). 154–165.

of methods of accounting and analytical support of management by performing specific intra- and system-wide functions⁵³. But the most successful and complete definition can be considered the interpretation of the concept of accounting and analytical system by Gogol T.A., who defines it as a set of interrelated elements (subjects, objects, information flows and connections), harmonious interaction and coordination of which makes it possible to timely form high-quality and reliable accounting and analytical information for information support of the management system and external users⁵⁴.

Any system (subsystem) should be based on established principles, since only their observance allows to create an effective and optimal structure of interaction between individual elements of the system. The principles of the systemic nature of knowledge and phenomena were developed in the period of ancient philosophy and later throughout the history of science. The principles of the systemic nature of knowledge were developed in German classical philosophy: according to Kant, scientific knowledge is a system in which the whole presides over the partial; Schelling and Hegel interpreted the systemic nature of knowledge as the most important requirement of cognition⁵⁵.

If we consider the accounting and analytical system from the point of view of tautology, it is characterised by all existing types of basic organisational mechanisms (formation and regulation of systems). In the theory of tautology, the formative mechanisms include conjugation (combination of complexes), ingression (entry of an element of one complex into another) and disintegration (disintegration of a complex). In the accounting and analytical system:

– conjugation is represented by a combination of accounting,

⁵³ Гудзинський О. Д. Менеджмент та його обліково-аналітичне забезпечення: навч. посібник. Київ : ППК ДСЗУ, 2003. 51с.

⁵⁴ Гоголь Т. А. Обліково-аналітичне забезпечення управління підприємств малого бізнесу: монографія. Чернігів : Видавець Лозовий В.М., 2014. 384 с.

⁵⁵ Гончарук Т. В., Джугла Н. В., Мокряк Л. П., Шумка М. Л. Філософія : навч. посіб. Тернопіль : Підручники й посібники, 2010. 360 с.

analysis and audit using a single information space – the enterprise;
 – ingression of the components of the accounting and analytical system can be traced in the interaction of financial, management accounting and tax calculations, in the clash of internal and external audits, as well as in the combination of types of analysis of economic activity;
 – disintegration in the accounting and analytical system is insignificant and consists in the absence of points of contact of some of its elements (Fig. 1).

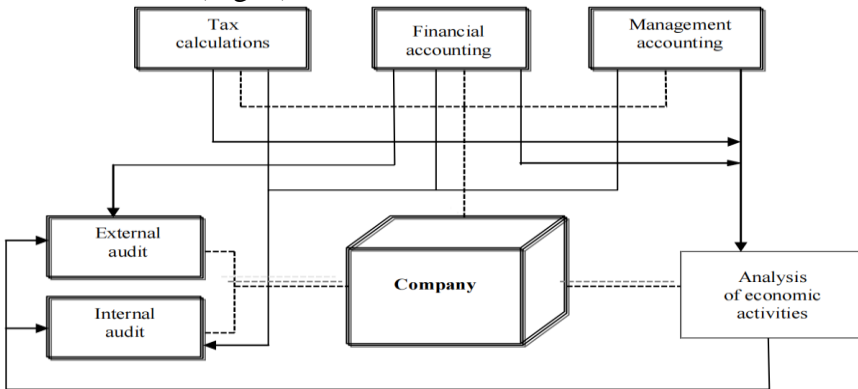


Fig. 1 Interrelation of accounting and analytical system components

Source: compiled by the author based on⁵⁶

The essence of the accounting and analytical system as a component of the overall management system is to combine accounting and analytical operations into one process, perform operational microanalysis, ensure the continuity of this process and use its results to formulate recommendations for making management decisions.

The accounting and analytical system of the enterprise performs certain tasks aimed at improving the process of information

⁵⁶ Гандзюк О.В. Теоретичні аспекти формування обліково-аналітичної системи підприємства. *Науковий вісник Ужгородського університету. Сер. Економіка*. 2015. Вип. 2 (46). С. 340 – 344.

support for making effective management decisions.

The formation of an effective system of accounting and analytical support requires the development of certain rules and a mechanism for the interaction of the components of accounting and analytical support with other management subsystems. The importance of compliance with the principles of accounting and analytical support lies in the possibility of establishing rules of action and interaction for the subjects of accounting and analytical support in order to coordinate, coordinate and regulate their activities within the management system, which directly affects the process of making and implementing management decisions.

The development of the principles for building any activity depends on its effectiveness and efficiency. The accounting and analytical system should be based on the principle of chronology of data collection, processing and generation of reporting documents and their analysis from operational information to accounting statements, as shown in Table 1.

Table 1

Composition of the accounting and analytical system of the enterprise

№	Types of accounting documents	Analysis and audit methods
1	Primary (income, expense, etc.) documents	Comparison of appearance in accordance with the established standards, verification of data reliability, logical reconciliation of indicators.
2	Consolidated documents (reports, registration journals, statements)	Checking the chronology of entries, comparing journal data with the data of primary documents, grouping business transactions by type and recipient.
3	Journal of business operations	Comparison of compliance of the data provided in the registers, assessment of the final data of each record
4	Mainbook	Summarising data from journals and statements, evaluating summary data for grouped accounts.
5	Accounting reporting:	

№	Types of accounting documents	Analysis and audit methods
5.1	Financial reporting	Identification of interrelation and interdependence of various indicators of the company's activity included in its financial statements; assessment of accounting and other economic information by studying the actual relationships and interrelationships between indicators; obtaining the required number of the most informative parameters that provide accurate and objective data on financial results, cash flows and financial position of the company.
5.2	Tax reporting	Thorough analysis of payments to the budget and extra-budgetary funds of the enterprise, calculation of the tax burden of the reporting period for taxes, fees, charges, contributions, duties; verification of the calculation, accrual of income tax, verification of the calculation of tax differences. Correctly calculated tax differences can significantly affect the amount of income tax in the next period, and analysis of the tax burden.
5.3	Statistical and ad hoc reporting	Conducting a comprehensive assessment of the effectiveness of the organisational management structure, evaluating the effectiveness of human resources management and marketing management; reviewing the calculations of consolidated statistical indicators, processing of reporting, statistical and other documentation, the dynamics of accruals and payments of wages and other employee income.
5.4	Management (internal) reporting	Comparison with regulatory and planning documents and in the dynamics, factor analysis of resource use. The analysis of the indicators of this reporting allows us to draw conclusions about the state of business planning and the organisation of plan implementation, and to develop proposals for improving this important link in the management of the enterprise.

Source: compiled by the author based on⁵⁷⁵⁸

Studies show that the volume of automation of enterprises in all industries and activities is growing every year. In today's

⁵⁷ Гандзюк О. В. Теоретичні аспекти формування обліково-аналітичної системи підприємства. *Науковий вісник Ужгородського університету. Сер. Економіка*. 2015. Вип. 2 (46). С. 340–344.

⁵⁸ Бенько М. М. Інформаційні системи і технології в бухгалтерському обліку : монографія. Київ : Київ. нац. торг.-екон. ун-т, 2010. 336 с.

software market there are a large number of specialized programs for accounting and economic analysis. As a rule, the programs differ in the specifics of use due to the provision of a certain list of functionalities, scope, areas of placement, as well as cost⁵⁹.

The organization of continuous analysis results in an increase in its efficiency and effectiveness, since the analysis directly follows accounting and is also performed in the process of financial accounting. At the same time, the subsystem of analytical support of economic activity management turns into a permanent factor of production efficiency increase due to the activation of the entire information fund of the organization.

It is necessary to preserve the integrity of the analysis while processing it in a decentralized manner, i.e. to combine the information processing process with the decision-making process. This view of the purpose of accounting and analysis is important and achievable. The significance of continuous accounting and analysis for economic processes is associated with the possibility of influencing them by making the necessary management decisions in an operational mode. Continuous application of audit techniques and elements in the process of forming accounting information allows timely detection and prevention of deviations and errors, which, in turn, improves the quality of the administrative part of business activities, operational analysis and related management decisions. Thus, the key principle enabling the accounting and analytical system to achieve its goals is the continuity of the interdependent functioning of its components: accounting, analysis and audit.

The accounting and analytical system, operating permanently, improves the quality and expands the scope of practical application of accounting information, ultimately having a positive impact on

⁵⁹ Dmytrenko M., Yarmoliuk F., Kudlaieva N., Sysoieva I., Borkovska V. & Demianyshyna O. (2020). Application of modern software for improving the economic analysis accounting efficiency at enterprises. *Journal of management information and decision sciences*. Vol. 23, no. 5. P. 649–660. URL: <https://www.abacademies.org/articles/application-of-modern-software-forimproving-the-economic-analysis-accounting-efficiency-at-enterprises-9939.html>

the quality of prepared and submitted reports and reporting indicators, i.e. on the effectiveness of accounting information for external users. This is the fundamental purpose and the main essence of the accounting and analytical system, the implementation of which should be entrusted to the accountant who manages the primary accounting and analytical information.

Nowadays, in the age of informatisation and computerisation, information resources are the same resources as labor, material, energy and other resources. Thus, in economic terms, we can talk about the information economy based on information and the information sphere – managers of various levels, scientists, specialists and employees⁶⁰⁶¹. In this regard, the problem of obtaining information resources and their use in the work of managers is becoming more relevant, which gives a significant economic effect without additional attraction of capital⁶².

The information system combines processes and technologies for processing information about various objects. Moreover, specific data collection processes and processing methods can be used for each of them. That is why an information system is distinctive as an interconnected set of information, means and methods of its processing, as well as personnel implementing the information process. Judging by the above characteristics, the components of an information system are: information; means and methods of its processing; personnel implementing the information process.

The term "information" is defined in different ways depending on the area of its application, in particular in the scientific field. There is a philosophical approach to interpreting the concept of information, a technological approach, an economic approach, a cybernetic approach, a linguistic approach, etc. (Table 2).

⁶⁰ Про інформацію : Закон України №2658-ХІІ від 02.10.1992р. (зі змінами і доповненнями). Відом. Верховної Ради України. 1992. № 48.

⁶¹ Береза А. М. Основи створення інформаційних систем : навч. посіб. Київ : КНЕУ, 2001. 214 с.

⁶² Пушкар М. С. Створення інтелектуальної системи обліку : монографія. Тернопіль : Карт-бланш, 2007. 152 с.

