

University of Security Management in Košice

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**ACCOUNTING FOR THE ACTIVITY OF BUSINESS
STRUCTURES IN MODERN ECONOMIC
CONDITIONS AND EUROPEAN INTEGRATION
PROCESSES**

Collective monograph

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In this monograph, the authors summarized and supplemented the results of many scientific justifications and developments. Considerable attention is paid to the study of accounting and taxation issues in the context of modern trends in the development of society and the economy; application of new methods of information processing and analysis, its understanding and interpretation; possibilities of convergence of national accounting and control models in the conditions of globalization of economic processes and European integration.

The materials of the monograph reflect the results of research carried out as part of the research work “Modern trends, innovations and prospects for the development of accounting and taxation of enterprises, organizations, institutions” (state registration number: 0118U100367).

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SECTION 1 ¹

FINANCIAL ACCOUNTING IN THE MANAGEMENT SYSTEM OF BUSINESS ENTITIES UNDER THE CONDITIONS OF THE INTEGRATION OF UKRAINE INTO THE EUROPEAN UNION

1.1. Basics of building the national accounting system of Ukraine in modern conditions

A prerequisite for effective management of economic entities of various organizational and legal forms is the management system obtaining objective, timely, sufficient information about all processes of enterprise activity. The basis of information support for the management of business entities is accounting information, in particular financial accounting. Financial accounting is an information system that is mandatory for business entities to form, providing information to both external and internal users in accordance with current legislation and accounting standards. The purpose of financial accounting and financial reporting is to provide users with complete, true and unbiased information about the financial status and results of the enterprise's activities for decision-making. The functioning of enterprises of the agrarian sector of the economy of Ukraine in the conditions of war is a guarantee of food supply for the armed forces of Ukraine and the civilian population, the creation of a reliable rear, a guarantee of the country's victory. Today, the agrarian sector of the economy not only forms the food security of the country and the world, economic security and the preservation of state sovereignty in general depend on its stable operation. Agriculture of Ukraine is one of the main budget-forming spheres of the economy. On the conviction of H.M. Kaletnik, the functioning of other branches of the national economy, the food security of the state, the financial provision of the country's needs, the formation of internal and external markets, and the improvement of the welfare of the country's population depend to a large extent on the successful solution of the problems of the economic and social development of the agro-industrial complex as a priority sector of the country's economy, and its sustainable development (Kaletnik, 2016).

¹ Ishchenko Ya. P.

A prerequisite for effective management of economic entities of various organizational and legal forms is the management system obtaining objective, timely, sufficient information about all processes of enterprise activity. Accounting information is the basis of information management of business entities. Today, the management of Ukrainian enterprises faces the difficult task of reorienting their business, on the one hand, in accordance with the needs of the state, the requirements of martial law and the conditions of integration of the domestic economy into the EU, and on the other hand, to ensure effective operations in today's difficult conditions. The effectiveness of management decisions largely depends on the quality of management information support, which is based on accounting information.

The problems of food, economic and energy security in Ukraine and the world through the prism of the aggravation of the political situation are currently relevant and are being studied by the scientific community, in particular in the works of H.M. Kaletnik, D.M. Tokarchuk (Kaletnik, Tokarchuk, 2021), I.V. Honcharuk (Honcharuk, 2020) and others. The state and development of state financial support of the agricultural sector of Ukraine in modern conditions are considered by N.I. Koval, O.D. Radchenko (Koval, Radchenko, 2021). The economic consequences of military aggression against Ukraine are currently the subject of research not only by Ukrainian, but also by many foreign scientists. Among them S.V. Ivanov (Ivanov, 2019), V.I. Kravchenko (Kravchenko, 2019), E.V. Stepaniuk (Stepaniuk, 2022), Yu. Horodnichenko and others. However, the problems of information provision of business management in the difficult conditions of martial law today remain outside the attention of scientists.

According to the State Statistics Service of Ukraine, the country's economy showed signs of stability as of the end of 2021. Starting from 2016, a stable recovery of GDP was observed to the growing level of 2011. Real GDP in 2021 compared to 2020 increased by 3.4%. The production of agriculture, forestry, fishery and processing industry in 2021 was almost 21% of the country's nominal GDP (Table 1.1).

According to the results of 2021, agriculture showed the highest increase in production. The real GDP in agriculture in 2021 compared to 2020 increased by 14.4%, in the processing industry – by 2.3%. As

a result, in 2021, agriculture, forestry and fisheries contributed the highest percentage to GDP among all sectors of the economy – 10.6% (based on the data of the State Statistics Service of Ukraine).

Table 1.1

Participation of the agricultural sector of the economy in the formation of the gross domestic product of Ukraine in 2021

| Indicators | In actual prices (nominal GDP) | | In constant 2016 prices, % to the previous year | |
|-------------------------------------|--------------------------------|----------------|---|-----------------|
| | million hryvnias | % to the total | volume change | deflator change |
| Gross Domestic Product | 5459574 | 100,0 | 3,4 | 25,1 |
| Gross added value: | | | | |
| Agriculture, forestry and fisheries | 580519 | 10,6 | 14,4 | 29,0 |
| Processing industry | 562471 | 10,3 | 2,3 | 28,9 |
| The mining industry | 364199 | 6,7 | 1,2 | 86,4 |
| Real estate transactions | 304060 | 5,6 | 6,0 | 6,6 |
| Information and telecommunications | 246021 | 4,5 | 6,5 | 10,3 |
| Supply of electricity and gas | 183176 | 3,4 | 0,6 | 48,2 |
| Construction | 151826 | 2,8 | 7,1 | 18,6 |

Source: created by the author based on the data of the State Statistics Service of Ukraine

According to the results of 2021, Ukraine ranked fifth in the world in wheat exports, fourth in corn exports, third in barley sales, and first in sunflower oil. Our state held a leading position in the world in the production of rapeseed, peas, millet, nuts, wheat flour, honey and other agricultural products. Agricultural sector products account for the largest share of Ukraine’s total exports (about 41%) (based on the data of the State Statistics Service of Ukraine).

Russia’s aggression fundamentally changed the economy of our country. Undoubtedly, the activities of agricultural enterprises in the conditions of war and martial law became much more difficult. A number of problems arose that economic entities did not face under normal operating conditions. Running an agricultural business in temporarily occupied territories is practically impossible, if the enterprise is located in a territory where there are no active hostilities, the main problems are the following:

- complicated material and technical support of the sowing campaign (fuel and lubricant materials, seed material, fertilizers, plant

protection products, etc.) and production activities in animal husbandry (forage, animal protection products);

- as a result of disrupted logistics, the sale of manufactured products (especially products with a short shelf life) is significantly complicated;

- the general mobilization leads to the outflow of personnel, and the equipment placed on the military register can be withdrawn for military needs;

- some production facilities and infrastructure as a result of military operations may be damaged, destroyed, or their intended use is impossible or impractical;

- state expenditures on military, humanitarian, social needs and liquidation of the consequences of aggression have increased significantly, which entails changes in the business taxation system.

According to the Law of Ukraine “On Accounting and Financial Reporting in Ukraine” dated 16.07.1999 No. 996-XIV, accounting in Ukraine is divided into accounting (financial) and intra-economic (management). Accounting (financial) accounting is defined as the process of identifying, measuring, registering, accumulating, summarizing, storing and transmitting information about the activities of enterprises to external and internal users for decision-making (Fig. 1.1).

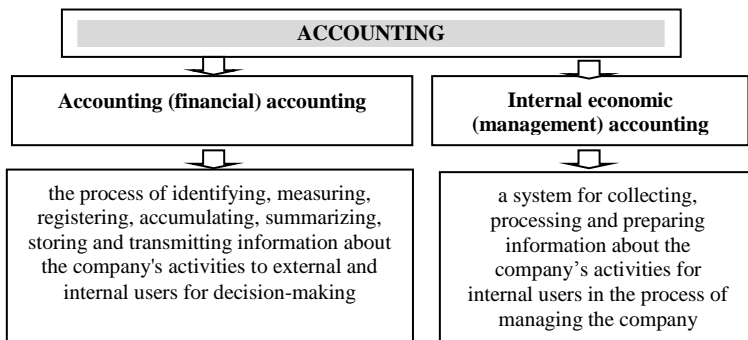


Fig. 1.1. Division of accounting in accordance with Law No. 996

Source: author's own development

Methodologically and organizationally, the accounting system of enterprises is divided into subsystems of financial accounting,

management accounting and tax accounting. These are three branches of a unified accounting system, each of which has its own purpose and plays its role in managing the enterprise and providing the necessary information to the relevant users (Fig. 1.2).

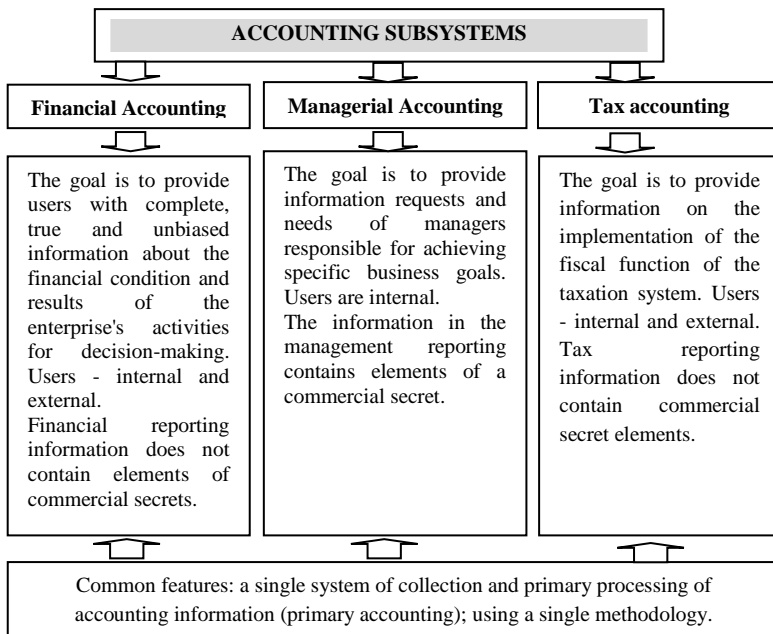


Fig. 1.2. Distinctive and common features of accounting subsystems

Source: author's own development

In Ukraine, financial accounting is mandatory for all enterprises and is strictly regulated by state regulations. Financial accounting information is used not only for internal management, but is also provided to external users. Internal users of account information:

- owners of the enterprise;
- managers of different levels and directions;
- employees of the enterprise.

