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FEATURES OF THE ACCOUNTING OF FINANCIAL RESULTS AT AGRICULTURAL ENTERPRISES

ОСОБЛИВОСТІ ОБЛІКУ ФІНАНСОВИХ РЕЗУЛЬТАТІВ НА СІЛЬСЬКОГОСПОДАРСЬКИХ ПІДПРИЄМСТВАХ

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The subject of the study is a set of theoretical, methodological and practical issues related to the formation, organization and creation of the most advanced accounting system of financial results, which ensures the improvement of the management efficiency of an agricultural enterprise. The purpose of writing this article is to substantiate certain theoretical and methodological provisions and develop practical recommendations for improving the accounting of financial results of activities for making managerial decisions regarding the development of agricultural production. The methods of logical analysis, induction and deduction are also applied to clarify the essence of income and financial results; methods of expert assessments – for researching the state of accounting in agricultural formations; methods of functional and logical analysis – for building an accounting information model of financial results.

Keywords: biological assets, expenses, income, accounting, financial results, agriculture.

Предметом дослідження виступає сукупність теоретичних, методологічних і практичних питань, пов'язаних зі становленням, організацією та створенням найбільш досконалої системи обліку фінансових результатів, яка забезпечує підвищення ефективності управління сільськогосподарським підприємством. Мета написання даної статті полягає у обґрунтуванні окремих теоретичних і методологічних положень та розробці практичних рекомендацій щодо удосконалення обліку фінансових результатів діяльності для прийняття управлінських рішень щодо розвитку сільськогосподарського виробництва. Методологія проведення роботи. Методологічною основою дослідження було обрано системний підхід, який використовувався при дослідженні загальнотеоретичних засад обліку фінансових результатів і обґрунтуванні практичних напрямів його удосконалення. Також застосовано методи логічного аналізу, індукції та дедукції для уточнення сутності доходів та фінансових результатів; методи експертних оцінок – для дослідження стану обліку в сільськогосподарських формуваннях; методи функціонально-логічного аналізу – для побудови бухгалтерської інформаційної моделі фінансових результатів. Робота виконана за результатами дослідження сучасних наукових поглядів щодо розвитку методологічних та практичних засад обліку в агропромислових підприємствах. В результаті проведеного дослідження було уточнено суть доходів та фінансових результатів діяльності сільськогосподарських підприємств. Розглянуто основні підходи і проблеми щодо оцінки доходів, організації та ведення обліку фінансових результатів аграрних підприємств із застосуванням національного положення стандарту бухгалтерського обліку 30 «Біологічні активи». Галузь застосування результатів: організація та проведення наукових досліджень щодо удосконалення теорії та практики бухгалтерського обліку фінансових результатів діяльності сільськогосподарських підприємств. Досліджено особливості визначення фінансових результатів згідно П(С)БО 30 «Біологічні активи» та проаналізовано особливості їх відображення в обліку сільськогосподарських підприємств України. Удосконалено інформаційне забезпечення обліку фінансових результатів діяльності та звітності з метою кращого забезпечення споживачів економічною інформацією.

Ключові слова: біологічні активи, витрати, доходи, облік, фінансові результати, сільське господарство.

Formulation of the problem. In modern conditions, the agricultural sector is a basic component of the national economy and plays a leading role in ensuring sustainable socio-economic development of Ukraine. The economic activity of agro-industrial complex enterprises forms the basis of social reproduction of the country's gross domestic product. The level of efficiency of their activity is characterized by financial results. Insufficient attention was paid to the justification of the methodological principles according to which such categories as profit and loss are defined. The existing classification of financial results and their components needs serious improvement in order to provide users with prompt and reliable information. The procedure for determining financial results in agricultural enterprises requires clarification, in particular after the introduction of IFRS 30 «Biological assets». The procedure for the formation of income, expenses and financial results at agricultural enterprises has its own characteristics, which requires thorough scientific research in solving certain problems.

Analysis of recent research and publications. Theoretical studies of the essence of the «financial results» category were conducted by many scientists. A significant contribution to the development of this concept, especially its accounting aspect, was made by well-known domestic and foreign scientists: A. Babo, I. O. Blank, O. S. Borodkin, F. F. Butynets, B. I. Valuev, Z. V. Gutsailyuk, A. M. Gerasimovych, M. Ya. Demyanenko, K. Drury, M. V. Kuzhelnyi, V. G. Linnyk, N. M. Malyuga, M. F. Ohychuk, N. L. Pravdyuk, V. K. Savchuk, Ya. V. Sokolov, V. V. Sopko, N. M. Tkachenko, E. S. Hendriksen, M. G. Chumachenko and others. The problems of the formation of income, expenses and financial results in the accounting system and its adaptation to international standards are dealt with by leading scientists. In particular, the works of V. M. Zhuk, H. G. Kireytsev, M. M. Kotsupatro, V. B. Mossakovskiy, P. T. Sabluk, L. K. Suk and others are devoted to this. The works of these authors highlight the issues of accounting for biological transformations, the formation of income and expenses, and the determination of financial results at agricultural enterprises. However, controversial issues of the formation of financial results of agricultural activity in the new conditions of application of the National Accounting Provisions (Standard) 30 «Biological Assets», Methodological Recommendations on the Accounting of Biological Assets and other normative documents need to be resolved.