Table 2

Differences in the definition of "information"

Definition	Differences	Author
Information, notification of any event, activity, fact, etc.	Philosophical approach	Butynets F.F., Ivakhnenkov S.V., Davydiuk T.V., Shakhraichuk T.V.
Data, information about an event, activity, or fact	Philosophical approach	Benko M.M.
Designation of data that can be interpreted by humans	Technological approach	Ivakhnenkov S.V.
A set of information (data) that is received from the environment (input information), issued to the environment (output information) or stored within a system	Technological approach	Ponomarenko V.S., Butova R.K., Zhuravleva I.V., Nazarova G.N., Pavlenko L.A., Pushkar O.I.
Documented or publicly announced information about events and phenomena occurring in society, the state and the environment	Philosophical approach	The Law of Ukraine "On Information"
Information about persons, objects, events, phenomena and processes, regardless of the form of their representation, which are the object of storage, transfer and transformation	Technological approach	Melnichenko S.V.
A measure of eliminating uncertainty in the state of the system (cyber)	Cybernetic approach	Butynets F.F., Ivakhnenkov S.V., Davydiuk T.V., Shakhraichuk T.V.
Communications that remove pre-existing uncertainty	Cybernetic approach	DSTU 2396-94
Relationship between information (data) and its recipients	Cybernetic approach	Melnychenko S.V., Pysarevska T.A.
A set of information that is the object of transfer, storage and processing	Technological approach	Butynets F.F., Ivakhnenkov S.V., Davydiuk T.V., Shakhraichuk T.V.
An intangible substance is unlike matter or energy, but inseparable from them as from their carriers. It is produced, stored, perceived, and lost as a result of material processes		Melnichenko S.V.
Information in any form or form, on any media, including computer system databases, or full or partial reproduction of	Technological approach	A large explanatory dictionary of the modern Ukrainian language

Definition	Differences	Author
their elements		

Source: compiled by the author based on⁶³⁶⁴⁶⁵⁶⁶⁶⁷⁶⁸⁶⁹

The modern software market offers a large number of information systems designed to automate accounting, analysis and audit tasks. To select the software required by an enterprise, it is necessary to determine the range of tasks to be automated, the size, and the industry of the enterprise. Accounting information systems are divided according to various classification criteria⁷⁰.

Thus, the concept of "information" in the broadest sense is a set of various knowledge, signals, data, messages about actual and other processes and phenomena occurring in the material world, which a certain system perceives (collects, stores, processes) from the environment (input information), issues to the environment - the system (output information) or stores it in itself (internal information) and uses it for certain purposes.

Inventories are an integral part of a company's assets. They have a significant impact on the financial results of business activities, as they account for the largest share of expenses in most

⁶³ Бенько М. М. Інформаційні системи і технології в бухгалтерському обліку : монографія. Київ : Київ. нац. торг.-екон. ун-т, 2010. 336 с.

⁶⁴ Про інформацію : Закон України №2658-ХІІ від 02.10.1992р. (зі змінами і доповненнями). Відом. Верховної Ради України. 1992. № 48.

⁶⁵ Бутинець Ф. Ф., Івахненко С. В., Давидюк Т. В., Шахрайчук Т. В. Інформаційні системи бухгалтерського обліку : підручник / за ред. Ф.Ф. Бутинця. Житомир : Рута, 2002. 544 с.

⁶⁶ Пушкар М. С. Створення інтелектуальної системи обліку : монографія. Тернопіль : Карт-бланш, 2007. 152 с.

⁶⁷ Писаревська Т. А. Інформаційні системи обліку та аудиту : навч. посіб. Київ : КНЕУ, 2004. 369с. С. 24.

⁶⁸ Мельниченко С. В. Інформаційні технології в туризмі: теорія, методологія, практика : монографія. Київ : Київ. нац. торг.-екон. ун-т, 2007. 493с.

⁶⁹ Великий тлумачний словник сучасної української мови /уклад. і голов. ред. В.Т. Бусел. Київ : Ірпінь : ВТФ «Перун», 2002. 1440 с.

⁷⁰ Адамик О. В. Інформаційні системи і технології в обліку й аудиті: Опорний конспект лекцій. Тернопіль : ТНЕУ, 2017. 52 с.

industries and sectors. By ensuring the constancy, continuity and rhythmicity of the company's business activities, they guarantee its economic security. Therefore, the rational use of inventories is one of the most important factors in the development of the economy, which in turn leads to an increase in production and profit of enterprises.

Inventories play a fundamental role in the assets of business entities, as they are an important component of assets. They play a special role in the production and trade sectors, where inventories are classified as current assets, as they ensure the life of the company and provide the basis for further production. Therefore, the correct and reliable accounting process is an essential condition for their effective control at firms, which further affects the achievement of goals and financial results. Today, inventory accounting and control plays an important role in every enterprise, as the main task for every company is to be competitive and make a profit.

Stocks are the availability of appropriate material resources, including means of production, consumer goods, and other values necessary to ensure expanded reproduction, service the intangible production sector, and meet the needs of the population, and which are not yet in use⁷¹.

Inventories are generally defined as a part of an entity's assets that are to be sold in the future or used for the production and creation of goods. Inventories are either produced in-house or purchased for a fee to be processed by the entity.

The category of "inventories" appeared in the national literature in the early 90s of the twentieth century with the adoption of the Law of Ukraine "On Accounting and Financial Reporting in Ukraine" and the introduction of national standards⁷².

In accordance with Accounting Standard 9 "Inventories",

⁷¹ Антипова К. С. Методичний підхід до визначення сутності виробничих запасів. *Глобальні та національні проблеми економіки*. 2016. № 4. С. 224 – 227.

⁷² Про бухгалтерський облік і фінансову звітність в Україні і: Закон України. №996-XIV від 16.07.1999р. Все про бухгалтерський облік. №10 від 30.01.2009. 53 С. 3-8.

inventories are assets held for further sale in the ordinary course of business; are in the process of production with the aim of further sale of the product of production; are held for consumption in the course of production, performance of works and services, as well as management of the enterprise. Moreover, inventories are recognised as assets only if it is probable that the economic benefits associated with their use will flow to the enterprise and their cost can be measured reliably⁷³.

The most common characteristic of the concept "production stocks are... assets that are in the warehouses of consumers, production, and intended for production consumption, but have not yet entered the production process"⁷⁴.

This interpretation does not cover all aspects of this asset, but there are different authors who approach the concept of inventory differently, depending on whether they are looking at it from a logistics or an inventory accounting perspective.

It should be noted that in the general list of inventories in NAS 9 "Inventories", such a concept as "production inventories" is not found, or rather is not distinguished. Another standard, NP(S)A 1 "General Requirements for Financial Reporting", provides for an additional item "Production Inventories", which reflects the value of inventories of low-value and perishable items, raw materials, basic and auxiliary materials, fuel, purchased semi-finished and finished products, spare parts, packaging, construction materials and other materials intended for consumption in the normal operating cycle⁷⁵.

⁷³ Про затвердження положення (стандарту) бухгалтерського обліку 9 «Запаси» : наказ МФУ від 20 жовтня 1999 року № 246. URL: <http://zakon2.rada.gov.ua/laws/show/z0860-99>.

⁷⁴ Капленко А. О., Овчарова Н. В. Проблеми оцінки вибуття запасів. *Перспективи розвитку обліку, контролю та фінансів в умовах інтеграційних і глобалізаційних процесів*: Матеріали Міжнародної науково-практичної конференції, присвяченої 20-річчю з дня заснування кафедри обліку та аудиту ХНТУСГ. 2019. №1. С.63 – 66.

⁷⁵ Про затвердження Національного положення (стандарту) бухгалтерського обліку 1 «Загальні вимоги до фінансової звітності» : наказ МФУ від 7 лютого 2013 року № 73 (зі змінами і доповненнями). URL: <http://zakon1.rada.gov.ua/laws/show/z0336-13>.

These are the types of inventories mentioned in paragraph 6 of NAS 9 "Inventories", although it does not specify that they are production inventories⁷⁶.

At the same time, the Chart of Accounts provides for account 20 "Production stocks", which specifically defines the composition and list of material assets to be accounted for as production stocks of an enterprise.

Thus, there is a contradiction in the interpretation and understanding of the terms "inventories" and "production stocks" between the provisions of accounting standards and the chart of accounts: according to the standards, the terms "inventories" and "production stocks" are identical, while according to the chart of accounts, the term "inventories" is broader than the term "production stocks".

However, there are different approaches and interpretations to the definition of inventories, and we will analyse the opinions of leading domestic and foreign scholars in Table 3.

Table 3

The essence of the concept of "production stocks" in the literature

Author	Definition
NAS 9 ²⁸	Production inventories - raw materials, basic materials, components of products and other material assets intended for production of products, performance of works, provision of services, maintenance of production and administrative needs
Butynets F. F. ⁷⁷	Inventories are assets used for further sale, use in the production of goods, performance of works and services, or management of the enterprise.
Blank I. O. ⁷⁸	Inventories include production stocks (stocks of raw materials and semi-finished products) and finished goods.
Bondarenko	Inventories are defined as various material elements of production used

⁷⁶ Про затвердження положення (стандарту) бухгалтерського обліку 9 «Запаси»: наказ МФУ від 20 жовтня 1999 року № 246. URL: <http://zakon2.rada.gov.ua/laws/show/z0860-99>.

⁷⁷ Бутинець Ф.Ф. Бухгалтерський облік: облікова політика і план рахунків, стандарти і кореспонденція рахунків, звітність. Житомир: ЖІТІ, 2013. 480с.

⁷⁸ Бланк І. О., Ситник Г. В., Гуляєва Н. М. та ін Фінансове забезпечення розвитку підприємства: монографія /за заг. ред. І.О. Бланка. Київ: КНТЕУ, 2011. 344 с.

Author	Definition
O. M., Titarenko A. D. ⁷⁹	as labour items in production and other business processes.
Sakhartseva I.I. ⁸⁰	Production inventories (raw materials, materials, fuel, etc.), which are labour items, provide labour and workforce for the production process of an enterprise in which they are used once.
Burdeina L. V. ⁸¹	Inventories represent the totality of all materials held by an enterprise, a part of the enterprise's current assets that have not yet been included in the production process but have been delivered to workplaces.
Zavhorodnii V.P. ⁸²	Inventories are raw materials, basic and auxiliary materials, components and other material assets intended for production, work, services, production maintenance and administrative needs.
Pushkar M. S. ⁸³	Inventories are stocks of production assets that are kept in an entity's warehouses and are necessary to ensure a continuous production process, and these are only those items of labour that are not yet used in the production process and retain their natural material form.
Nashkerska G.V. ⁸⁴	Inventories are current assets of an entity that are used primarily in one operating cycle of the entity's business or within a period of up to one year.
Chebanova N. V. ⁸⁵	Inventories are raw materials, basic and auxiliary materials purchased or manufactured by an entity and held for further processing in order to manufacture goods, provide services and perform work.
Dovga T.A. ⁸⁶	Inventories are material resources held in a company's warehouses (raw materials, supplies, purchased semi-finished products, fuel and fuel, packaging and packaging materials, spare parts for repairs, tools, etc.) intended for production consumption but not yet put into production.