External users of account information:

- actual and potential investors;
- banking and other credit institutions;
- suppliers and other creditors;

- customers, buyers, clients;
- government agencies;
- other users.

So, financial accounting is a set of rules and procedures that ensure the preparation and publication of information about the results of the enterprise's activities and its financial condition in accordance with regulatory legal acts and accounting standards. The purpose of financial accounting and financial reporting is to provide users with complete, true and unbiased information about the financial status and results of the enterprise's activities for decision-making. The result of the summarization of financial accounting information is the preparation of financial statements. Financial accounting data do not constitute a commercial secret.

The objects of financial accounting are:

- assets of the enterprise;
- equity;
- obligations;
- income, expenses, performance results.

Management accounting is a system of collecting and summarizing information that is used only by internal users. This is an internal accounting system of the enterprise, which is not mandatory for the organization.

The issue of the organization of management accounting, the order of formation, volumes and analytical sections of its information, the forms and order of compilation and submission of management reporting belong to the competence of the owners and management of the enterprise and responds to their requests and information needs. This accounting system is almost not regulated by legislation, and its information contains elements of commercial secrecy.

Tax accounting is intended for making calculations with the budget for taxes. The goal of tax accounting is considered to be information support for the implementation of the fiscal function of the taxation system. The main tasks of tax accounting are the determination of the basis for tax assessment, control over the correctness of assessment, timeliness and completeness of tax payment by the subject of taxation and by the controlling authorities.

The specified accounting subsystems have the following common features:

– firstly, they are based on a single system of collection and primary processing of accounting information, this system is called primary accounting;

– secondly, the technique used by them is one and the same.

State regulation of accounting and financial reporting in Ukraine is carried out with the aim of creating uniform financial reporting rules, which are, as mentioned earlier, mandatory for all enterprises and guarantee and protect the interests of users. Regulation of accounting methodology and preparation of financial statements is carried out by the Ministry of Finance of Ukraine, which issues orders and approves national regulations and accounting standards.

Ministries and other central bodies of executive power, within their competence and in accordance with industry specifics, develop methodological recommendations for their application on the basis of national accounting provisions (standards). The Methodological Council for Accounting operates under the Ministry of Finance, the tasks of which are:

1) development and improvement of accounting provisions (standards);

2) improvement of the organization, forms and methods of accounting, methodological support of modern technologies for processing accounting information;

3) solving issues of training and professional development of accountants.

The structure of regulation of financial accounting in Ukraine is as follows:

– first level – general provisions of the Law of Ukraine “On Accounting and Financial Reporting in Ukraine”;

– second level – national regulations (standards) of accounting, Plan of accounts for accounting of assets, capital, liabilities and economic operations of enterprises and organizations, Instructions for applying the Plan of accounts for accounting of assets, capital, liabilities and economic operations of enterprises and organizations;

– the third level – normative legal acts (instructions, provisions, instructions) and methodological recommendations of the Ministry of Finance and other competent bodies, which are developed and approved on the basis of Accounting Regulations (standards) taking into account the peculiarities and needs of certain types of activities;

– the fourth level – internal accounting regulations of enterprises.

Law No. 996 defines the legal principles of regulation, organization, accounting and financial reporting in Ukraine and applies to all legal entities regardless of their organizational and legal form and form of ownership.

Law No. 996 defines the principles of accounting and financial reporting. In accordance with the Law of Ukraine No. 2164-VIII “On Amendments to the Law of Ukraine “On Accounting and Financial Reporting in Ukraine” (regarding the improvement of some provisions), the number of accounting principles was reduced from 10 to 7 and brought into line with the Conceptual basis of financial reporting. Therefore, accounting and financial reporting are based on the following principles:

1. Full disclosure – financial reporting must contain all information about the actual and potential consequences of business transactions and events that can affect decisions made on its basis;

2. Autonomy – each enterprise is considered as a legal entity separate from its owners, in connection with which the personal property and obligations of the owners should not be reflected in the financial statements of the enterprise;

3. Consistency – the constant (from year to year) application of the chosen accounting policy by the enterprise: a change in the accounting policy is possible only in cases provided for by national regulations (standards) of accounting, international financial reporting standards and national regulations (standards) of accounting in the public sector, and must be substantiated and disclosed in the financial statements;

4. Continuity – the assessment of the company’s assets and liabilities is carried out based on the assumption that its activities will continue;

5. Accrual – income and expenses are reflected in accounting and financial reporting at the time of their occurrence, regardless of the date of receipt or payment of funds;

6. Predominance of essence over form – transactions are accounted for in accordance with their content, and not only with regard to the legal form;

7. Single monetary unit – measurement and summarization of all economic transactions of the enterprise in its financial statements are carried out in a single monetary unit; other principles defined by

international standards, or national regulations (standards) of accounting, or national regulations (standards) of accounting in the public sector, depending on which of the above standards are applied by the enterprise (Ishchenko, Podolyanchuk, Koval, 2020).

National provisions (standards) of accounting – regulatory legal acts, which define the principles and methods of accounting and preparation of financial statements by enterprises (except for enterprises that, in accordance with the law, prepare financial statements according to international standards of financial reporting and national provisions (standards) of accounting in the public sector), developed on the basis of international standards of financial reporting and legislation of the European Union in the field of accounting and approved by the central executive body, which ensure the formation and implementation of state policy in the field of accounting.

Accounting standards can be conditionally divided into 2 groups:

1. Those that determine the purpose, composition and principles of preparation of financial statements (NP(S)BU 1 “General requirements for financial reporting”, NP(S)BU 2 “Consolidated financial statements”, NP(S)BU 6 “Correction of errors and changes in financial statements”, NP(S)BU 25 “Simplified financial reporting”, NP(S)BU 29 “Financial reporting by segments”);

2. Those regulating individual issues of the accounting process (NP(S)BU “Fixed assets”, NP(S)BU 8 “Intangible assets”, NP(S)BU 9 “Inventories”, NP(S)BU “Accounts receivable”, NP(S)BU 11 “Liabilities” and others).

The chart of accounts for the accounting of assets, capital, liabilities and economic operations of enterprises and organizations is a systematized list of accounting accounts for displaying economic operations and forming accounting information about the activities of enterprises.

The chart of accounts consists of 10 classes, each of which has a specific purpose for the formation of financial statements. It lists the codes (numbers) and names of synthetic accounts (accounts of the first order) and sub-accounts (accounts of the second order) in the decimal system. The first number of the code defines the class of accounts, the second – the number of the synthetic account, the third – the number of the sub-account. The accounting of primary accounting documents, the maintenance of accounting registers is carried out using at least the

class code and the code of the synthetic account.

The Instruction on the Application of the Plan of Accounts for Accounting of Assets, Capital, Liabilities and Business Operations of Enterprises and Organizations establishes the purpose and procedure for keeping accounting accounts for summarizing by the method of double recording information on the presence and movement of assets, capital, liabilities and the facts of financial and economic activities of enterprises. Off-balance sheet accounts are maintained using a simple system (without using the double entry method).

The third level of regulation of financial accounting should include all normative legal acts that regulate not only the issues of accounting, tax, statistical accounting, but also in general any aspects of the enterprise's activity. Since accounting is a system that reflects all economic operations and processes of an enterprise, any changes in the regulation of its activity cannot fail to affect its accounting reflection.

Along with state legal acts, regulation of accounting at the enterprise is carried out by local (internal) organizational and legal documents.

The main ones are:

- Order or regulation on accounting policy;
- Charter of the enterprise and other constituent documents;
- Staff list;
- Collective agreement;
- Job instructions;
- Provisions on remuneration;
- Procedure for calculating the cash register limit;
- The procedure for posting cash in the cash register and others.

The specified documents are developed by the owner or the body authorized by him, taking into accounts the requirements of the current legislation.

The active process of Ukraine's integration into the EU in all spheres of activity made it necessary to adapt the domestic accounting system to the requirements of international accounting and financial reporting standards. Ukraine's obtaining the status of a candidate for EU membership opens up wider opportunities for national enterprises to implement European integration processes. In order to ensure the maximum approximation of the regulation of the accounting system

of Ukraine to EU standards and rules, relevant legislative acts have recently been adopted. Thanks to their application, the national accounting system of Ukraine has come much closer to European standards, which has contributed to progress in the implementation of the Association Agreement between Ukraine and the EU. Thus, with the adoption of the Law “On Amendments to the Law of Ukraine “On Accounting and Financial Reporting in Ukraine” on the Improvement of Certain Provisions” dated October 5, 2017, the range of business entities that keep records and prepare financial statements according to international standards has expanded. All enterprises without exception can accept international standards as the conceptual basis of accounting. Application of international accounting and financial reporting standards is mandatory for large enterprises of Ukraine and enterprises of public interest.

International standards of accounting and financial reporting are a tool for harmonizing the formation of information flows, the main purpose of which is to ensure transparency and comprehensibility of information about the activities of business entities.

The use of international accounting and financial reporting standards ensures:

- risk reduction for creditors and investors;
- reduction of costs of each country for the development of its own standards;
- the deepening of international harmonization and unification of accounting and, as a result, an unambiguous understanding of financial reporting and the growth of trust in its indicators throughout the world.

As a result, the business entity receives not only the necessary information for making management decisions, but also ensures the comparability of reporting with other entities, regardless of which country they are a resident of and in which territory they conduct economic activity. The formation of accounting information according to the rules of international standards makes it possible to attract foreign investments and loans, and also ensures trust on the part of potential partners.

1.2. Accounting of specific economic transactions caused by military actions on the territory of Ukraine

In this study, we will focus on the accounting display of unprecedented operations of agricultural enterprises, which are taking place today as a result of Russia's military aggression.