There are problems with the practical application of these and other regulatory documents at agricultural enterprises. All this confirms the relevance of the topic and the need to continue scientific research in this field.

Highlighting previously unresolved parts of the overall problem. Formation of expenses and incomes in agriculture and control over their implementation is important in terms of market relations. After all, with the adoption of new legislative acts and regulatory documents over the past ten years, the procedure for keeping records has fundamentally changed, and its adaptation is taking place in accordance with international standards.

Formulation of the goals of the article. The purpose of writing the article is the substantiation of certain theoretical and methodological provisions and the development of practical recommendations for improving the accounting of financial results of activities for making managerial decisions regarding the development of agricultural production.

Presentation of the main research material. In the field of agricultural production, enterprises of different sizes and organizational structures operate, but they are united by a common goal – they are created and operate with the aim of making a profit. The financial condition of the business entity, the stability of its work in the future and the level of development in the industry in general depend on the efficiency of profit management. The complexity of the process of managing the profit of enterprises in the agrarian sector is due to the fact that the economic entity needs to ensure sufficient solvency, taking into account the specific features of the circulation of financial resources for the industry. Management of financial results and the process of profit distribution is impossible without reliable information about costs and revenues, as determining components of financial results. There is a need to study the economic essence and content of the categories «income», «expenses» and «profit».

The most common among modern economists is the definition of the concept of «enterprise income» as the amount of revenue from the sale of products and property, as well as from non-sale operations. The accounting approach to the concept of «enterprise income» is mainly based on the term «economic benefit». This content of this category is defined in the International Financial Reporting Standard 18 «Revenue»: «Revenue is the gross receipt of economic benefits during a certain period,

arising in the course of the ordinary activities of the business entity, when equity increases as a result of this receipt, and not in as a result of capital participants' contributions». A similar concept in the National Accounting Standard – NIFRS 1 «General requirements for financial reporting» is interpreted as follows: «Revenues – an increase in economic benefits in the form of an inflow of assets or a decrease in liabilities that lead to an increase in equity (with the exception of capital growth at the expense of owners' contributions)» [1].

Based on the generalization and systematization of the conceptual foundations and practice of income accounting, we substantiate the concept of «income from agricultural activity» (Fig. 1).

Income from agricultural activity is defined as the receipt of economic benefits as a result of effective management of biological transformations. Based on the requirements of IFRS 30 «Biological assets», three components of income from agricultural activity are allocated. Such a distinction will allow supplementing the classification of the income of agricultural enterprises for the purpose of objectivity of information for the needs of management.

The financial result is the profit or loss received from the activity of the enterprise. Scientist B.V. Melnychuk interprets financial results as profits or losses received from business activities by legal entities or individuals for a certain period (month, quarter, half-year, 9 months, year) [2, p. 184]. Economists I. M. Boychuk, Z. O. Maniv, I. M. Lutskyi,

J. M. Petrovych, A. F. Kit, O. M. Semeniv. define the financial result as the difference between the company's income (costs) and costs (income). From the definitions of the financial result given above, there is a noticeable tendency to confuse the concepts of profit and loss with the income and expenses of the enterprise. Therefore, we suggest distinguishing between «final financial result» and «financial results». The final financial result is the net profit (loss) determined at the end of the reporting year. Financial results are profit, in case of excess of income received by the enterprise for the corresponding period as a result of a certain activity over the expenses incurred during the same period to ensure this activity, or loss – in the opposite case. With the entry into force of IFRS 30 «Biological assets», the concept of financial result has been significantly expanded (Fig. 2).