⁷⁹ Бондаренко О. М., Тітаренко А. Д. Економічна сутність та класифікація запасів: обліковий та управлінський аспекти. Інвестиції: практика та досвід. 2020. №2. С. 63–67.

⁸⁰ Сахарцева І. І. Основи складання бухгалтерської звітності за вимогами національних стандартів України. Київ : Кондор, 2017. 668 с.

⁸¹ Бурдейна Л. В. Удосконалення методології бухгалтерського обліку виробничих запасів. Збірник наукових праць Буковинського університету. Економічні науки. 2017. Вип. 13. С. 126-132.

⁸² Завгородній В. П. Автоматизація бухгалтерського обліку, контролю, аналізу і аудиту: монографія К.: АСК, 1998. 768 с.

⁸³ Пушкар М.С. Фінансовий облік. Тернопіл : Карт-бланш, 2016. 657с.

⁸⁴ Нашкєрська Г.В. Бухгалтерський облік : навчальний посібник. Київ : Центр навчальної літератури, 2004. 464 с.

⁸⁵ Чебанова Н. В. Бухгалтерський фінансовий облік. Київ : Академія, 2015. 672 с.

⁸⁶ Довга Т.А. Роль та місце аналізу виробничих запасів в системі управління ресурсним потенціалом підприємства. Молодий вчений. № 5 (20). - Ч. 1. 2015. С. 130 – 134.

Author	Definition
Sopko V. V. ⁸⁷	Inventories are defined as accumulated resources that are in the process of production for the purpose of further sale of the product.
Chebanova N. V. ⁸⁸	Inventories are raw materials, basic and auxiliary materials purchased or manufactured by an entity and held for further processing in order to manufacture goods, provide services and perform work.
Koval N. I. ⁸⁹	Production inventories are considered part of the company's current assets. It defines that they include raw materials, materials, work in progress, finished goods and goods for resale.
Shvets V. G. ⁹⁰	Inventories (raw materials, supplies, fuel, etc.) are tangible assets processed by an enterprise for the purpose of manufacturing products, production maintenance and general production needs. They are classified as current assets. Obsolete inventories should be excluded from this category because they cannot be processed or sold in the normal course of business.
Berzhanir I.A. ⁹¹	Inventories should be interpreted as a part of an entity's material resources, which are a set of labour items held by the entity in the form of raw materials, materials, purchased semi-finished products and components, fuel, packaging and container materials, construction materials, spare parts and other materials that form the material basis of the entity's products, provide them with quality properties, participate in production during one production cycle and fully transfer their value to the cost of finished goods.
Dmitrenko A.V. ⁹²	Inventories are a set of labour items held by an enterprise in the form of stocks of basic and auxiliary materials, as well as fuel, spare parts, waste, packaging and other materials intended for use in the production process and for any other needs of the enterprise, provided that they are fully consumed in one operating cycle.
Len V. S. ⁹³	Defines production inventories as labour items prepared for use in the production process; they consist of raw materials, basic and auxiliary materials, fuel, purchased semi-finished products and components,

⁸⁷ Сопко В. В. Організація бухгалтерського обліку, економічного контролю та аналізу. Київ : КНЕУ, 2015. 462 с.

⁸⁸ Чебанова Н. В. Бухгалтерський фінансовий облік. Київ : Академія, 2015. 672 с.

⁸⁹ Коваль Н. І. Сутність виробничих запасів як економічної категорії: обліковий та управлінські аспекти. *Економіка. Фінанси. Менеджмент: актуальні питання науки і практики*. 2017. № 7. С. 93 - 105.

⁹⁰ Швець В. Г. Теорія бухгалтерського обліку: підручник 4-те вид., переробл. і доповн. Київ : Знання, 2015. 572 с.

⁹¹ Бержанір І. А. Проблеми та напрями вдосконалення обліку виробничих запасів. *Економічний простір*. 2016. № 107. С. 161 – 168.

⁹² Дмитренко А. В. Економічна сутність поняття «виробничі запаси». *Економіка і регіони*. 2016. № 2. С. 149 – 152.

⁹³ Лен В. С. Бухгалтерський облік в Україні : основи та практика. Київ : Центр навчальної літератури, 2016. 556 с.

Author	Definition
	containers and packaging materials, and spare parts for routine maintenance of fixed assets.
Kuzhelnii M. V. ⁹⁴	Production inventory refers to the minimum stock of labour items required for the production process, thus not revealing the economic nature of production inventory.
Shendryhorenko M. ⁹⁵	Production inventories are a part of an entity's material resources, which are a set of labour items held by the entity in the form of raw materials, materials, purchased semi-finished products and components, fuel, packaging and container materials, construction materials, spare parts and other materials that form the material basis of the entity's products, provide them with quality properties, participate in production during one operating cycle and fully transfer their value to the cost of finished products.
Pylypiv N. ⁹⁶	He considers it appropriate to use the term "inventories", which he proposes to understand as assets intended for processing in the production process, forming the basis of products, and may also be included in reserves in the form of production stocks and finished goods, goods in warehouses.

A number of other scholars also consider the economic essence of inventories. For example, O. P. Gatsenko and others believe that production stocks are means of production that are in the warehouses of business entities and are necessary to ensure a continuous production process. These are only those items of labour that are not yet involved in the production process and retain their natural and material form⁹⁷.

Thus, having analysed the literature, we can say that inventories are a rather complex category that is interpreted differently by scholars. However, all definitions contain the definition of the material basis of production stocks - "labour items", "asset", "material values", "raw materials". The sources of

⁹⁴ Кужельний М. В. Організація обліку. Київ : ЦУЛ, 2014. 350 с.

⁹⁵ Шендригоренко М. Т. Виробничі запаси підприємства як об'єкт обліку та аудиту. *Глобальні та національні проблеми економіки*. 2017. Вип. 20. С. 1045 – 1047.

⁹⁶ Пилипів Н. Борисовський М. Поняття і сутність товарно-виробничих запасів. *Економічний аналіз*. 2013. Вип. 12. Частина 3. С. 303 – 307.

⁹⁷ Гаценко О. П., Курило Л. І., Матюха М. М., Марчак О. А. Економічний словник бухгалтера. Київ : АМУ, 2009. 181 с.

production inventories at an enterprise are either external purchases or self-production, and their main purpose is "use in the production of products, performance of works and provision of services, as well as management of the enterprise".

Hence, it can be concluded that production inventories, as an element of inventories, are assets acquired from outside or manufactured by the company and held by the company for sale, use in the production of goods, performance of works, provision of services, maintenance of production and administrative needs, provided that they are fully consumed in one operating cycle.

An enterprise may have a large number of different inventories that are used in different ways. Some of them are fully consumed, while others change only their shape, are included in the product without any changes, or contribute to the manufacture of products and are not included in their weight or chemical composition. Therefore, an important point in the organisation of accounting for inventories is their recognition and classification, which ensures the adoption of sound management decisions on their effective use in the course of an entity's activities.

There is also a lot of debate around the interpretation of the term "inventories" and there is no unambiguous definition in the scientific literature. National UAS also do not provide an interpretation of this concept. Along with the above-mentioned economic concept, the concept of "inventories", which is defined by NAS 9 "Inventories", has become widely used to characterise the material support of an enterprise, namely: inventories are assets that are: held for further sale (distribution, transfer) in the ordinary course of business; are in the process of production with the aim of further sale of the production product; are held for consumption in the production of goods, performance of works and provision of services, as well as management of the enterprise⁹⁸.

⁹⁸ Про затвердження положення (стандарту) бухгалтерського обліку 9 «Запаси» : наказ МФУ від 20 жовтня 1999 року № 246.
URL: <http://zakon2.rada.gov.ua/laws/show/z0860-99>.

International Accounting Standard 2 "Inventories" provides a similar definition of the term "inventories": - are assets that are

- (a) are held for sale in the ordinary course of business;
- (b) are in the process of being produced for such sale;
- c) exist in the form of basic or auxiliary materials for consumption in a production process or in the provision of services⁹⁹.

As such, these standards focus on the consumer properties of inventories and place less emphasis on their value, measurement or future revenue potential.

The effectiveness of the inventory management system is inextricably linked to the accounting system. The quality of accounting information determines the rational use of inventories in the company's business activities. Accounting information is the basis for making strategic management decisions. The ability to use accounting data is ensured by the quality of the information itself. Completeness and reliability of information about inventories are based on their clear classification, which is used for accounting, analysis and management purposes.

A summary of the first four levels of regulation of inventory accounting is shown in Table 4.

As can be seen from Table 4, the first four levels of regulatory support for inventory accounting are regulated at the state level and are mandatory for domestic enterprises. Moreover, the regulatory documents of a certain level cannot contradict the documents of a higher level.

Documents of the fifth level are prepared directly at the enterprise. Pursuant to Article 8 of the Law "On Accounting and Financial Reporting in Ukraine", the organisation of accounting at an enterprise is the responsibility of its owner or authorised body. In addition, an entity independently determines its accounting policies and issues related to them. For example, the order on accounting

⁹⁹ Міжнародний стандарт бухгалтерського обліку 2 «Запаси»
URL: http://zakon.rada.gov.ua/laws/show/929_021

policy for production inventories determines:

- methods for estimating the disposal of inventories;
- frequency of determining the weighted average unit cost of inventories;
- the procedure for accounting and distribution of transport and procurement costs, maintaining a separate sub-account for accounting for transport and procurement costs;
- frequency and objects of inventory;
- definition of the analytical inventory unit.