Let's start with a documentary display of operations. Primary observation is the only basis for the formation of information used for the purpose of management at different levels. Documentation of business operations must be continuous and continuous. That is, in today's complex operating conditions, it is important to maintain complete documentation of all economic transactions without exception for information support of management decision-making.

The Ministry of Agrarian Policy and Food of Ukraine provided an explanation regarding the possible forms of primary documents, where, in particular, it is noted that, taking into account the state of war in Ukraine, in the absence of the technical possibility of printing the document, the business entity can send electronic settlement documents to the address provided by the consumer subscriber number or email address. In addition, the business entity can reproduce a QR code on the display of the software recorder of settlement operations, which enables the consumer to read it and identify it with the settlement document by the structure of the data contained in it. Taking into account the complexity of time, it is possible to provide consumers with settlement documents in other forms. At the same time, these documents must contain all mandatory details (Website of the Ministry of Agrarian Policy and Food of Ukraine. Clarification of possible forms of settlement documents, 2022).

Mandatory details of primary documents are the name of the enterprise or institution on whose behalf the document is drawn up, the name of the document (form), the date of drawing up, the content and scope of the business transaction, the unit of measurement of the business transaction (in natural and/or value terms), positions and surnames persons responsible for the implementation of an economic transaction and the correctness of its registration, personal signature or other data that make it possible to identify the person who participated in the implementation of an economic transaction.

Therefore, in the special conditions of conducting economic activity, to ensure the integrity of documentation and the formation of optimal information flows, business entities can form primary documents both in paper and electronic form, while using both standard and arbitrary forms. Arbitrary forms of primary documents

must contain mandatory details specified by the Regulation on Documentary Support of Accounting Records dated 05/24/1995 No. 88 (Regulations on documentary support of records in accounting, 1995).

In regions of active hostilities, maintaining personnel documentation is problematic, if not impossible at all. This is caused by the loss of documents, or the loss of access to them, the lack of information about the whereabouts of employees, the lack of clear instructions on personnel administration in such conditions.

The decree of the President of Ukraine dated February 24, 2022 No. 69/2022 announced a general mobilization in connection with the military aggression of the Russian Federation against Ukraine. In accordance with Article 119 of the Labor Code of Ukraine (hereinafter referred to as the Labor Code), during the performance of state or public duties, if under the current legislation of Ukraine these duties can be performed during working hours, employees are guaranteed the preservation of their place of work (position) and average earnings. Employees called up for military service are not subject to dismissal on the basis of paragraph 3 of the first part of Article 36 of the Labor Code, but are only released from the performance of duties provided for in the employment contract drawn up by the relevant order (order) of the employer (Code of Labor Laws of Ukraine, 1971).

The basis for maintaining the place of work, position and average earnings of an employee of an enterprise, including an agricultural one (regardless of the organizational and legal status of the business entity and its form of ownership), is the very fact of the employee's acceptance into military service. Taking into account the specifics of service in the territorial defense, which may involve not permanent, but periodic involvement of the employee in the performance of his duties, according to the clarification of the Ministry of Economy of Ukraine, the employer does not necessarily need to issue an order on the release of the employee from the performance of work under labor contract. In each specific case, one should proceed from the level of the employee's involvement in territorial defense, the amount of working time the employee spends on this activity, and the efficiency and ability to perform his duties under the employment contract. At the same time, while the employees are performing territorial defense duties during working hours, they are guaranteed to keep their place of work (position) and average salary. Documents that confirm participation in territorial defense are the contract of a volunteer of territorial defense (Ministry of Economy of Ukraine: Information on the sphere of labor relations in martial law, 2022).

Peculiarities of labor organization and labor relations between employers and employees in wartime conditions are regulated by the Law of Ukraine “On the Organization of Labor Relations in Wartime Conditions” dated March 15, 2022, No. 2136-IX (Law of Ukraine On the organization of labor relations in martial of Ukraine, 2022). In accordance with the provisions of this law, in order to promptly attract new employees to work, as well as to eliminate personnel shortages and labor shortages, including due to the actual absence of employees who have evacuated to another area, are on vacation, idle, have temporarily lost their ability to work, or whose location is temporarily unknown, employers may enter into fixed-term employment contracts with new employees during the period of martial law or for the period of replacement of a temporarily absent employee.

In the first days of the war, most agricultural producers supplied food and fuel from their own stocks, provided equipment for the needs of the Armed Forces, territorial defense, and the civilian population free of charge. To ensure the viability of a business, it must function on the principles of a market economy. However, charitable assistance continues to be provided by agricultural business structures today. On the other hand, the agricultural enterprises themselves need help in the material and technical provision of their activities and, above all, in the provision of the sowing campaign.

In peacetime, operations to provide and receive charitable assistance were extremely rare. However, today they are the norm rather than the exception for agricultural enterprises. How, taking into account changes in the legislation, taxation and accounting of charitable assistance is carried out today, we will consider further.

In accordance with Clause 33 of Subsection 4 of Chapter XX of the Tax Code of Ukraine (hereinafter referred to as the Tax Code of Ukraine), the financial result before taxation is temporarily not adjusted for the amounts of funds or the cost of special personal protective equipment (helmets, body armor manufactured in accordance with military standards), technical means of surveillance, medicines and medical products, personal hygiene products, food products, items of physical support, as well as other goods, works performed, services provided according to the list determined by the Cabinet of Ministers of Ukraine, which are voluntarily listed (transferred) to the Armed Forces of Ukraine, the National Guard of Ukraine, The Security Service of Ukraine, the Foreign Intelligence Service of Ukraine, the State Border Service of Ukraine, the Ministry of Internal Affairs of Ukraine, the Department of State Security of Ukraine, the State Service of Special Communications and

Information Protection of Ukraine, other military formations formed in accordance with the Laws of Ukraine, their joint to military units, units, institutions or organizations maintained at the expense of the state budget (Tax Code of Ukraine, 2010).

Thus, companies that are income tax payers can attribute the full value of charitable aid (cash and goods) that was transferred to the needs of the state's defense to activity costs that reduce the taxable financial result.

In accordance with the requirements of the Tax Code of Ukraine, the provision of charitable assistance in the form of goods (including products of fixed assets) or services is a transaction for the supply of goods/services, i.e., an object of VAT taxation (Tax Code of Ukraine, 2010). However, in accordance with the Decree of the Cabinet of Ministers of Ukraine dated 05.03.2022 No. 202, it is established that the requirements established by the law regarding the receipt, use, accounting and reporting of charitable assistance from legal and natural persons – residents and non-residents do not apply in the conditions of martial law (Some issues of receipt, use, accounting and reporting of charitable assistance: Resolution of the Cabinet of Ministers of Ukraine, 2022). This means that not only financial, but also commodity charitable aid in the conditions of martial law is not subject to VAT taxation.

When providing charitable aid, it should be issued with an invoice and reflected in the accounting as other operating expenses, writing off the transferred material values at the accounting value. In the system of accounts, the specified operations should be reflected by the debit of account 949 "Other operating expenses" and the credit of accounts 20 "Manufacturing stocks", 26 "Finished products", 27 "Products of agricultural production", 28 "Goods", etc. (depending on the type of tangible assets, which were transferred as charitable aid).

When obtaining seeds, planting material, fertilizers, means of protection of plants or animals, fuel, fixed assets on a free basis, they should be sold, appraising them according to the methodology provided for by the relevant accounting standards (depending on the type of material values received) (Table 1.2).

The accounting reflection of the received and rendered charitable assistance in the system of accounting accounts is presented in Table 1.3.

Table 1.2

The procedure for assessing the received charitable assistance

| Type of material assets received as charitable assistance | Regulatory act according to which the assessment is carried out | Evaluation procedure |
|--|---|--|
| <p>Production stocks (fuel, lubricants, seeds, planting material, feed, plant and animal protection products, mineral fertilizers, etc.)</p> | <p>National accounting regulation (standard) No. 9 “Stocks”</p> | <p>By the initial cost of stocks received by the enterprise free of charge is recognized their fair value considering the costs provided for in paragraph 9 of this National Regulation (standard). Such expenses include transportation and procurement expenses (expenses for the procurement of stocks, payment of tariffs (freight) for loading and unloading operations and transportation of stocks by all modes of transport to the place of their use, including expenses for insurance of stock transportation risks); other costs directly related to the acquisition of stocks and bringing them to a state in which they are suitable for use for the intended purposes.</p> |
| <p>Fixed assets (agricultural machinery, road transport, etc.)</p> | <p>National accounting regulation (standard) No. 7 “Fixed assets”</p> | <p>The initial cost of fixed assets received free of charge is equal to their fair value as of the date of receipt, considering the costs provided for in paragraph 8 of the National Regulation (standard) No. 7. Such expenses include registration meeting; expenses for insurance of risks of delivery of fixed assets; expenses for transportation, installation, installation, adjustment of fixed assets; other costs directly related to bringing fixed assets to a state in which they are suitable for use for the planned purposes.</p> |

Source: created by the author based National Regulation (Standard) of Accounting No. 9 “Inventories” (1999), National Regulation (Standard) of Accounting No. 7 “Fixed Assets” (2000)

Table 1.3

Correspondence of accounts for accounting for charitable assistance

| No. | Content of a business transaction | Account correspondence | |
|-----|---|------------------------|----------------------|
| | | Debit | Credit |
| 1 | Transfer of financial and material resources as charitable assistance | 949 | 301, 311, 10, 20, 27 |
| 2 | Attribution of expenses associated with the transfer of charitable assistance to financial results | 791 | 949 |
| 3 | Charitable assistance received (seeds, planting material, fertilizers, plant or animal protection products, fuel, fixed assets) | 15, 20 | 483 |
| 4 | After the use of production stocks received as charitable assistance for its intended purpose, its value is written off to income | 483 | 718 |
| 5 | Allocation of income related to receiving charitable assistance to financial results | 718 | 791 |

Source: author's own development

Due to the insufficiency of their own resources for the sowing campaign in 2022, agricultural producers faced the issue of attracting credit resources. According to the estimates of the Ministry of Agrarian Policy and Food of Ukraine, the total need for funds for such work is about UAH 100 billion. The Government adopted a resolution “On Amendments to Certain Acts of the Cabinet of Ministers of Ukraine on Providing Credit Support to Agricultural Producers” (On Amendments to Certain Acts of the Cabinet of Ministers of Ukraine Concerning the Provision of Credit Support to Agricultural Producers, 2022). According to the said Decree, small and medium-sized agricultural producers whose income for the past year does not exceed 20 million euros and have less than 10,000 hectares of agricultural land in use eligible for a short-term loan in the amount of up to UAH 50 million on preferential terms. For such loans, the state provides full compensation of the interest rate for the period of martial law or until the expiration of the loan period.