During the initial recognition of agricultural products and biological assets, they are evaluated at fair value and the amount of the evaluation is recorded in Dt 21 «Current biological assets», 27 «Products of agricultural production» Ct 23. Thus, the credit of account 23 does not reflect the planned cost of assets, but fair value of assets, that is, the value at which they are recorded on the balance sheet. Methodological recommendations for the accounting of biological assets provide for the allocation of expenses to account 940 «Costs from initial recognition and from changes in the value of assets that are accounted for at fair value», and revenues – to account 710 «Incomes from initial recognition

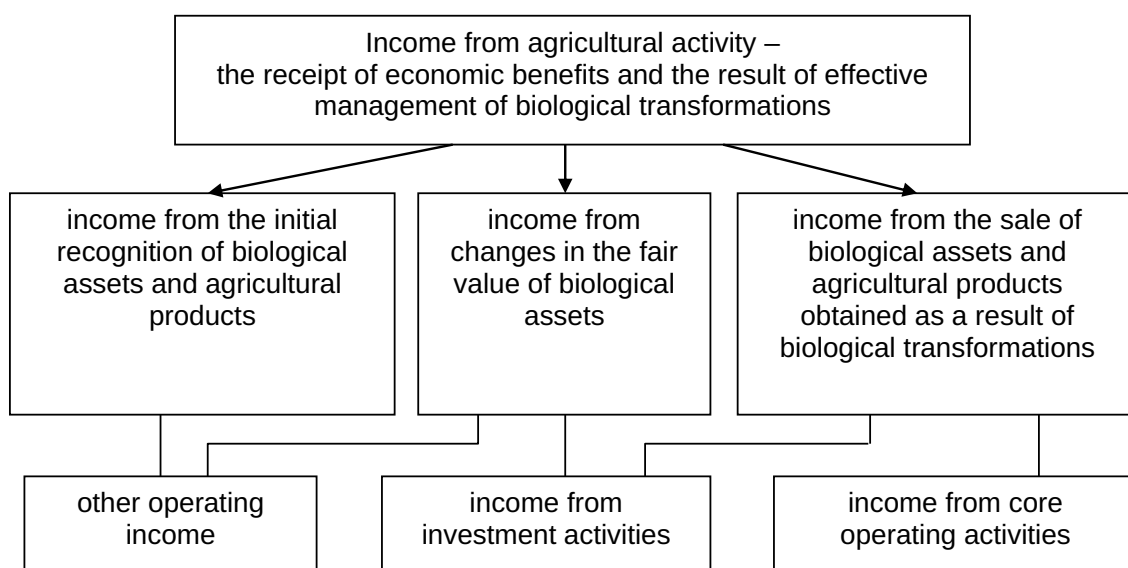


Fig. 1. Components of income from agricultural activity

Source: summarized by the author

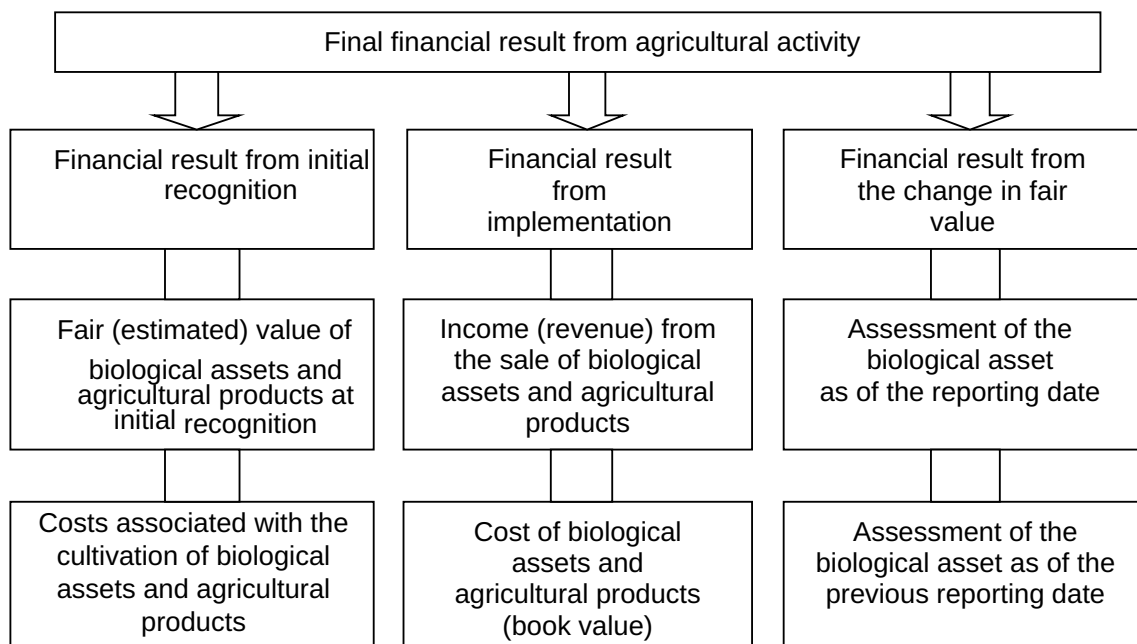


Fig. 2. Formation of financial results from agricultural activity

Source: summarized by the author

and from changes in the value of assets that are accounted for at fair value».