Table 4

Characteristics of legal acts regulating the accounting of inventories

№ s/n	Normative legal act	Characteristics
1.	Tax Code of Ukraine	Establishes the specifics of recognition and valuation of inventories upon their receipt and use
2.	Law of Ukraine "On Accounting and Financial Reporting in Ukraine"	Defines the legal framework for regulation, organisation, accounting and financial reporting, including for inventories, the procedure for processing primary documents and accounting registers, and the obligations of enterprises in conducting inventories, in particular in terms of reflecting inventory balances as at the balance sheet date
3.	International Accounting Standard 2 "Inventories"	Establishes the specifics of the recognition and valuation of inventories upon their receipt and use for Ukrainian enterprises that use international standards for accounting and financial reporting
4.	National Accounting Regulation (Standard) 1 "General Requirements for to Financial Reporting"	Determines the purpose, composition and principles of preparation of financial statements and requirements for recognition and disclosure of its elements, including when forming information on inventories
5.	Accounting Standard 9 "Inventories"	Determines the methodological principles for the formation of information on inventories in accounting, regulates their valuation and accounting at the enterprise and disclosure of information in financial statements, regulates the procedure for carrying out operations related to the movement of inventories

№ s/n	Normative legal act	Characteristics
6.	Accounting Standard 16 "Expenses"	Determines the methodological basis for the formation of information on the company's expenses (including the cost of inventories) in accounting and its disclosure in financial statements
7.	Instruction on the Application of the Plan of Accounts for Accounting for Assets, Capital, Liabilities and Business Transactions of Enterprises and Organisations	Determines the main accounts and sub-accounts for systematising information on inventories, and regulates the procedure for their use in transactions with them
8.	Regulations on the inventory of assets and liabilities	Determines the procedure for conducting an inventory of assets (including production stocks) and liabilities and the recording of its results
9.	Guidelines on the company's accounting policy	Determines the procedure for the formation of the company's accounting policy, including in relation to inventories
10.	On Approval of Standard Forms of Primary Accounting Documents for Raw Materials and Supplies	Defines the list and forms of standard primary documents that may be used by enterprises in the accounting of inventories, and specifies the procedure for their completion, taking into account the mandatory details required for documents
11.	On Approval of the Procedure for Determining the Amount of Losses from Theft, Shortage, Destruction (Damage) of Material Assets	Determines the mechanism for determining the amount of losses from theft, shortage, destruction (damage) of material assets, including production stocks
12.	Procedure for revaluation of inventory balances and material assets	Regulates the procedure for revaluation of inventory balances, including production stocks
13.	Guidelines for the formation of the cost of products (works, services)	Define unified approaches to the formation of the cost of products (works, services) and determination of financial results at enterprises, taking into account the norms of the Regulations (standards) on accounting

Source: compiled by the author based on¹⁰⁰

The Plan of Accounts for Accounting for Assets, Capital, Liabilities and Business Transactions of Enterprises and

¹⁰⁰ Лавруша О.Г. Класифікація виробничих запасів на металургійних підприємствах. *Теоретичні і практичні аспекти економіки та інтелектуальної власності*. 2012. Вип. 1. С. 135 – 139.

Organisations and the Instruction on its application allocate account 20 of the same name for accounting for production inventories. This account has the following subaccounts:

- 201 "Raw materials and supplies";
- 202 "Purchased semi-finished products and components";
- 203 "Fuel";
- 204 "Containers and packaging materials";
- 205 "Construction materials";
- 206 "Materials transferred for processing";
- 207 "Spare parts";
- 208 "Agricultural materials";
- 209 "Other materials".

Accounting for an enterprise's inventory is a complex system with many nuances and features. That is why the legislative framework contains a significant number of documents regulating the procedure for keeping inventory records and reflecting information about them in the financial statements.

Information characterising the availability and movement of inventories is an important means of communication between the management entity and the business entity. Without reliable and complete accounting data, it is impossible to influence the functioning of business structures in a targeted manner, and therefore they are a necessary element of management, which is a set of measures aimed at creating the most favourable conditions for the development and conduct of production. At the same time, effective inventory management ensures the rational use of production resources and reduces unjustified losses, which contributes to the growth of profitability, and therefore becomes one of the fundamental factors of economic growth of the enterprise.

Accounting for inventories as an integral part of the accounting process is a logical sequence of steps that occur in a clearly defined order and cannot be separated from each other. In Fig. 2 shows a model that illustrates the procedure for generating accounting information on the availability and movement of an enterprise's inventory.

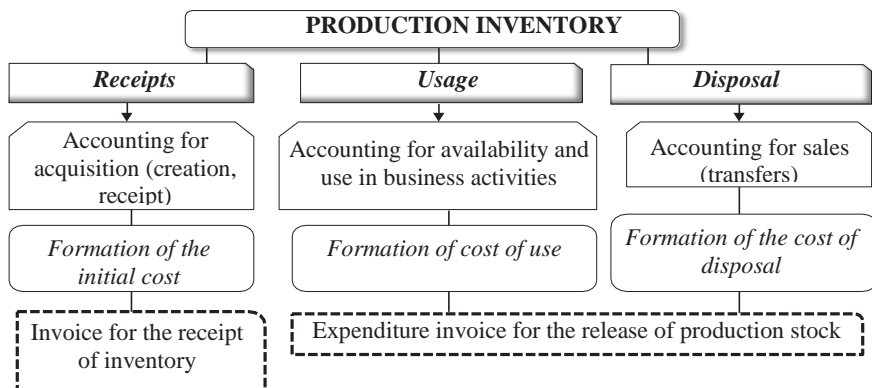


Fig. 2 Model of information flows of production stocks in the context of operations of receipt, use, disposal and the process of their documentation

Source: compiled by the author based on ¹⁰¹

Of great importance for the organisation of accounting and valuation of production inventories is their classification, which provides a deeper study of the composition and nature of values and allows for greater control over their availability, use, and disposal. Based on the model of information flows, we will build an accounting classification that will allow us to group inventories through the prism of operations that take place with them and their documentation. According to theoretical and classical approaches to building a classification, it should be considered in accordance with the rules of division of concepts and include the following requirements:

- 1) the same basis must be used for the same division (grouping) of objects;
- 2) the division must be uniform, i.e. the number of units of division taken together must be equal to the number of units being divided;

¹⁰¹ Степаненко О. І. Обліковий аспект побудови класифікації виробничих запасів. *Науковий вісник Ужгородського національного університету. Сер. Міжнародні економічні відносини та світове господарство*. 2020. Вип. 30. С. 166–171.

3) the units of division must be mutually exclusive;

4) the division should be continuous: the units of division should be understandable and subordinate to each other and directly subordinate to the main concept.

The main task of inventory accounting at the stage of acquisition (creation, receipt) is their reliable valuation. Inventories are recorded in the accounts at cost, which is determined in accordance with the provisions of NAS 9 "Inventories" and depends on the method of their receipt:

1) acquisition – the cost is the cost of inventories, which consists of the actual costs of their acquisition (formed at the stage of receipt and posting);

2) manufactured in-house – the cost is the cost of their production, which is determined in accordance with the provisions of NAS 16 "Expenses" (formed at the stage of production of assets);

3) contribution to the charter capital – the cost is the fair value agreed with the founders of the company;

4) received free of charge – the cost is the fair value of inventories;

5) surpluses identified in the course of inventory - the cost is the net realisable value of inventories (if they are subject to sale) or the value of possible use (if they will be used in the course of business operations).

With regard to the balance sheet, researchers consider on- and off-balance sheet inventories. On-balance sheet inventories are those that are owned by the company and are recognised in the balance sheet. Off-balance sheet inventories are inventories that do not belong to the company and are held by it due to certain circumstances.

In our opinion, the above classification of inventories ensures fulfilment of the main tasks of inventory accounting, among which the most important are:

1. ensuring timely documentation of the movement of inventories;

2. control over the full and timely recording of inventories and

their safety in storage and at all stages of processing;

3. ensuring compliance of warehouse production stocks with the standards;

4. reliable valuation of production stocks;

5. calculation of the actual cost of consumed inventories and their balances;

6. recording of operations on posting and consumption of inventories in the accounting system, etc.

Summarizing the opinions of various scholars and the data of regulatory documents, we believe that production stocks should be considered as a component of the enterprise's stocks, and the essence of production stocks as an accounting object is that production stocks are an element of stocks, which is an asset and a set of labour items that are kept at the enterprise in the form of stocks of basic and auxiliary materials, as well as fuel, spare parts, waste, packaging and other materials that are purchased from outside or independently produced and intended for use.

Summing up the above, it can be argued that understanding the economic essence of inventories will contribute to the formation of their correct classification and improvement of their further accounting at the enterprise.

Production inventories are the most important element of the production process at an enterprise, labour items that are the basis for the production of finished goods and fully transfer their value to the manufactured products. Effective inventory management requires information about the composition, quantity and value of inventories, which is necessary to organise inventory accounting, ensure appropriate control over their safety at all stages of the movement of raw materials, and make timely management decisions. According to national and international standards¹⁰²¹⁰³,

¹⁰² Про бухгалтерський облік і фінансову звітність в Україні : Закон України. №996-XIV від 16.07.1999р. *Все про бухгалтерський облік*. №10 від 30.01.2009. 53 С. 3-8.

¹⁰³ Мілько Л. В., Хотенчук Я. А. Питання вдосконалення обліку виробничих запасів URL: <http://dspace.oneu.edu.ua/jspui/bitstream/123456789/2423/1.pdf>

inventories are assets held for further sale (distribution, transfer) in the ordinary course of business; are in the process of production for the purpose of further sale of the production product; exist in the form of basic or auxiliary materials for consumption in the production of goods, performance of works and services, as well as management of the enterprise. Inventories are recognised as an asset in the accounting system if it is probable that future economic benefits associated with their use will flow to the entity and their cost can be measured reliably.

Properly organised documentation of inventories is crucial for the correct write-off of inventory costs for production, valuation of work in progress, and reporting.

Availability of inventories is a prerequisite for conducting business activities, and their rational use is a prerequisite for the profitable operation of the enterprise.

Efficient use of inventories and resource conservation is one of the most important areas of business. However, without proper accounting and internal control over the availability and movement of inventories, it is impossible to achieve efficient use of material assets¹⁰⁴.

The use of electronic document management at an enterprise contributes to the improvement of information support for management. Documents submitted to the accounting department need to be processed and recorded in the accounting registers on a daily basis. In order to record and control the movement of inventory in a timely manner, the company has drawn up and approved a document flow schedule and adheres to it.

Automation of accounting input is important for improving and making accounting more efficient. The use of computer technology increases the productivity of accountants and improves the organisation of accounting at the enterprise. Computerisation of

¹⁰⁴ Типовий порядок визначення норм запасів ТМЦ №17-60/26 : наказ М-ва фінансів України від 15.06.1993. URL: <https://zakon.rada.gov.ua/laws/show/z0070-93#Text>

accounting allows controlling synthetic and analytical accounting automatically¹⁰⁵.

When developing a plan for organising the documentation of business transactions, first of all, a list of transactions to be documented at the enterprise should be compiled, then it is necessary to determine what documents will be used to document each type of transaction, the number of copies of each document and their purpose, as well as the procedure for preparing each document. A properly organised document flow, i.e. the movement of primary documents in the accounting process from the moment they are generated to their transfer to the archive, has a significant impact. The movement of primary documents in an industrial enterprise is not chaotic, but a pre-coordinated process of documents flowing from one responsible person to another in accordance with the document flow schedule developed and approved by the institution.