Reimbursement by the state of credit interest when banks provide loans to agricultural producers is considered targeted financing in accounting. When reflecting these transactions in the accounting system of agricultural enterprises, we propose to open a sub-account

485 “Budget reimbursement of interest on a loan” as part of a synthetic account 48 “Target financing and targeted revenues”. Correspondence of accounts for the reflection of concessional lending to agricultural enterprises under martial law is shown in Table 1.4.

Table 1.4

Correspondence of accounts for accounting for interest compensation for the loan

| No. | Content of a business transaction | Account correspondence | |
|-----|--|------------------------|--------|
| | | Debit | Credit |
| 1 | A short-term loan was credited to the current account of the enterprise under the program of credit support for agricultural producers | 311 | 601 |
| 2 | Interest charged on loans | 951 | 684 |
| 3 | For the amount of reimbursement of bank interest | 684 | 485 |
| 4 | Displaying the use of earmarked funding amounts | 485 | 718 |
| 5 | Attribution of income related to the reimbursement of interest for the use of a loan to financial results | 718 | 791 |
| 6 | Attribution of expenses associated with the accrual of bank interest to financial results | 791 | 951 |

Source: author’s own development (National Regulation (Standard) of Accounting No. 28 “Decrease in usefulness of assets”, 2004)

Another specific object of accounting was the property of enterprises, which, due to its territorial location in the zone of active hostilities, in the zone of temporary occupation or other negative factors of the influence of the war and related circumstances (market, economic, legal, etc.), lost its usefulness. However, such assets may be destroyed, partially destroyed, or remain intact. Due to the impossibility of their further use or the use of such property for other purposes, business entities incur losses.

Loss from asset impairment is the amount by which the book (residual) value of an asset exceeds the amount of its expected recovery. Signs of decreasing the usefulness of assets in accordance with paragraph 6. National accounting regulations (standard) No. 28 are as follows (Fig. 1.3).

It is precisely the events that are a consequence of Russian aggression that often lead to a decrease in the utility of enterprise assets due to their physical damage, negative changes in the market, economic, and legal environment in which the business operates, or the use of the asset for its intended purpose.

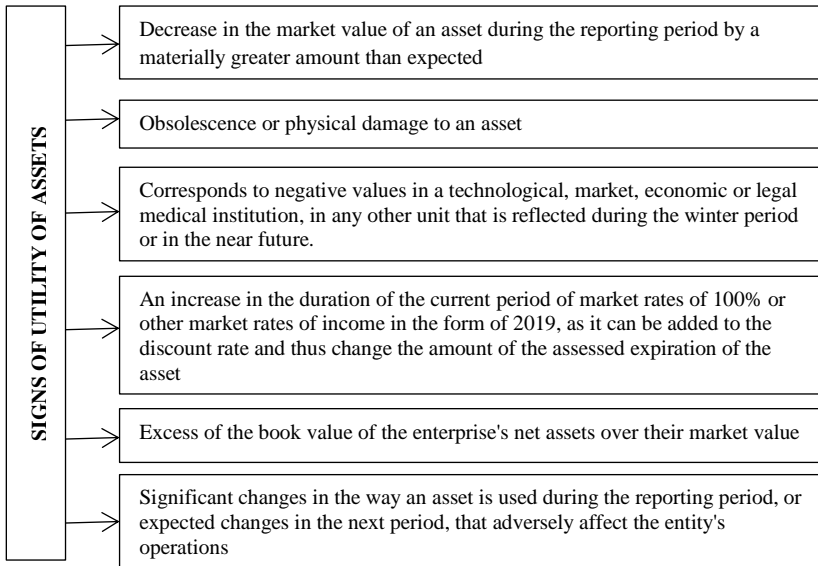


Fig. 1.3. Signs of diminishing utility of non-current assets

Source: formed by the authors based on National Regulation (Standard) of Accounting No.28 "Decrease in usefulness of assets" (2022)

When establishing the fact of reducing the usefulness of an asset based on the given signs, the enterprise must determine the amount of its expected compensation. The methodology for calculating the amount of losses from depreciation of assets and the amount of expected recovery of an asset is given in NP(S)BU No. 28. However, a certain procedure for assessing losses from depreciation of assets, in our opinion, cannot be used in the event of destruction (complete or partial) and as a result of other negative factors of war influence. Such an assessment methodology should be determined by the state centrally, taking into account current losses and losses from lost profits in the future.

The initial stage of the accounting display of transactions to reduce the utility of assets is their documentation. Standard forms of such documents are not provided. Business entities should create them on their own, taking into account the requirements of the Regulation on documentary support of records in accounting on the presence of mandatory details in this document.

Primary documents are the basis for the reflection of transactions to reduce the utility of assets in the accounts. Such losses are reflected in “Other expenses” on account 97 using sub-account 972 “Losses from impairment of assets”. At the same time, the depreciation (amortization) of fixed assets or other non-current assets on the credit of account 13 “Depreciation (amortization) of non-current assets” is increased by the amount of the transaction.

After recognition of losses from impairment of the asset, the new carrying amount of the item of property, plant and equipment is reflected in accounting and financial reporting. At the same time, based on the circumstances, it is necessary to review the life of such facilities and, accordingly, the procedure for calculating depreciation on them.

NP(S)BU 28 determines that after the completion of the influence of negative factors and positive changes in the market, economic, legal environment, an enterprise must restore the value of property in accounting and reporting and reflect income from the restoration of their usefulness of assets. Signs of restoration of usefulness of property are presented in Fig. 1.4.

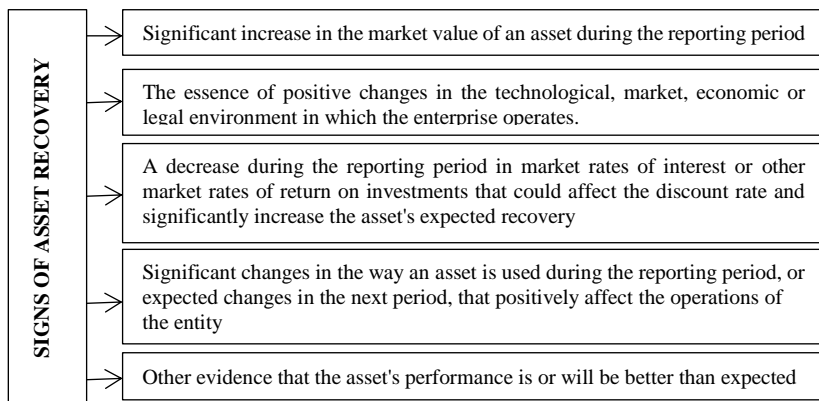


Fig. 1.4. Signs of restoring the usefulness of non-current assets
 Source: formed by the authors based on National Regulation (Standard) of Accounting No.28 «Decrease in usefulness of assets» (2022)

Benefits from restoring the usefulness of an asset on the principle of matching income and expenses should be recognized as income from other activities. Assets are recorded in the accounting and

financial statements at a revalued cost. Depreciation on property, after the recovery of usefulness, should be charged on the recovered cost based on the useful life, revised after the revaluation.

The benefits received from the restoration of the usefulness of assets in accounting are reflected in the debit of sub-account 13 “Depreciation (amortization) of non-current assets” and the credit of sub-account 742 “Income from the restoration of the usefulness of assets”.

The fighting on a large territory of our state and the temporary occupation of the country’s regions have necessitated business support in relatively safe areas. The use of tax levers of influence on the economy of the state, the strengthening of the regulatory function of taxes in the conditions of the military aggression of the Russian Federation became the reason for fundamental changes in the taxation system of Ukraine.

Since February 24, 2022, a number of legislative acts have been adopted that determine the tax policy of the state under martial law. The most significant changes to the Tax Code were introduced by the Law of Ukraine “On Amendments to the Tax Code of Ukraine and other legislative acts of Ukraine on the operation of norms for the period of martial law” dated March 15, 2022 No. 2120-IX (Law of Ukraine On Amendments to the Tax Code of Ukraine and Other Legislative Acts of Ukraine Concerning the Effect of Norms for the Period of Martial Law, 2022). In particular, they are amending the simplified taxation system. So, from April 1, 2022, individual entrepreneurs – single tax payers of the first and second groups, have the right not to pay a single tax.

At the same time, the declaration of the single tax payer of an individual entrepreneur is not filled in by such tax payers for the period in which the single tax is not paid. The greatest innovations relate to the taxation of single tax payers of the 3rd group, we will consider it in Table 1.5.

Agricultural enterprises – single taxpayers of the 4th group, as well as other economic entities, can re-register for the use of the special regime as tax payers of the 3rd group.