The problem arises in the third case, when it is necessary to increase the expenses on the debit of account 23 «Production» by the amount of recognized income: Dt of account 23, Ct of subaccount 710 «Income from initial recognition and from changes in the value of assets accounted for at fair value». But such an order is unrealistic, because we cannot change the actual costs of production (Dt account 23) and artificially overestimate them by the amount of dubious income (not yet received and it is not at all known whether the company will ever receive it), because they reflect the production cost. This contradicts the economic content of production costs, which are formed on the debit of account 23 «Production». The production cost of products includes: direct material costs; direct labor costs; other direct costs; variable general production and constant distributed general production costs [7]. That is, according to IFRS 16 «Expenses», the debit of account 23 «Production» should contain actual production costs. In order to get out of such a situation and solve the problem of displaying income from the initial recognition of products, it is advisable to post the products on Dt accounts 27, 21 at fair value from Ct accounts: 23 – at actual cost, subaccount 710 – for the difference by which the fair value exceeds the actual cost products

Such a display of the difference between the fair and actual cost of products and biological assets would be quite logical and confirms the opinion of scientists (L. K. Suk, P. L. Suk and others) [8; 9]. Reflecting in the accounting of income from the initial recognition of agricultural products and biological assets without changing the debit of account 23 «Production» will ensure the receipt of information about the amount of actual production costs, on the one hand, and the reflection of the received products in the assessment at their fair value, on the other hand.

We consider it appropriate to allocate subaccount 706 «Income from the sale of current biological assets and agricultural products» as part of account 70. The information accumulated under the credit of this subaccount will reveal a significant share of the income of the main operational activity of the agricultural enterprise, which will simplify the search for data when evaluating the indicators of the enterprise's operational activity. The debit of account 90 will not reflect the production cost of products, as provided for in IFRS 16 «Expenses» [7], but its book value (products are valued at fair value upon initial recognition). In addition, this includes unallocated fixed overhead costs and overhead costs.

Regarding the improvement of measures for the organization of accounting for biological assets and agricultural products at fair value at

the level of individual agricultural enterprises, it is proposed to approve the principles of organizing work on determining the fair value of biological assets and agricultural products in the Order on the accounting policy of the enterprise. In the order on the enterprise, it is necessary to define the circle of officials who are assigned these duties. It is necessary to approve the nomenclature of assets, according to which the fair value will be determined. For documentary confirmation of information about the fair value of biological assets and agricultural products, it is proposed to draw up a certificate of fair (market) prices for biological assets and agricultural products, which is compiled according to the industry principle or for individual regions of sale on the relevant date. One of the main methodical approaches to the organization of accounting of biological assets and agricultural products is the regular monthly determination of the fair value as of the first day of each following month. The advantages of this approach are the short term of the evaluation and registration procedure, the involvement of a small number of employees, simplicity, accessibility and universality.

Conclusions. In modern conditions, the agricultural sector is a basic component of the national economy and plays a leading role in ensuring sustainable socio-economic development of Ukraine. The economic activity of agro-industrial complex enterprises forms the basis of social reproduction of the country's gross domestic product. The level of efficiency of their activity is characterized by financial results. The formation of income and expenses as the main components of financial results in agriculture is influenced by a number of organizational and economic features. Based on the requirements of IFRS 30 «Biological assets», three components of

income from agricultural activities are allocated: income from the initial recognition of biological assets and agricultural products, income from changes in the fair value of biological assets, income from the sale of biological assets and agricultural products obtained in as a result of biological transformations. Accordingly, these types of income form similar groups of financial results at agricultural enterprises. In light of the innovations of standard 30 «Biological assets», it is appropriate to allocate sub-account 706 «Income from the sale of current biological assets and agricultural products» as part of account 70. It is necessary to make changes to the Instructions for the application of the Chart of Accounts, noting that in the case of sale of agricultural products valued at fair value, the debit of account 90 «Cost of sale» reflects the book value of sold assets and products. Reflecting changes in the fair value of biological assets as part of additional capital, rather than financial results, will enable internal and external users of financial statements to receive complete, true and unbiased information about the financial condition, results of operations and cash flow of an agricultural enterprise for decision-making, in particular decisions regarding attraction of investments, obtaining loans, withdrawal of founders from the company or reorganization and others. It is necessary to develop a form of accounting certificate-calculation typical for agricultural enterprises, which will provide analytical and clarity of calculation and ensure the absence of errors when assigning certain expenses and incomes. To simplify the preparation of financial statements, it may be suggested to keep a Book of income (expenses) from the initial recognition and changes in the fair value of agricultural products and biological assets.

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