The structure of the document flow should be such as to ensure timely receipt of the necessary information for accounting, control and operational management of the movement of inventories.

Thus, it is necessary to ensure clear control over their availability, receipt and disposal, to prevent the possibility of mixing the quantity and value of different nomenclatures, so as not to create conditions for re-sorting and shortages of some materials by covering the surplus of others. The places where inventory is stored must be properly prepared and secure to prevent damage or theft of materials. Each of them (warehouse, storeroom, etc.) must have an appropriate code (number), which must be indicated in all primary documents.

For any enterprise, efficient and rational use of inventories is essential in the process of finding ways to reduce production costs and increase production volumes, which is why it is particularly important to identify the main areas of saving raw materials. Studying and analysing the practices of industrial enterprises makes

¹⁰⁵ Положення про інвентаризацію активів та зобов'язань : наказ М-ва фінансів України 02.09.2014 № 879. URL: <https://zakon.rada.gov.ua/laws/show/z1365-14#Text>

it possible to identify the following areas of potential inventory savings: reduction of production waste through the use of new types of materials; use of secondary resources; reduction of material consumption through the use of resource-saving equipment, introduction of waste-free technologies; increase in the output of finished products through the introduction and use of scientifically sound standards of raw material consumption for the production of products and improvement of their quality. It should be noted that since the structure of industrial production costs is characterised by a large share of material costs, there is an unreasonable ratio between the time spent by working capital in inventories and in production. At the same time, an increase in working capital due to loans leads to an increase in production costs and prices, and a decrease in the competitiveness of finished products.

The formation of high-quality accounting and analytical support is influenced by the established accounting policy, as complete and analytical information on the state of production stocks allows to effectively manage business activities and prepare long-term programmes for its development.

The correct documentation of operations related to the receipt of inventories determines the reliability of allocating their value to production costs and the rationality of assessing work in progress balances.

Depending on the possibilities of further use, enterprises also include production wastes in the composition of basic or auxiliary materials. In our opinion, it would be appropriate to propose opening additional groups of analytical accounts for accounting for raw materials and supplies: 20101 "Main raw materials", 20102 "Additional raw materials", 20103 "Auxiliary materials", 20104 "Return waste."

The use of the proposed account correspondence in practice, through investment and operating activities, will allow to rationally organise this area of inventory accounting by minimising the possibility of making erroneous entries and facilitating the determination of account correspondence for typical business

transactions.

Since inventories go through many stages of processing, they are an important and complex object of accounting and control.

An important factor in the development and continuity of production is the stable supply of production stocks and their rational use. During martial law, the company's supply system for raw materials, components, fuel, etc. changed significantly. Suppliers change the terms of supply of raw materials and supplies, logistics problems arise, exchange rate volatility and many other factors affect the efficiency of the use of inventories.

The current economic conditions contribute to a significant deterioration in the financial and property status of a number of enterprises, reducing their profitability, solvency and liquidity. One of the levers to improve the efficiency of economic activity of enterprises is to obtain reliable information about their property and sources of its formation to ensure the management process.

The information base for inventory checks at an enterprise is based on:

- regulatory documents relating to the acceptance, accounting for storage and release of material assets;
- order on the accounting policy of the enterprise;
- primary documents for processing inventory transactions;
- the company's financial statements and accounting registers for inventory accounting.

The primary stage of the company's operations is the provision of production stocks. The company plans the purchase of inventories in advance. The company enters into supply contracts that specify the quantity, price and quality of inventory to be delivered to the company, as well as the delivery time for each batch of materials.

Since the beginning of martial law, business entities have faced the problem of supplying imported goods, as well as the possibility of delayed payment for materials, and every day fewer and fewer suppliers agree to ship goods without advance payment, which in turn requires additional investments.

Determining the required amount of production stocks is the

next stage in ensuring that an enterprise has enough production stocks. The problem of determining the amount of production inventories is related to the need to plan the need for basic materials (raw materials, supplies, components, etc.), which account for a significant part of the company's expenses.

The scientific literature discusses various options for the stages of inventory analysis. One of these options is to analyse the production stocks of enterprises by specified areas (Table 5).

Table 5

Areas of analysis of production stocks of an enterprise

Areas of analysis	Tasks of the direction
Study of the company's inventory availability	1. Determine the need for production stocks. 2. Checking the validity of orders for production stocks. 3. Evaluation of the timeliness and completeness of the receipt of inventory from suppliers. 4. Analysis of the daily availability of the enterprise by types of inventory.
General analysis of the volume and structure of inventory	1. Horizontal and vertical analysis of the company's production stocks. 2. Analysis of the state and movement of production stocks at the enterprise by calculating the coefficients.
Evaluation of the efficiency of inventory use	1. Analysis of the use of material resources by various indicators. 2. Analysis of the efficiency of inventory use by generalised indicators (material efficiency, material intensity, share of material costs in the cost of production, material resource utilisation rate).
Analysis of material consumption of products	1. Analysis of material consumption and material efficiency of the enterprise's products. 2. Factor analysis of products.

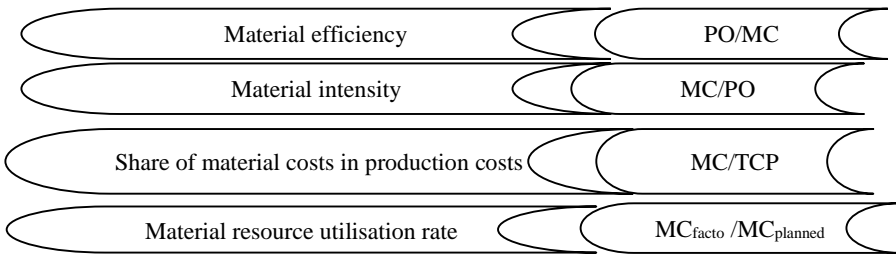
Source: compiled by the author based on¹⁰⁶

Analysing the utilisation of inventory is aimed at reducing the share of material costs in the cost of production. There are many different methods of analysing the utilisation of inventory, which offer a variety of factors and indicators that influence them. Such

¹⁰⁶ Марина А. С., Феськіна З. Ю. Підвищення ефективності використання виробничих запасів автодорожнього підприємства. *Проблеми системного підходу в економіці*. 2018. Вип. 6. С. 193 – 198.

methods include: vertical and horizontal analysis; ratio comparative analysis; diagnostic analysis of the use of production stocks by individual or general indicators; factor analysis, etc. This requires a distinction between material intensity as the ratio of all material costs to the volume of output in value terms per physical unit of output, as well as per unit of effect.

A prerequisite for the existence and further development of a company is the rational use of production stocks at each production facility. A system of indicators is used to characterise the efficiency of material resources use (Fig. 3).



where, PO - product output; MC - material costs; TCP - total cost of production.

Fig. 3 System of key performance indicators for the use of material resources

Source: compiled by the author

The purpose of analysing the utilisation of inventories is to increase the company's profit by reducing the share of material costs in the cost of production. Thus, the analysis of the company's inventory is reduced to the following actions:

- assess the level of efficiency of the use of production stocks;
- determine the degree of influence of factors on cost reduction in terms of material costs;
- analyse the relationship between output volumes and material consumption and material efficiency;
- assess the movement and structure of consumption of production stocks for a certain period and in dynamics;
- to assess possible options for saving production stocks and

increasing the efficiency of the use of production stocks.

The state regulation of the accounting system in Ukraine is carried out by the Ministry of Finance of Ukraine, the National Bank of Ukraine, ministries and other central executive authorities within the scope of their powers provided for by law. The procedure for keeping records of inventories is determined by various entities within their powers and is ensured by three levels (international, state and company), which form the system of regulatory regulation of inventory accounting. The procedure for reporting information on production inventories is regulated by NUAS 1 "General Requirements for Financial Reporting", which is approved by the Ministry of Finance of Ukraine¹⁰⁷.

Economic indicators that are the basis for making management decisions are provided in the form of financial statements of the respective reporting periods. Therefore, the importance of complete and reliable economic information about the financial position and performance of the company in solving current and future business problems cannot be overestimated.

The main principles of financial reporting are set out in NP(S)BU 1 "General Requirements for Financial Reporting", approved by the Order of the Ministry of Finance of Ukraine dated 07.02.2013 No. 73, as amended¹⁰⁸.

The financial statements of Interflon Ukraine LLC include: Balance sheet (Statement of financial position of the company) form No. 1, income statement (Statement of comprehensive income) form No. 2¹⁰⁹.

The main carrier of information on inventories is the Balance

¹⁰⁷ Про затвердження Національного положення (стандарту) бухгалтерського обліку 1 «Загальні вимоги до фінансової звітності»: наказ МФУ від 7 лютого 2013 року № 73 (зі змінами і доповненнями). URL: <http://zakon1.rada.gov.ua/laws/show/z0336-13>.

¹⁰⁸ Про затвердження Національного положення (стандарту) бухгалтерського обліку 1 «Загальні вимоги до фінансової звітності»: наказ МФУ від 7 лютого 2013 року № 73 (зі змінами і доповненнями). URL: <http://zakon1.rada.gov.ua/laws/show/z0336-13>.

¹⁰⁹ Офіційний сайт ТОВ «Інтерфлон Україна». URL: <https://www.interflora.com.ua>

Sheet (Statement of Financial Position). The balance sheet is an important component of the information support system of business entities. From this form of reporting, internal and external users can obtain reliable information about the assets and liabilities of the company at a certain point in time. Different users of accounting information require different levels of detail. "Users of information differ in the level of materiality of their interest and the type of information they use (financial or non-financial) to make decisions. At the same time, their interests may be similar, but the requirements for the volume and content of the necessary information may differ significantly" ¹¹⁰. Therefore, the information of the Balance Sheet (Statement of Financial Position) should satisfy the interests of users of financial statements and, at the same time, not be overloaded with redundant accounting information.

Currently, in accordance with NP(S)BU 1 "General Requirements for Financial Reporting", a comprehensive item "Inventories" (line 1100) is separated in the second section of the asset to summarise information on production stocks. This item shows the total value of assets recognised as inventories in accordance with NAS 9 "Inventories", in particular, those held for further sale in the ordinary course of business; those in the process of production for the purpose of further sale of the production product; those held for consumption in the production of goods, performance of works and provision of services, as well as for the purpose of managing the enterprise¹¹¹.