Table 1.5

Changes in the taxation of single tax payers of the 3rd group

| Characteristics | According to the Code (until 04/01/2022) | In accordance with the Law of Ukraine No. 2120-IX (after 04/01/2022-0) |
|---|---|---|
| 1 | 2 | 3 |
| Taxpayers | Payers of the single tax of the third group may be individuals - entrepreneurs and legal entities - business entities of any organizational and legal form, whose income during the calendar year does not exceed 1167 minimum wages established by law as of January 1 of the tax (reporting)) of the year (for 2022, this amount was UAH 7,585,500). There are no restrictions on the number of employees. | Single taxpayers of the third group can be individuals - entrepreneurs and legal entities - business entities of any organizational and legal form, whose income during the calendar year does not exceed UAH 10 billion. There are no restrictions on the number of employees. |
| Single taxpayers of the third group cannot be | Business entities (legal entities and individuals - entrepreneurs) that carry out: 1) organizing and conducting gambling, lotteries (except for the distribution of lotteries), bets (bookmaker bets, totalizator bets); 2) foreign currency exchange; 3) production, export, import, sale of excisable goods (except for the retail sale of fuels and lubricants in containers up to 20 liters and the activities of individuals related to the retail sale of beer, cider, peri (without the addition of alcohol) and table wines); 4) extraction, production, sale of precious metals and precious stones, including organogenic formation (except for the production, supply, sale (sale) of jewelry and household products from precious metals, precious stones, precious stones of organogenic formation and semiprecious stones); | 1) business entities that carry out: - activities related to the organization, conduct of gambling, lotteries (except for the distribution of lotteries), papi (bookmaker's bet, papi of a totalizator); - foreign currency exchange; - production, export, import, sale of excisable goods; - extraction, sale of minerals; 2) insurance (reinsurance) brokers, banks, credit unions, pawnshops, leasing companies, trust companies, insurance companies, funded pension institutions, investment funds and other financial institutions specified by law; securities registrars; |

Continuation of table 1.5

| 1 | 2 | 3 |
|----------------------------------|--|--|
| | 5) extraction, sale of minerals, except for the sale of minerals of local importance; 6) activities in the field of financial intermediation, except for activities in the field of insurance carried out by insurance agents; 7) enterprise management activities; 8) activity in the sale of objects of art and antiques, activities in the organization of trades (auctions) in works of art, collectibles or antiques; 9) activities for organizing, conducting tour events. | 3) representative offices, branches, departments and other separate subdivisions of a legal entity that is not a single tax payer; 4) individuals and legal entities - non-residents. |
| Tax rates | 3% and 5% income | 2% of income |
| Single taxpayers are exempt from | Corporate income tax | Value Added Tax, Corporate Income Tax |
| Tax (reporting) period | Quarter | Calendar Month |

Source: formed by the author based on Source: Tax Code of Ukraine (2010), Law of Ukraine On Amendments to the Tax Code of Ukraine and Other Legislative Acts of Ukraine Concerning the Effect of Norms for the Period of Martial Law (2022)

When calculating the single tax of the 4th group, business entities attributed its amount to general production expenses, and after distribution, they included it in the cost of production. However, the unified tax of group 3 according to domestic accounting practice is reflected in administrative expenses. At the same time, obligations to the budget for taxes are recognized and correspondence of accounts is compiled for the debit of account 92 “Administrative expenses” and the credit of sub-account 641 “Tax settlements”. Since the tax base for a single tax of the 3rd group is income, it is logical, when accounting for its accrual, not to increase the amount of expenses, but to reduce the amount of income of the corresponding type of activity (main, other operating, financial, investment) (Table 1.6).

Taxpayers have the right to apply for a simplified tax system at any time during martial law. If an enterprise submits an application after

04/01/2022, then it becomes a single taxpayer of group 3 from the next business day after the application is submitted (Law of Ukraine On Amendments to the Tax Code of Ukraine and Other Legislative Acts of Ukraine Concerning the Effect of Norms for the Period of Martial Law, 2022).

Table 1.6

Proposed correspondence of accounts for accounting for single taxpayers of the 3rd group

| No. | Content of a business transaction | Content of a business transaction | |
|-----|--|-----------------------------------|--------|
| | | Debit | Credit |
| 1 | Reflected income from the sale of products, goods, works (services) | 36 | 70 |
| 2 | A single tax is charged on the income of the main activity | 70 | 641 |
| 3 | Reflected income from other operating activities | 31, 37, 36, 48, 63 et al. | 71 |
| 4 | Accrued single tax on income from other operating activities | 71 | 641 |
| 5 | Reflected income from financial transactions | 14, 373 | 72, 73 |
| 6 | A single tax is charged on income from financial transactions | 72, 73 | 641 |
| 7 | Reflected income from investment and other activities | 10, 13, 20, 36, 37, 42, 63 et al. | 74 |
| 8 | A single tax has been charged on income from investment and other activities | 74 | 641 |

Source: created by the author

However, as practice shows, domestic enterprises are in no hurry to use the right to switch to a simplified taxation system. After all, the taxation of income causes the payment of tax even by enterprises in which the activity is unprofitable. The economic situation in the country causes a significant increase in the amount of expenses of economic activity and an increase in the risks of reducing its efficiency. Businesses suffer losses, and in fact, paying a tax of 2% of income is a significant tax burden.

Electricity is another strategic branch of the Ukrainian economy. Currently, military operations are being conducted on the territory of Ukraine, energy facilities are seized by the army of the aggressor country, and the infrastructure of power grids is being destroyed and destroyed. Today, it is difficult to determine the amount of networks

and equipment that needs to be restored, and it is impossible to accurately estimate the extent of the destruction. After all, part of this infrastructure is located in the temporarily occupied territory, and the property located in the territory under the control of Ukraine is constantly damaged as a result of rocket attacks. Today's conditions require the work of power engineers to restore power grids in extremely difficult conditions, often under shelling and bombing. In the territories liberated from occupation, the energy workers work together with the teams of the Ministry of Emergency Situations and sappers. Their main tasks are the restoration of highway networks in the liberated territories and in other regions of Ukraine; repair and restoration work on power lines (removal of broken wires, replacement of supports and insulation, installation of new equipment at substations, reconstruction of walls and roofs). It is clear that in order to restore and repair networks under conditions of limited funding, a significant increase in the cost of resources and the lack of complete information about the volume and cost of damaged infrastructure, it is necessary to implement a set of measures, including the organization of proper information at all levels of management of these processes.

The electrical networks of Ukraine were mostly built during the USSR and are a classic example of the use of "manual control". All networks are controlled by dispatchers, and almost all switching is done manually by operational personnel. This negatively affects the SAIDI indicator (duration of interruptions in electricity supply), which in general in Ukraine in 2020 increased from 682 minutes to 816 minutes, compared to 2019. For comparison, the SAIDI indicator in 2019 was 193 minutes in Croatia, 179 minutes in Romania, and 12 minutes in Germany (Post-war plans: how the power grids are going to be restored, 2022).

Taking into account the technical shortcomings of the energy infrastructure, not only its repair and restoration, but also modernization is foreseen. That is, speaking in accounting terms, repair works and works related to the improvement of facilities are expected.

Organizational and legal aspects of the repair, restoration and modernization of energy infrastructure in the conditions of martial law are not left out of the attention of domestic scientists and practitioners.

The mentioned problems were considered in the works of A. Zorkin (Zorkin, 2022). A team of scientists from the Vinnytsia National Agrarian University made a significant contribution to the development of issues of the use of renewable energy sources. The works of H.M. Kaletnik, L.M. Tokarchuk (Kaletnik, Tokarchuk, 2021), I.V. Honcharuk (Honcharuk, 2020), N.G. Zdyrko (Zdyrko, 2018).

However, in relation to the scientific and applied problems of accounting for the work and restoration of the domestic energy system in the conditions of martial law and its joining to the EU energy system, there are practically no developments.

Capital assets play a special role in Ukraine's electric power industry. In the total value of assets of energy companies, fixed assets have a dominant share. In some enterprises of the electric power industry of Ukraine, they make up 92.8% (Tseben, 2009).

The totality of power plants, electric networks, and other objects of the electric power industry, which are united by a common mode of production, transmission and distribution of electric energy under centralized management of this mode, form the unified energy system of Ukraine (hereinafter – UES of Ukraine). Electric power enterprises are the components of UES of Ukraine. Electric power companies are business entities that perform one of the following functions: production, transmission, and distribution, supply of electric energy to the consumer or trading activity.

Electric energy producer – a business entity that produces electric energy.

The operator of the transmission system is a legal entity responsible for the operation, dispatching, maintenance, development of the transmission system and interstate power lines, as well as for ensuring the long-term capacity of the transmission system to meet reasonable demand for the transmission of electric energy.

The operator of the distribution system is a legal entity responsible for the safe, reliable and efficient operation, maintenance and development of the distribution system and ensuring the long-term capacity of the distribution system to meet reasonable demand for the distribution of electrical energy, taking into account the requirements for environmental protection and ensuring energy efficiency (Law of Ukraine On Electricity Market, 2017).

Considerable damage to the Ukrainian energy system was caused by the occupiers, who are deliberately destroying it through rocket and cannon fire. A significant number of settlements remain without power. During the shelling of the Zaporizhzhia Nuclear Power Plant (ZAEF), Russian terrorists damaged many objects on its territory.

Despite this, the energy system of Ukraine has been working stably as part of the European ENTSO-E network for more than half a year. All types of power plants continue to operate according to schedule. On June 30, Ukraine started exporting electricity to Romania, which is the beginning of the commercial exchange of electricity between Ukraine and the EU. The initial export volume is 100 MW. The export potential of Ukrainian electricity to Europe is up to 2.5 GW. Under such a scenario, the state will be able to receive more than UAH 70 billion per year. The proceeds of NEC "Ukrenergo" from the sale of the interstate crossing for the export of electricity to Romania and Slovakia from June 30 to August 21, 2022 amount to about UAH 1.92 billion (Energy news. Business censor, 2022).

Electricity has the prospect of becoming one of the drivers of the recovery of the Ukrainian economy, as it has already become a driver of integration into the EU.

After the initial stage, the trade capacity is planned to be gradually increased based on considerations of stability and security of the energy system.

NP(S)BU 7 "Fixed assets" typifies the classification of fixed assets that cannot satisfy the information requirements of the management of electric power enterprises of Ukraine. Due to the technological specificity of such business entities, the objects belonging to the fixed assets of the group "Buildings, structures and transmission devices" in the structure of this type of assets have the largest specific weight. For example, let's present the structure of fixed assets of JSC "Vinnytsiaoblenergo" (Table 1.7).

This group of this enterprise for the analyzed period is in the range from 48% to 52%. At the same time, the basis of the "Buildings, constructions and transmission devices" group consists of power lines, that is, transmission devices. We consider it expedient for the needs of providing information requests of information users of electric power enterprises to allocate a separate group "Transmitting devices", which will allow obtaining more detailed information about the objects that

form the basis of the means of activity of such entities.