If the materiality criteria are met, information on the value of production inventories, work in progress, finished goods and merchandise may be separately presented in additional items to the Balance Sheet (Statement of Financial Position). The total value of

¹¹⁰ Про затвердження Методичних рекомендацій щодо заповнення форм фінансової звітності (зі змінами і доповненнями, наказ Міністерства фінансів України від 28 березня 2013 року № 433 URL: <https://zakon.help/law/433/>

¹¹¹ Про затвердження Методичних рекомендацій щодо заповнення форм фінансової звітності (зі змінами і доповненнями, наказ Міністерства фінансів України від 28 березня 2013 року № 433 URL: <https://zakon.help/law/433/>

inventories is included in the balance sheet total, and information on the value of individual components of inventories is provided in additional items within the total amount¹¹².

Thus, inventories may be presented in the Balance Sheet (Statement of Financial Position) in the following disaggregation if they meet the materiality criteria (Table 6).

Table 6

Excerpt from Annex 3 to NP(S)BU 1 "General Requirements for Financial Reporting" "List of Additional Financial Reporting Items"

Balance sheet items	String code
Production inventories	1101
Work in progress	1102
Finished products	1103
Goods	1104

*Source: compiled by the author based on*⁵⁹

The additional item "Production stocks" reflects information on the value of stocks of low-value and wearing items, fuel, raw materials, spare parts, basic and auxiliary materials, purchased semi-finished and finished products, packaging, construction materials and other materials intended for consumption in the normal operating cycle.

We agree with the position of N.V. Prokhar that "it is not correct enough to consolidate the item "Inventories"..., since the composition of inventories is determined by the specifics of the activities of a production, trade or service enterprise. Therefore, the calculation of turnover ratios and security of specific types of inventories for the purpose of economic analysis will be possible only with the use of additional analytical data"¹¹³.

¹¹² Томчук В. В, Михайлишена А. Особливості обліково-аналітичного забезпечення управління виробничими запасами. *Економічний аналіз*. 2021. Том 31. № 3. С. 198-205.

¹¹³ Прохар Н. В. Особливості та дискусійні аспекти фінансової звітності відповідно до Національного Положення (стандарту) бухгалтерського обліку. Наукові праці Кіровоградського національного технічного університету. Економічні

Paragraph 24 of the section "Valuation of Inventories at the Balance Sheet Date" of NAS 9 "Inventories" states that information about inventories is recorded at the lower of cost or net realisable value. Inventories are carried at net realisable value when, at the balance sheet date, their price has decreased or they are damaged, obsolete or otherwise have lost their originally expected economic benefit. Net realisable value is determined for each item of inventory by deducting from its future selling price the estimated costs of completion and selling expenses.

The amount by which the cost of such assets exceeds their net realisable value, as well as the cost of completely lost inventories (spoiled or shortages) are charged to expenses for the reporting period. The cost of shortages and losses from damage to inventory until specific culprits are identified is recorded on off-balance sheet accounts. When the persons responsible have been identified, the recoverable amount is charged to accounts receivable (or other assets) and income of the reporting period. If the net realisable value of the above inventories previously impaired and considered assets at the balance sheet date subsequently increases, other operating income is recognised for the amount of the increase in net realisable value, but not exceeding the amount of the previously determined decrease, and the value of such inventories is increased.

In accordance with UAS 9 "Inventories", the notes to the financial statements contain information on¹¹⁴:

- methods of inventory valuation;
- the carrying (accounting) value of inventories, which are recorded at net realisable value;
- the carrying (accounting) value of inventories transferred for processing, for commission, or as collateral;
- the carrying (accounting) value of inventories in the context

науки. 2013. Вип. 23. С. 341–345.
URL: http://nbuv.gov.ua/jpdf/Npkntu_e_2013_23_51.pdf.

¹¹⁴ Про затвердження положення (стандарту) бухгалтерського обліку 9 «Запаси» : наказ МФУ від 20 жовтня 1999 року № 246. URL: <http://zakon2.rada.gov.ua/laws/show/z0860-99>.

of certain classification groups;

– the amount of increase in net realisable value at which inventories were valued in accordance with clause 28 of NAS 9 "Inventories".

In addition, the Notes to the Annual Financial Statements (Form 5) include a section VIII "Inventories" to reflect information on inventories (including production inventories).

The researched enterprise LLC "Interflon Ukraine" prepares financial statements in accordance with NAS 25 "Financial Report of a Small Business Entity". According to this standard, production inventories are reflected in line 1100 "Inventories" of the second section of the asset "Current assets".

The procedure for the preparation of financial statements is also regulated by IAS 1 "Presentation of Financial Statements". According to this standard, financial statements provide a structured presentation of the financial position and financial performance of an entity. The purpose of such statements is to provide reliable, relevant information about the financial position, financial performance and cash flows of an entity that will be useful to a wide range of users in making economic decisions. In addition, the financial statements show the results of how the management of the entity manages the entrusted resources. For this purpose, financial statements provide the following information about the entity: assets; liabilities; equity; income and expenses, including profit and loss; contributions and distributions to owners acting in accordance with their powers as owners; and cash flows. This information, together with other information in the notes, helps users of such financial statements to plan future cash flows and, in particular, their timing and probability¹¹⁵.

That is, the financial statements of an entity, based on generalised accounting data, act as a link between the enterprise and the external environment.

¹¹⁵ Міжнародний стандарт бухгалтерського обліку 1 «Подання фінансової звітності». URL: http://zakon.rada.gov.ua/laws/show/929_013

In accordance with the requirements of NP(S)BU 9 "Inventories", an enterprise's inventories are recognised in the financial statements at the lower of cost or net realisable value. In turn, the net realisable value of inventories is defined as the expected selling price of inventories in the normal course of business less the costs of their production and sale¹¹⁶.

Table 7

Forms of financial statements and their use in the economic analysis of business processes of Interflon Ukraine LLC

Form of reporting	Contents	Using information in economic analysis
Balance sheet (statement of financial position)	Economic resources (assets, including inventories, liabilities and equity) controlled by the enterprise at the balance sheet date	Analysis of the volume, composition, structure and dynamics of assets: non-current, current assets, deferred expenses. Analysis of the amount, composition, structure and dynamics of liabilities: equity, provision for future expenses and payments, long-term liabilities, current liabilities, deferred income. Analysis of the financial position.
Statement of financial results	Revenues, expenses and financial results of the company	Analysis of the volume, composition, structure of revenues, expenses, profit, profitability, and state of the enterprise.

Source: compiled by the author based on⁶³

At the end of the reporting period, information on inventories at Interflon Ukraine LLC is reflected in the financial statements. In the Balance Sheet (Form No. 1), inventory balances are shown in line 1100 "Inventories", and this line includes the following lines: 1101 "Production stocks", 1102 "Work in progress", 1103 "Finished goods", 1104 "Goods". In addition, at the end of each year, Chado LLC prepares Notes to the annual financial statements (Form 5), in which the amount of inventories at the end of the year is reported in the Inventories section.

It should be noted that the peculiarities of VAT accounting for the purchase of inventories are established by subpara. 139.1.6 OF THE TCU. In general, according to the TCU, VAT amounts paid as

¹¹⁶ Про затвердження положення (стандарту) бухгалтерського обліку 9 «Запаси» : наказ МФУ від 20 жовтня 1999 року № 246.
URL: <http://zakon2.rada.gov.ua/laws/show/z0860-99>.

part of the price of inventories when purchasing them are not included in the expenses of a company that is a corporate income tax and VAT payer. This means that the cost of inventories when they are recognised, accounted for and disposed of does not include VAT amounts.

Thus, we have reviewed the reflection of inventories in the company's financial statements. It was found that Interflon Ukraine LLC prepares financial statements in full and acts in accordance with the requirements of the current legislation.

The company's accounting of inventories and generalisation of information on inventories in the reporting forms complies with the regulatory requirements and accounting methodology.

In such conditions, the role of accounting and reporting is growing, which should serve as a qualitative basis for decision-making and provide an opportunity to solve existing problems of business entities' development in real time. A high-quality information base ensures the effectiveness of analysis, planning, and control of data for various departments of enterprises, which underlies the development of the strategy and tactics of business entity management. Under such conditions, the information resource plays a special role among all the resources of enterprises and acts as an integrative characteristic of all production factors.

It is in the accounting and reporting systems that data on the formation and use of an entity's inventories are generated, which subsequently become the basis for making management decisions. At the same time, the maximum relevance and usefulness of such information for managing competitiveness can be ensured only by ensuring its proper target orientation¹¹⁷.

To do this, it is necessary to determine the indicators of competitive development of the enterprise, which directly depend on the efficiency of inventory management. The latter is possible

¹¹⁷ Гандзюк О. В. Теоретичні аспекти формування обліково-аналітичної системи підприємства. *Науковий вісник Ужгородського університету. Сер. Економіка*. 2015. Вип. 2 (46). С. 340 – 344.

provided that there is a clear understanding of the information requests that the enterprise's management system makes to the accounting and analysis systems. Based on the information needs of the management system for decision-making and generating data on the availability and movement of inventories at the enterprise, the article studies a set of tasks that should be provided by the accounting and analytical system, including the formation of a database for logistics services. This relationship is presented in Table 8.

Table 8

Information requests of the management system regarding the company's inventory

№	Management system request	Tasks of the accounting and analytical system
1	Optimal batch sizes for stock delivery	Formation of an information base on the optimal batch sizes for the supply of inventory
2	Inventory requirements of different business units	Creating a database of inventory needs
3	Cost of ordering a stock delivery batch	Recognition of expenses for ordering a batch of inventory delivery (by counterparty)
4	Cost of storing inventory	Reflecting the cost of storing a unit of inventory in a warehouse
5	Cost of transporting stocks	Recognition of inventory transportation costs
6	Minimum amount of inventory transported	Determination of the minimum stock lot size set by carriers
7	Inventory utilisation efficiency	Generating an analytical report on inventory efficiency indicators

Source: compiled by the author

As a result of effective inventory management, it is the group of adaptively determined factors of competitiveness that will undergo changes and ensure the emergence of additional competitive advantages of the enterprise. In general, the place of accounting and analytical support as an information base for inventory management in ensuring the competitive development of Interflon Ukraine LLC is presented in Fig. 4. Thus, the information on accounting and analytical support of inventory management, formed in accordance with the needs of the enterprise management system, is aimed at maximising the economic effect associated with their formation and use, as well as improving the indicators of competitive development

of the enterprise.

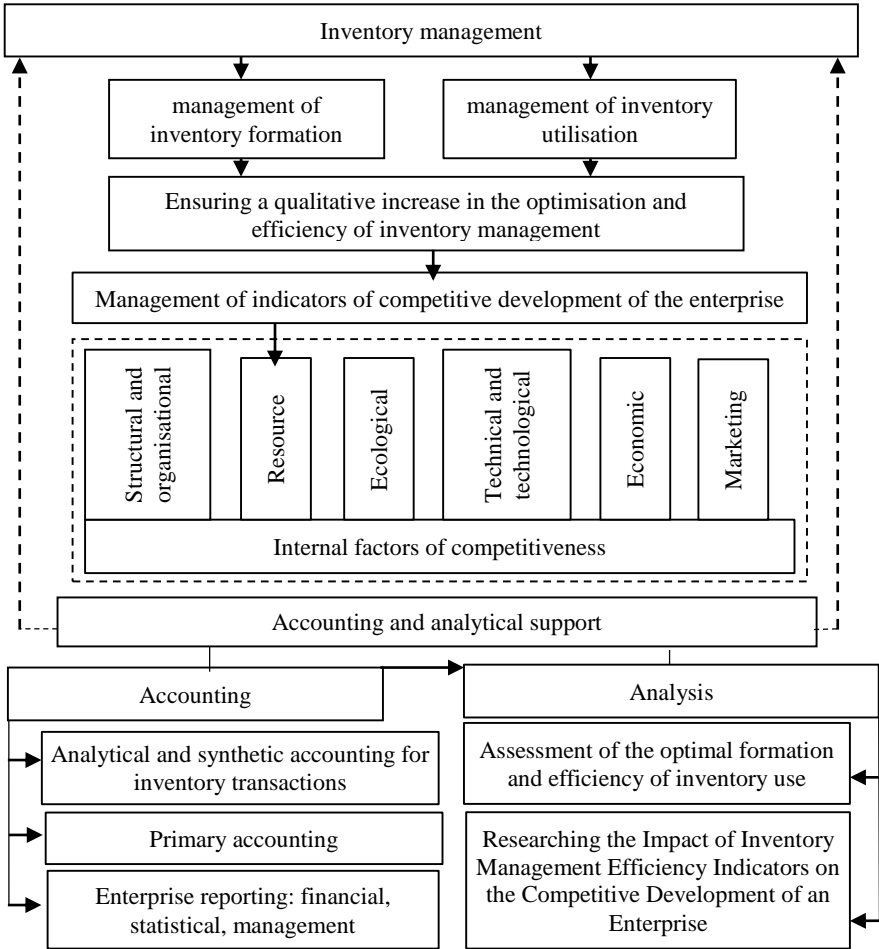


Fig. 4. Theoretical and Organisational Model of Formation of Information for Accounting and Analytical Support of Inventory Management

Source: compiled by the author

The adaptive and specific factors of competitiveness of

business entities, which include structural, organisational, technical and technological, resource, economic, and environmental factors of the internal environment, are determined by the peculiarities of the functioning of enterprises and may change as a result of internal management decisions.

Thus, inventory management should be carried out in two directions: inventory formation management and inventory use management¹¹⁸. At the same time, provided that the indicators of optimality and efficiency of inventory management increase qualitatively, the indicators of competitive development will improve through the improvement of resource factors of competitiveness.

An important role in the model presented in Fig.4 model played by accounting and analysis. The speed of accumulation and processing of information, its transfer to internal and external users in accordance with their information needs and in a form acceptable to them are the main tasks of accounting. Accounting is the key source of data processed by the analytical system to support management processes. The analysis is used to study the structure and dynamics of economic and financial indicators, the study of the relationships between them, the impact of exogenous and endogenous factors on the performance and competitiveness of the enterprise.

The specificity of enterprise inventory management should be manifested in all components of the accounting and analytical support system:

- in the accounting subsystem – through the formation of information that most accurately reflects the data on current operations with the inventory of the business entity in various analytical sections;
- in the analysis subsystem – through the formation of analytical tools for assessing the state of optimality of formation and

¹¹⁸ Про інформацію : Закон України №2658-ХІІ від 02.10.1992р. (зі змінами і доповненнями). Відом. Верховної Ради України. 1992. № 48.

efficiency of use of enterprise reserves, factors influencing these indicators and trends in further development¹¹⁹¹²⁰.

To ensure the efficiency of inventory management in the context of ensuring competitive development and growth of the market value of enterprises, a management reporting system has been developed to make operational, tactical and strategic decisions (Table 9).

Table 9

**Accounting system to form an information base for
inventory management**

Type of report	Report content	Purpose
Operational reporting		
Report on the availability and planned deliveries of production stocks	Data on the availability at the beginning and end of the reporting period of production stocks, planned deliveries of stocks necessary to ensure the normal production process	Management resource availability
Report on downtime, rejects and other violations of the production process	Information on the volume of defective products with an indication of their production cost and itemised breakdown, production process downtime and equipment output, with the reasons for these phenomena, including the defective inventory that led to the production of defective products	
Tactical reporting		
Usage report, inventory balances and overages	Information on the composition, structure of production stocks used for the production of products, including information on planned and actual costs and stock balances	Resource management
Report on the timeliness of deliveries and price dynamics of production stocks	Information on suppliers, planned and actual deliveries of inventory, and price dynamics for inventory	
Strategic reporting		
Report on the material	Information on the status and structure of	Formation of a

¹¹⁹ Сопко В. В. Бухгалтерський облік в управлінні підприємством: навч. посібник. Київ : КНЕУ, 2006. 526 с.

¹²⁰ Гудзинський О. Д. Менеджмент та його обліково-аналітичне забезпечення: навч. посібник. Київ : ІПК ДСЗУ, 2003. 51с.

Type of report	Report content	Purpose
and technical support for the competitive development of the enterprise	fixed and current assets, capital, land, and labour resources. Data on competitive positions by these indicators in relation to a certain sample of similar companies operating in the market.	competitive development strategy for an enterprise
Report on production and sales activities	Information on the volume of manufactured and sold products (including organic), production and total cost, profit, sales directions, including exports.	Formation of a competitive development strategy for an enterprise
Report on the areas of optimisation of production and business activities	Information on optimised production and business performance indicators that ensure the growth of the company's competitive position.	

Source: compiled by the author

The forms of management reporting presented in Table 9 cover a set of the most important indicators of inventory management that affect the competitive position and value of the enterprise. Based on the information in these reporting forms, managers of the enterprise are able to make effective management decisions on improving the composition, structure, timing and sources of supply, which will ensure the synergy effect based on the successful use of management technologies within the operational, tactical and strategic management of the enterprise's competitiveness.

Operational management reports are the basis for generating reports intended for making tactical decisions on managing the competitiveness and value of the enterprise. Such reports contain analytical information on the rhythm of deliveries and shipments, material and technical support for production, timeliness of payments, the structure of business expenses, the presence of factors hazardous to business, and the effectiveness of operational management decisions.

Properly organised primary accounting and documentation of inventories determines the correctness of their recognition, valuation, write-off of their value to production, valuation of work in progress, and reporting. There are many standard primary

documents for inventory accounting, so an accountant chooses at his or her own discretion which documents are appropriate for use at his or her company, taking into account the size and specifics of the company. The structure of the document flow should be such that it ensures timely receipt of the necessary information for accounting, as well as for control and operational management of the movement of inventories.

Research has shown that many economists and scientists from around the world have argued for the importance of improving inventory accounting at enterprises. The main hypothesis of the research of these scientists is the assumption that the methodology and organisation of accounting and analytical support for the management of production inventories needs to be improved.

In the course of the practical study at Interflon Ukraine LLC, it was determined that inventory management at enterprises is carried out on the basis of complete and reliable information, which is ensured by the preparation of relevant primary and accounting documents. However, in order for an enterprise to operate successfully in a market where there is competition and external factors change frequently, it is necessary to ensure an effective document flow of the business entity.

The posting and release of inventories is a complex and time-consuming process that needs to be simplified, for which purpose the warehouse accounting card (form M-12) can be modified by adding lines that include the limit for the disposal of inventories and the signature of the persons receiving them.

To ensure the timely reflection of business transactions in operational and accounting records, the company should draw up schedules for the movement of documents between company services and their receipt by the accounting department.

Inventories in warehouses are accounted for in accordance with Form M-12, which is issued to the persons in charge of inventory. The inventory card is grouped by accounting groups, and within each group, in ascending order of nomenclature numbers or alphabetically, into groups and subgroups.

In addition, enterprises often have warehouse and accounting departments in different locations, which causes the problem of inconsistency of inventory information, leading to distortions in financial statements. In order to establish proper communication between the accounting department and the warehouse and production department, it is proposed to modify the software in the form of transferring information on the movement of stocks using a barcode. This bar code should be entered into the automated system by the storekeeper when transferring and releasing materials to production, the program processes this code and independently fills in the fields of the electronic document and transmits this information to the accountant so that he can correctly enter the data to avoid inappropriate completion of the nomenclature at the end of the month.

In our opinion, the acquisition of inventories should be measured at cost. In other words, the purchase price, according to the suppliers' invoices, should be increased by the amount of transport and procurement costs determined at the date of receipt of materials. At the same time, it is necessary to change the cost basis for allocating these costs to a quantitative basis: in proportion to the weight, volume, and area occupied by the inventory on vehicles, since the current allocation in proportion to the cost of purchased inventory distorts its original cost. On disposal, studies show that inventory valuation in a market economy has become significantly more complex. This is due to constant changes in prices for inventories in a market economy.

Table 10

**Characteristics of information used in inventory
accounting at Interflon Ukraine LLC**

Primary document	Contents of the document	Use in the accounting and analytical process
Consignment note	The consignment note consists of three sections: -Goods statement -loading and unloading operations -other information	Report on production and sales activities

Primary document	Contents of the document	Use in the accounting and analytical process
Consignment note for the release of inventory	It is used to write off inventory items, post them to the recipient company and allow them to be removed from the supplier's premises	Accounting and control over the receipt of inventory from inventory suppliers
Invoice-texture	A payment document issued by a supplier to a buyer for each batch of shipped inventory	Initial accounting for the receipt of inventory by the company from suppliers
Tax invoice	Settlement and reporting document, which is drawn up in two copies for each batch of shipped goods by a VAT payer	Confirms the possibility of obtaining a VAT tax credit for accounting for the receipt of inventory from supplier
Power of attorney	Strict accountability document used to receive inventory from a supplier through a proxy who can only be an employee of the company	Authorises the materially responsible person to receive inventory and to account for the receipt of inventory at the enterprise.
Income accounting	It is used to account for materials received by the company from suppliers or from processing	Accounting for the receipt of inventory from suppliers or from processing
Act of purchase of inventory values	Used when reporting entities purchase inventory from individuals on the market or elsewhere	Accounting for the acquisition of inventories through purchase from individuals or markets individuals or in the market
Leave request form	The receipt is made in two copies, one is used as a warehouse receipt document and the other as an expense document for the shop that delivered the materials	Regulates accounting for the supply of materials within the enterprise for production purposes, etc.