Table 1.7

The structure of fixed assets of JSC “Vinnytsiaoblenergo”

| Group of fixed assets | 2018 | | 2019 | | 2020 | | Deviation, +/- 2020 to 2018 | |
|--|-------------------|------|-------------------|------|-------------------|------|-----------------------------|------|
| | thousand hryvnias | % | thousand hryvnias | % | thousand hryvnias | % | thousand hryvnias | % |
| Ground section | - | - | 2483 | 0,1 | 2483 | 0,1 | +2483 | +0,1 |
| Buildings, structures and transmission devices | 950817 | 52,1 | 1023632 | 49,6 | 1067559 | 48,3 | +116742 | -3,8 |
| Machinery and equipment | 619513 | 33,9 | 749907 | 36,4 | 874507 | 38,5 | +254994 | +4,6 |
| Vehicles | 66675 | 3,7 | 70270 | 3,4 | 75945 | 3,3 | +9270 | -0,4 |
| Tools, appliances, inventory (furniture) | 88395 | 4,8 | 97242 | 4,7 | 103593 | 4,6 | +15198 | -0,2 |
| Other fixed assets | 99439 | 5,5 | 118684 | 5,8 | 118684 | 5,2 | +19245 | -0,3 |
| In total | 1824839 | 100 | 2062218 | 100 | 2269442 | 100 | 289807 | - |

Source: created by the author based on information from the financial statements of JSC “Vinnytsiaoblenergo”

As part of the elements of the accounting policy of electric power enterprises, we propose to allocate a separate section to determine the classification of fixed asset objects. Accordingly, in the Working plan of accounts of such enterprises, it is necessary to provide for the corresponding accounts of the third and fourth order for analytical accounting of operations with the specified objects. In particular, we suggest introducing a separate subaccount 102 “Transmitting devices”. Due to the specifics of the activity of electric power enterprises, such standard sub-accounts for synthetic account 10 “Fixed assets” as “Capital costs for land improvement”, “Animals”, “Perennial plantations”, due to the insignificant specific weight of such objects, or their complete absence, are expedient to be accounted for as part of subaccount 109 “Other fixed assets”.

Today, the electric power industry of Ukraine requires significant costs for the repair and restoration of fixed assets. Unfortunately, in the conditions of military operations and the negative consequences in the economy caused by the war, electric power companies practically

abandoned the system of scheduled and preventive repairs, which negatively affected the maintenance and use of fixed assets.

The organization of accounting for repairs and improvements of fixed assets requires not so much the separation of the classification features of the fixed assets themselves, but the division of costs incurred during the period of their operation.

During the operation of fixed assets, they require certain costs for maintaining their functional properties (technical characteristics) and improving them. In accounting, such expenses are divided into two groups:

- expenses incurred to maintain the facility in a usable condition and the possibility of obtaining a predetermined amount of future economic benefits from its use;
- expenses aimed at improving the technical and economic characteristics of the object.

The first include expenses for maintenance of fixed assets and their repairs (current, capital).

The second group includes expenses, the implementation of which leads to increase in future economic benefits originally expected from the use of the object (modernization, modification, completion, retrofitting, reconstruction, etc.).

That is, the main criterion when assigning costs to one or another group is the future economic benefits from the use of the object. If, after incurred expenses, it is expected to receive a predetermined amount of future economic benefits, this means that the enterprise has performed repair work. If, as a result, the future economic benefits compared to the originally expected ones, increase, this is an improvement.

According to international accounting standards, the procedure for displaying costs for repair and improvement of fixed assets and disclosing information about them in financial statements is determined by IAS 16 “Fixed Assets”. According to paragraph 24 of IAS 16 “Fixed Assets”, subsequent expenses related to an object of fixed assets that have already been recognized should be added to the book value of this asset when it is probable that future economic benefits that exceed the initial the estimated level of productivity of the existing asset will be provided to the enterprise. All other subsequent expenses should be recognized as expenses of the period in which they were incurred.

According to the specified classification of costs, the method of their accounting differs. Repair costs (current, capital) should be included in the current costs of the enterprise, depending on the functional purpose of the object. Expenditures for improvements to fixed assets are capitalized and increase the original cost of the objects.

According to the “Methodical recommendations on the accounting of fixed assets”, the decision on the nature and characteristics of the repair works carried out by the enterprise is made by the head of the enterprise independently, taking into account the results of the analysis of the existing situation and the materiality of such costs. Regarding the definition of the categories “current repair” and “capital repair”, it should be noted that there are no clear definitions in the current legal acts. Definitions of the terms “maintenance” and “overhaul” for certain accounting objects are given in the normative legal acts that regulate certain fields of activity (Table 1.8).

Table 1.8

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

| Type of repair | Definition |
|---|---|
| Rules for the maintenance of residential buildings and outbuildings | |
| Current | A complex of repair and construction works, which involves systematic and timely maintenance of operational qualities and prevention of premature wear of structures and engineering equipment |
| Capital | A complex of repair and construction works related to the restoration or improvement of the operational indicators of the building, with the replacement or restoration of load-bearing or enclosing structures, engineering equipment and fire protection equipment without changing the construction dimensions of the object and its technical and economic indicators |
| Provisions on maintenance and repair of road vehicles of motor transport | |
| Current | Repairs that are performed to ensure or restore the functionality of the product and consist in the replacement and (or) restoration of individual parts (can be performed upon request or based on the results of diagnostics by aggregate, impersonal and other methods) |
| Capital | Repairs that are performed to restore the serviceability and full or near full recovery of the product resource with the replacement or restoration of any parts, including basic |

Source: Rules for maintaining residential buildings and outbuildings (2005), Regulations on maintenance and repair of road vehicles of road transport (1998)

The interpretation of current and capital repairs is also given in the Methodological recommendations on the formation of the cost of production (works, services) in industry, approved by the order of the Ministry of Industrial Policy of Ukraine dated July 9, 2007 No. 373 (Methodological recommendations on the formation of the cost of products (works, services) in industry, approved by the order of the Ministry of Industrial Policy of Ukraine, 2007). They define that ongoing repair is performed to ensure or restore the operational qualities of the equipment and consists in the performance of minor repairs and partial replacement of individual parts of production and lifting and transport equipment, workshop transport and tools, devices and devices from the composition of the main production facilities.

According to the Rules for the organization of maintenance and repair of equipment, buildings and structures of power plants and networks. The system of technical maintenance and repair of electrical networks involves the performance of a complex of works, which are carried out with a certain periodicity and sequence, aimed at ensuring the good condition of electrical equipment, its reliable and economical operation with optimal labor and material costs. The complex of works mainly includes:

1. Clearly organized maintenance of electrical equipment;
2. Establishing the optimal periodicity of major repairs of electrical equipment;
3. Introduction of progressive forms of organization and management of electrical equipment repair;
4. Introduction of specialization of repair works;
5. Quality control of work during the repair process;
6. Timely supply of repair works with materials, spare parts and equipment;
7. Analysis of parameters of the technical condition of the equipment before and after repair.

Maintenance of electrical networks is a service method in which all necessary works of a set of works are performed, aimed at maintaining efficiency and preventing premature activation of elements of the object of electrical networks, which is achieved by inspections, performing preventive checks and measurements and certain types of work with the replacement of malfunctioning parts and elements of electrical networks, elimination of damage.

Overhaul of electrical networks is a repair method in which a set of measures is simultaneously carried out aimed at maintaining or restoring their initial operational characteristics, which is achieved by repairing malfunctioning parts and elements or replacing them with more reliable and economical ones, which, in turn, will significantly improve operational characteristics objects.

Provision of technical maintenance and repair, maintenance of electrical networks in a working condition is entrusted to operators of the distribution system (hereinafter – Oblenergo), PJSC “National Energy Company “Ukrenergo” and its separate units – electric power systems.

Maintenance and overhaul of 220-800 kV overhead lines, 220-800 kV electric substations are mainly performed by separate units, separate divisions of the electric power system of PJSC “National Energy Company “Ukrenergo”. Contracting organizations are engaged to perform large volumes of capital repairs and reconstruction works related to the mass replacement of the main elements of overhead power lines, transformer substations, cable power lines, or emergency restoration works.

Overhaul according to the Regulation on maintenance and repair of road vehicles of road transport is treated separately for production transport equipment and equipment. Overhaul of production and lifting and transport equipment, workshop transport means repair carried out to restore serviceability and complete or near complete restoration of the object’s resource and consists in performing works related to the replacement or restoration of its most important responsible parts or basic structures. For equipment, a major repair is considered a repair in which the unit is completely disassembled, replacement or restoration of worn parts and components, repair of basic other parts and components, assembly, adjustment and testing of the unit. The specified methodical recommendations are used for planning, keeping records and calculating the production cost of products (works, services) at enterprises that produce industrial products and refer to fixed assets involved in the production process (Rules for organizing maintenance and repair of equipment, buildings and structures of power plants and networks, 2003).

The periodicity and duration of repair and maintenance of electrical network objects is established by regulatory and technical

documentation, depending on the technical condition of the object, local operating conditions. During the repair and maintenance of electrical network facilities, it is necessary to comply with the requirements of regulatory, technological and design documents:

1. Overhead power lines with a voltage of 35 kV and above – Operating instructions, technological maps;
2. Maps of labor organization;
3. Schemes.

The management of Oblenergo is responsible for the organization of maintenance and repair of electrical networks with a voltage of 0.4-150 kV. Responsibility for the organization of maintenance and repair of electrical networks with a voltage of 220-800 kV is carried out by separate units of NEC “Ukrenergo”.

Plans for material and technical supply must correspond to plans and schedules for the repair and maintenance of electrical network facilities.

Repair and reconstruction works on electrical network facilities located on agricultural land should be carried out in agreement with the land user.

Maintenance work and elimination of accidents, or elimination of an emergency situation at the facility, which threatens people’s lives, is allowed to be carried out at any time, without agreement with the land user. After the completion of the works, the executor is obliged to restore the land to its previous state. The owner of the object compensates the land user for the damages caused during these works (Rules for organizing maintenance and repair of equipment, buildings and structures of power plants and networks, 2003).

Regardless of the type of repair (current, capital), the costs of its implementation should be included in the current costs of the enterprise (production, administrative, sales costs, etc.). According to the current method, the costs of improving facilities are preliminarily reflected in capital investments, and after the completion of the work, they are included in the original cost of fixed assets. The accounting display of costs for repair and improvement of fixed assets is presented in Table 1.9.

The conducted research shows that among the elements of the accounting policy of most operators of the electricity distribution system, there are no norms regulating the accounting of costs for repair, restoration and improvement of fixed assets. This reduces the effectiveness of managing such operations due to the formation of

information that does not take into account the specifics of the industry and today's operating conditions of power grids.

Table 1.9

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

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

Source: generated by the author

We suggest that in the working plan of accounts to distinguish information by types of repairs, to determine the total amount of repair costs (calculation of the cost of repair works), separate sub-accounts to account 23 "Production": 233 "Current repair of fixed assets"; 234 "Overhaul of fixed assets". The debit of these sub-accounts should reflect all costs related to the corresponding types of repairs of fixed assets. On credit, after signing the acts on the completion of repair work, debiting the costs to the debit of the relevant accounts depending on the functional purpose of the objects being repaired.

As research has shown, despite the difficult conditions of the industry's operation, it is necessary to plan expenses for repairs, especially capital repairs of electric power enterprises. If these subjects are located territorially in the zone of active hostilities, of course, planning is unlikely to be discussed. If it is a relatively calm region, such as the Vinnytsia region, the company can plan an annual budget for repair costs and form monthly budgets. This will make it possible to provide repair work with material resources in a timely manner and evenly distribute costs by period.

To ensure prompt elimination of emergency situations in electrical networks, it is necessary to create an emergency stock of electrical equipment, materials and products. The volume of the emergency

stock and the conditions for its storage and replenishment are determined on the basis of the Norms of the emergency stock of equipment and materials for trunk and interstate electrical networks (Order of the Ministry of Fuel and Energy of Ukraine, 2007), the Norms of the emergency stock of electrical equipment, building structures and materials for electrical networks with a voltage of 0.38-150 kV (Order of the Ministry of Fuel and Energy of Ukraine, 1998). The cost of repairs and maintenance at electrical facilities is determined by estimates compiled on the basis of regulatory documents “Time standards for repair and maintenance of electrical networks” (Order of the Ministry of Fuel and Energy of Ukraine, 2010). However, the specified normative documents do not take into account, firstly, the extreme conditions of the operation of the electric power industry during full-scale military operations; secondly, the conditions of integration of the Ukrainian electricity industry in the EU.

Ukraine’s energy system is the sixth largest in Europe, behind France, Germany, Italy, Spain and Great Britain. Synchronization of the UES of Ukraine with ENTSO-E requires the synchronization of information flows for the management of the energy system of Ukraine within the framework of the unified energy system of Europe. This requires the application of international standards for accounting and financial reporting.

International standards of accounting and financial reporting are a tool for harmonizing the formation of information flows, the main purpose of which is to ensure transparency and comprehensibility of information about the activities of business entities.

The use of international accounting and financial reporting standards ensures:

- risk reduction for creditors and investors;
- reduction of costs of each country for the development of its own standards;
- the deepening of international harmonization and unification of accounting and, as a result, an unambiguous understanding of financial reporting and the growth of trust in its indicators throughout the world.

As a result, the business entity receives not only the necessary information for making management decisions, but also ensures the

comparability of reporting with other entities, regardless of which country they are a resident of and in which territory they conduct economic activity. The formation of accounting information according to the rules of international standards makes it possible to attract foreign investments and loans, and also ensures trust on the part of potential partners.

The introduction of modern information and technical technologies will allow balancing the energy system in real space, automating the accounting and financial calculations of market entities, accounting for electricity, controlling payments, and ensuring the proper quality of UES dispatching.

Taking into account the significant amount of costs for the capital repair of facilities, the long-term nature of the work and the negative consequences of the war (unplanned costs for repair and restoration due to damage to electrical infrastructure facilities), we consider it necessary to create a reserve for capital repair and restoration of fixed assets. Since the costs of major repairs under P(S)BU 7 “Fixed assets” are attributed to the expenses of the period, the formation of reserves for repairs is also logically attributed to these costs. The size of the reserve should be differentiated according to the degree of risk, depending on the location of the enterprise. At the same time, the formation and use of the reserve for the capital repair and restoration of fixed assets should be recorded in separate analytical accounts to subaccount 474 “Provision of other costs and payments”, in particular 4741 “Provision of costs for capital repair of fixed assets”, 4742 “Provision of costs for the restoration of damaged and destroyed objects”.

The proposed method of accounting for repair costs is shown in (Table 1.10).

The domestic electricity industry in the conditions of martial law and joining the EU energy system needs significant investments. Objects operated today by electric power companies are often physically and morally worn out. When restoring destroyed objects, significant investments will be required for their modernization and large-scale reconstruction. Ukraine has the potential and can develop and improve both traditional and renewable electricity. Thus, the European Commission published a study of the needs for the development of the energy system and renewable electricity in Central

and South-Eastern Europe. The commission concluded that Ukraine has an extremely high potential of renewable electricity sources thanks to the total potential of solar generation of 416 GW and the technical potential of onshore wind generation of 134 GW. The solar potential is three times the current installed European capacity, and the wind potential is about 60% of the current installed capacity across the EU. The export of renewable electricity was recognized as an extremely important element of Ukraine's post-war recovery (Ukraine is a paradise for RES. Economic truth, 2022).

Table 1.10

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

| No. | Content of a business transaction | Content of a business transaction | |
|-----|---|-----------------------------------|-----------------------------------|
| | | Debit | Credit |
| 1. | A reserve of costs for capital repairs and restoration of fixed assets has been created | 23, 91 92 93 | 4741 4742 |
| 2. | Costs for repair work are shown: - current repair - overhaul | 233 234 | 13, 20, 23, 63, 65, 66, 685 |
| 3. | After signing the acts on the completion of repair works, the costs of current repairs are debited to the costs of activities in accordance with the functional purpose of the objects being repaired: - production facilities - administrative objects - sales facilities | 23, 91 92 93 | 233 |
| 4. | Capital repair costs were written off at the expense of the created reserve | 4741 4742 | 234 |

Source: generated by the author

Planning and management of such complex processes requires proper information support. In P(S)BU 7 “Fixed assets”, capital investments in non-current tangible assets are defined as costs for construction, reconstruction, modernization (other improvements that increase the original (revalued) value), manufacturing, acquisition of objects of tangible non-current assets (including non-current tangible assets intended to replace existing ones and equipment for installation) carried out by the enterprise.

The procedure for displaying in the system of accounting accounts such type of capital investments as costs for reconstruction,

modernization and other improvements that increase the original (revalued) value of fixed assets by Instruction No. 291 “On the Application of the Plan of Accounts for Accounting of Assets, Capital, Liabilities and economic operations of enterprises and organizations” is not regulated to date. In order to rationally organize the synthetic and analytical accounting of the mentioned costs, it is advisable to open sub-account 156 “Costs for the improvement of fixed assets” in account 15 “Capital investments”. Analytical accounting on the specified sub-account should be kept according to the types of improvements.

This separation of costs for improvements and other types of capital investments in accounting will make it possible to obtain separate information about the costs of completion, reconstruction, modernization, restoration of objects, which will be used by the company’s management for planning and managing these processes.

1.3. Organic production in Ukraine as a key factor of food and environmental security in Europe: informational aspect

Organic agriculture can be a pathway to addressing not only hunger and malnutrition but also other challenges including poverty, water use, climate change, and unsustainable production and consumption. (Why Organic? 2022). More than 800 million people go hungry and about 2 billion are malnourished. About 30 percent of the global adult population is overweight or obese, and around 30 percent of food produced worldwide is lost or wasted.

Nature is declining globally at rates unprecedented in human history. Up to 1 million species are threatened with extinction, many within decades.

Land degradation has reduced the productivity of 23% of the global land surface; up to US\$577 billion in annual global crops are at risk from pollinator loss.

According to an FAO report on the state of biodiversity, of the thousands of plant species cultivated for food, fewer than 200 contribute substantially to global food output and only nine accounts for 66% of total crop production.

Unsustainable Agriculture is Part of the Problem. Unsustainable agriculture is the largest driver of biodiversity loss; it is contributing to global warming, contaminating soil, threatening rural livelihoods as

well as food & nutrition security. The recent Intergovernmental Panel on Climate Change (IPCC) report showed that our food systems are estimated to cause up to 29% of global anthropogenic greenhouse gas emissions. Chemical fertilizers used to grow food are responsible for the majority of nitrous oxide released into the atmosphere as a result of human activity.

There are estimates that agriculture is directly responsible for 80% of deforestation worldwide. We need systemic change.

The negative impacts of input-intensive or industrial agriculture on the environment and health, its inefficacy to provide a decent income for farmers, its high reliance on fossil fuels and high vulnerability to climate change all show the need for change.

Many of our policies only exacerbate the issues. According to a recent analysis, only 1% of the \$700bn a year given to farmers is used to benefit the environment.

It should be evident to us all that nourishing the world sustainably require that we protect the ecological resources essential for producing food now and in the future. Organic Agriculture Offers a Solution.

The good news is that agriculture can also bring us solutions. About 30% of global crop production and global food supply is provided by small land holdings, less than 2 hectares, using around 25% of agricultural land, and in a way that usually maintains rich agrobiodiversity.

Done right, agriculture based on the Principles of Organic Agriculture can be a transition pathway to the solutions needed for sustainable food systems and climate resilience.

Organic agriculture is an accessible, affordable and empowering system for most smallholders given that it's largely based on the use of local biodiversity and resources and incurs little external costs – particularly important for cash poor subsistence farmers.

Farming for the Future. The major problems of our time – energy, the environment, climate change, food security, financial security – cannot be understood in isolation. We need to create policies for food and agriculture taking all common concerns of humankind into consideration.