Source: compiled by the author

An entity receives the same materials at different prices during the reporting period: the prices of materials received at the beginning and at the end of the reporting period may differ significantly. Comparison of different methods of valuation of inventories upon their disposal gives grounds to substantiate the following aspects: the least risky and easiest to use is the weighted average method of inventory valuation; the most logical and reasonable is the valuation of materials using the FIFO method. This is because in practice, in

most cases, it is more expedient to use up the inventory that was received earlier.

The proposed mechanism for improving the accounting of production stocks can become the main prerequisite for the successful implementation of the production process. Thus, we note that simplification of processing of operations related to the movement of production stocks will allow monitoring of thorough and timely inventory and improving the accounting methodology, which will allow planning the construction of sufficient storage facilities, as well as determining the optimal need for production stocks and their rational use¹²¹.

The efficient use of inventories is possible if their accounting is properly organised and internal control over their use and movement is maintained. Accountants of enterprises should decide on their own how to organise analytical accounting of production inventories and their valuation depending on the specific conditions of the enterprise's activities and accounting.

Based on the above, we believe that the process of optimising the accounting of production inventories, as well as improving their useful life, should be facilitated not only by the assessment and high-quality documentation, but also by a well-established production process. Therefore, for further optimisation of inventory accounting, we propose the developed economic mechanism (Fig. 5)¹²².

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¹²¹ Dmytrenko Olga, Yarmoliuk Olena, Kudlaieva Nataliia, Sysoieva Inna, Borkovska Valentyna, Demianyshyna Olesia. Application of Modern Software for Improving the Economic Analysis Accounting Efficiency at Enterprises. *Journal of Management Information and Decision Science*, 2020, 23(5), pp. 649 – 660

¹²² Роева О.С. Організаційні засади побудови бухгалтерського обліку запасів в процесі інноваційної діяльності: нормативно-правовий аспект. *Центральноукраїнський науковий вісник. Економічні науки*. 2020. вип. 4(37). С. 274 – 290. DOI: [https://doi.org/10.32515/2663-1636.2020.4\(37\).274-290](https://doi.org/10.32515/2663-1636.2020.4(37).274-290)

and timely inventory and improving the accounting methodology, which will allow determining the optimal need for production stocks and their rational use.

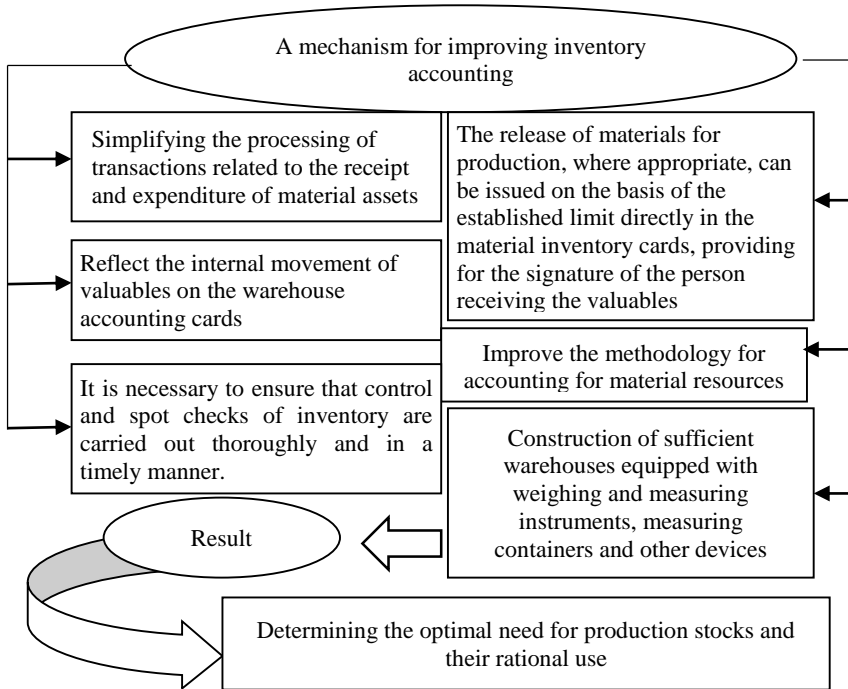


Fig. 5 Economic mechanism for improving inventory accounting

Source: compiled by the author based on ¹²³

In addition, in our opinion, the key areas for improvement and optimisation of inventory accounting at Interflon Ukraine LLC should be:

- 1) simplification of processing of transactions related to the

¹²³ Запаси та їх класифікація. Електронний журнал «Податки & бухоблік». 2021. №14. URL: <https://i.factor.ua/ukr/journals/nibu/2021/february/issue-14/article-113405.html>

receipt and expenditure of inventory;

2) reflecting the internal movement of inventory on the warehouse accounting cards;

3) release of inventory, based on the established limit, into production by recording it directly in the warehouse cards, providing for the signature of the person receiving the inventory;

4) careful control over timely inventories and spot checks;

5) implementation of effective forms of preliminary and current control over compliance with the norms of production stocks during their consumption;

6) determining the optimal need for production stocks, their proper storage and rational use;

7) development of a system for automation of accounting and analytical procedures in the management of production stocks;

8) designing a system of economic analysis and control of the efficiency of production inventories;

9) use of unified forms of primary documentation in all areas of inventory accounting, creation of document flow schedules, control by accounting staff over the correctness of primary documentation for inventory accounting¹²⁴.

In our opinion, the proposed directions of improvement of the accounting policy in terms of production stocks and methods of their accounting will ensure the formation of complete and reliable information on the status and movement of production stocks for making effective decisions in the enterprise management system. And improving the quality and completeness of primary accounting of inventories of enterprises is one of the priority areas for creating a proper inventory accounting system.

In order to form timely and high-quality accounting information, optimise document flow, and improve logistics processes with respect to production stocks within the enterprise,

¹²⁴ Управлінський облік : навчальний посібник / МОН України, Уманський державний педагогічний університет імені Павла Тичини; уклад. О. А. Дем'янишина. Умань : Візаві, 2019. 216 с.

modern enterprises need to effectively organise primary accounting of production stocks. According to the results of the study, scientifically based classification of inventories, high-quality primary observation of storage and movement of production inventories, and development of accounting technology, which allows generating reliable information for building an effective accounting and management model, are important in ensuring this process.

Practice shows that inventory accounting is still a labour-intensive area. Therefore, it is not surprising that many companies have certain shortcomings, and some have neglected the accounting process, which leads to large inventory losses. All this once again confirms that many important issues related to the development of a scientifically sound inventory accounting system remain unresolved¹²⁵.

The proposed approach to the grouping of production inventories will ensure the formation of a high-quality information basis for the enterprise management system, which will contribute to improving the efficiency of activities and increasing competitiveness. At the same time, the list of classification features can be supplemented depending on the specifics of the enterprise's activities and the needs of information users.

An important condition for an enterprise is the correct organisation of synthetic and analytical accounting in accounts and registers so that users receive accurate, reliable information about the enterprise's activities in order to make informed decisions about investing their limited resources in their chosen business.

In the course of their activities, enterprises face many problems, one of the main ones being the primary accounting of inventories and their documentation. Among the main ones are errors in paperwork, incorrect accounting of inventory movements,

¹²⁵ Бержанір І. А., Гвоздей Н. І., Дем'янишина О. А. Теоретико-методичні аспекти аудиту фінансової звітності суб'єктів господарювання. *Економіка, фінанси, право*. 2017. № 2. С. 7-9.

including warehouse accounting, and poor communication between the accounting department and other departments. Information technologies will allow you to keep accounting records, generate regulated reports and receive information about the activities and status of resources necessary for making management decisions.

Thus, effective inventory management is one of the most important factors in ensuring the competitiveness of an enterprise in the market environment. At the same time, making effective management decisions is possible only in the presence of a high-quality information base, the key tools for the formation of which are accounting, analysis and reporting. The model and mechanism of accounting and analytical management of inventories and the system of management accounting reporting proposed in the article are aimed at ensuring effective competitive development and growth of value of an economic entity as a result of improving the quality of management processes on the basis of relevant, complete, reliable and timely information support.

In order to streamline and ensure clarity of the control stages, attention should be paid to the possibilities of developing regulations on the organisation of control, to specify elements directly related to the company's inventories and define the methodological aspects of their accounting in the order on accounting policy (determination of the initial cost, method of distribution of transport and procurement costs, methods of valuation at the balance sheet date and at the time of disposal, etc.)

It is through the effective interaction of all elements of the internal control organisation that it will achieve its main goal - to provide reliable data in the process of accounting for the company's inventory, the completeness and timeliness of the reflection of business transactions in the accounting registers and the correctness of accounting in accordance with the company's adopted accounting policy.

The results of the carried out research prove that accounting and controlling support plays a crucial role in the management of material and production stocks, since through accounting

mechanisms management information is formed, which is necessary for analysis and forecasting of future management decisions. The management's demand for reliable data during the period of shortage of materials in the domestic market under martial law in the country increases the requirements of the enterprise's management body to the inventory accounting apparatus and requires timely and high-quality control over their effective use, systematic establishment of logistics links.

2.2. Обліково-аналітичне забезпечення виробництва продукції рослинництва сільськогосподарських підприємств у територіальних громадах

Процес виробництва є важливою ланкою в діяльності будь-якого підприємства, оскільки включає в себе серію технологічних операцій з виготовлення продукції, виконання робіт та надання послуг. Для нормального функціонування підприємства необхідні певні ресурси, які виступають як передумова для процесу виробництва та отримання майбутніх фінансових результатів, але є також витратами операційної діяльності, які підприємство повинно понести, щоб забезпечити процес виробництва.

Функціонування та розвиток підприємств має прямий вплив на соціально-економічний розвиток регіону та територіальних громад. Органи місцевого самоврядування можуть залишати значний відсоток «зароблених» коштів у місцевих бюджетах, а їх права значно розширились. Тому на сьогодні значні кошти залишаються на місцях та забезпечують соціально-економічний розвиток громади.

Таким чином, питання фінансового забезпечення успішного розвитку територіальних громад сіл та селищ багато в чому залежить від ефективності використання земельних ресурсів, які є основним чинником виробництва для суб'єктів господарювання в галузі сільського господарства. Так, за