Such policies and policy tools conducive to sustainable farming are crucial for supporting organic farmers, who are contributing to the common good and producing good food for all. (Why Organic? 2022).

According to the International Federation of the Organic Agricultural Movement (IFOAM), organic agriculture is a holistic production system that preserves soils, ecosystems, food and nutrition. Such a system is designed to create conditions that support environmentally, socially and economically feasible agricultural production (International Federation of Organic Agriculture Movement. 2021).

According to IFOAM, Europe has the largest share of countries where organic farming is cultivated (Table 1.11). Ukraine is also among them.

Table 1.11

Number and share of countries (by regions) that conducted organic production, 2019

| Region | Number of countries with organic farming | Number of countries in the region | Share of countries producing organic products,% |
|---------------------------------|--|-----------------------------------|---|
| Africa | 47 | 61 | 77 |
| Asia | 42 | 51 | 82 |
| Europe | 48 | 51 | 94 |
| Latin America and the Caribbean | 33 | 48 | 69 |
| North America | 3 | 4 | 75 |
| Oceania | 14 | 24 | 54 |
| World | 187 | 239 | 78 |

Source: The World of Organic Agriculture Statistics and Emerging Trends, 2020.

According to the results of 2020, the domestic organic market of Ukraine reached the mark of 25.1 million US dollars. We are talking only about organic food products of our own production, without taking into account imported products. Dairy products have been confidently holding the first place in terms of consumption for more than a year. It makes up almost 65% of the total consumption of organic products.

The greatest demand for milk and butter. The second place in terms of consumption (18%) is occupied by cereals and grain products, flour and seeds. The greatest demand in this category is for flakes and cereals.

In 2020, the consumption of organic eggs and oil products increased significantly. Instead, the consumption of vegetables and fruits, canned foods and ice cream decreased.

The leaders in terms of growth were spices and eggs: their consumption increased by 6.5 times and almost 3.5 times, respectively.

Despite the slight growth of the market, the level of consumption of organic products per capita in Ukraine remains the lowest in Europe. For products of own production, this indicator is about 50 euro cents. The average consumption of organic products per capita in the EU reaches 84 euros per year. Of course, there are countries where they consume not much more than Ukrainians: Slovakia – 1 euro, Romania and Portugal – 2 euros, Hungary – 3 euros per capita per year (Domestic organic market of Ukraine, 2021).

Most of the organic products produced in Ukraine are imported to European countries. The top 10 importers of Ukrainian organic products in the EU are presented in the Table 1.12.

Table 1.12

Top 10 importing countries of Ukrainian organic products in the EU, 2020

| No. | Country | Volume, tone | Cost, million dollars USA |
|-----|----------------|--------------|------------------------------|
| 1 | 2 | 3 | 4 |
| 1 | Netherlands | 97400 | 29,5 |
| 2 | Germany | 41800 | 27,0 |
| 3 | Lithuania | 21500 | 5,8 |
| 4 | Austria | 18600 | 15,8 |
| 5 | Poland | 15300 | 19,6 |
| 6 | Italy | 6500 | 4,0 |
| 7 | Romania | 4800 | 3,0 |
| 8 | Spain | 3500 | 1,7 |
| 9 | Czech Republic | 2800 | 3,0 |
| 10 | Belgium | 2600 | 1,3 |
| | In total | 217000 | 116,7 |

Source: Import of Ukrainian organic products to the EU (2021)

Organic production as a holistic production system that contributes to environmental and food security, reducing anthropogenic pressure on nature, rational use of natural resources, environmental protection, creating sustainable systems of agricultural production and food processing. This, in turn, minimizes society's costs associated with food production and consumption and increases producer costs.

Thus, the main task of accounting in organic production is the formation of an accounting system that would provide information requests to stakeholders about the costs of organic food producers. After all, at the micro level, in terms of organic production, environmental and economic accounting is an information system that allows you to monitor compliance with domestic and international legislation for this type of activity, and, in the following stages, to form consistent and comparable statistics to take into account relationships between the environment and the economy. Today in Ukraine there is a lack of information to meet the needs and requests of stakeholders about the state of development of organic production, the cost of production of organic products, its cost, and so on. For effective management of such production at both micro and macro levels, it is essential to provide reliable and complete coverage in management, financial and statistical reporting of information on the costs of production of organic products.

Ukrainian legislation in the field of organic production is currently being formed. The basic normative act that determines the legal, economic and social bases of organic agricultural production in Ukraine is the Law of Ukraine “On production and circulation of organic agricultural products and raw materials” from 03.09.2013, No. 425-VII.

This Law defines the legal and economic basis for the production and circulation of organic agricultural products and raw materials and aims to ensure the proper functioning of the market of organic products and raw materials, as well as to ensure consumer confidence in products and raw materials labelled as organic.

The law treats the production of organic products (raw materials) as production activities of individuals or legal entities (including cultivation and processing), where such production excludes the use of chemical fertilizers, pesticides, genetically modified organisms (GMOs), preservatives, etc., and all stages of production (cultivation, processing) apply the methods, principles and rules defined by law to obtain natural (environmentally friendly) products, as well as conservation and restoration of natural resources.

The main requirements for organic production are determined by the Law of Ukraine “On Basic Principles and Requirements for Organic Production, Circulation and Labelling of Organic Products”

dated July 10, 2018 No. 2496-VIII. This normative act defines organic production as a certified activity related to the production of agricultural products, including all stages of the technological process, namely primary production (including harvesting), preparation, processing, mixing and related procedures, filling, packaging, processing, recovery and other changes in the state of production), which is carried out in compliance with the requirements of legislation in the field of organic production, circulation and labelling of organic products.

The terms “organic crop production”, “organic animal husbandry”, “organic aquaculture” are defined separately in this Law (Table 1.13).

Table 1.13

The main categories of organic agricultural production in accordance with the Law of Ukraine “On basic principles and requirements for organic production, circulation and labelling of organic products”

| Terms | Definition of the term |
|--------------------------|---|
| Organic production | certified activities related to the production of agricultural products, including all stages of the technological process, namely primary production (including harvesting), preparation, processing, mixing and related procedures, filling, packaging, processing, recovery and others changes in the state of production), which is carried out in compliance with the requirements of the legislation in the field of organic production, circulation and labelling of organic products. |
| Organic crop production | organic production related to the cultivation of cultivated plants, as well as the procurement of flora in compliance with the requirements of legislation in the field of organic production, circulation and labelling of organic products. |
| Organic animal husbandry | organic production related to the keeping, breeding (production) of farm animals (including poultry and insects) and products for the production of products of animal origin. |
| Organic aquaculture | organic production related to artificial breeding, maintenance and cultivation of aquaculture facilities in accordance with the requirements of the legislation in the field of organic production, circulation and labelling of organic products. |

Source: created by the author based on Law of Ukraine “On basic principles and requirements for organic production, circulation and labelling of organic products”

The general requirements for organic production determine the need to separate in time or space the production and storage of organic

products, including accounting for such products, from the production and storage of inorganic products and products of the transition period. That is, at the legislative level, operators of organic production are required to organize separate accounting of costs of production of organic, inorganic products and products of the transition period, which must be taken into account when building a system of cost accounting facilities.

The organization of accounting for production costs is a complex process that includes determining the list of items of production costs and their composition; cost accounting objects and calculation objects; structure of sub-accounts and analytical accounts of direct and indirect production costs; the order of reflection of expenses on accounts and ways of inclusion of expenses in the prime cost of each object of calculation; choice of methods of evaluation and accounting of finished products (main, related, secondary), accounting for future expenses; development of methods and techniques for accounting for production costs and forms of internal reporting on costs and output. In addition, in terms of organic production, accounting should be organized by its branches, which include:

- organic crop production (including seed production and nursery);
- organic livestock (including poultry, beekeeping);
- organic mushroom growing (including growing organic yeast);
- organic aquaculture;
- production of organic seaweed;
- production of organic food products (including organic winemaking);
- production of organic feed;
- harvesting of organic objects of flora.

The objects of cost accounting in agricultural production are traditionally crops (groups of crops), species and groups of animals. However, due to the specifics of technological processes of operators of organic production, the construction of a system of cost accounting facilities for such entities will be somewhat more difficult (Fig. 1.5).

In the process of organic production it is allowed to use only legally defined substances (ingredients, components) and in the maximum allowable quantities. The use of agrochemicals, pesticides, antibiotics

for preventive purposes, hormonal drugs, animal growth stimulants, etc. is prohibited.

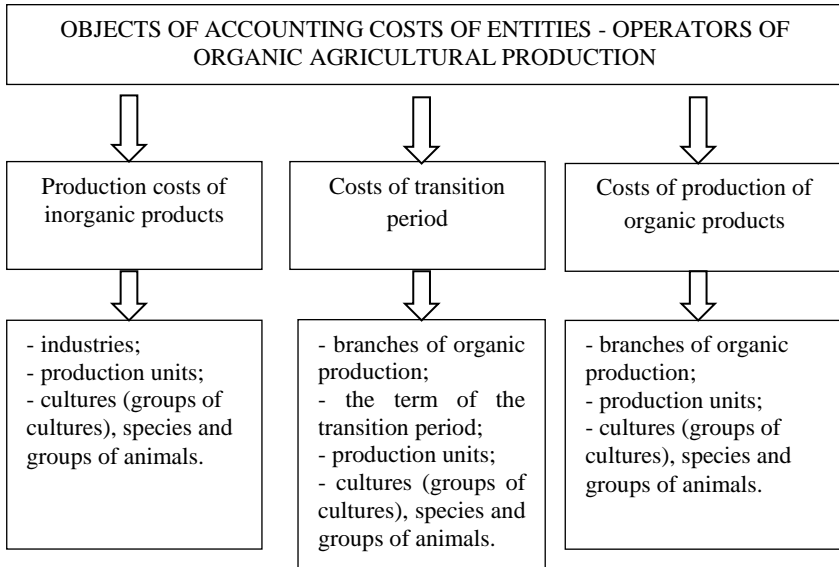


Fig. 1.5. System of objects of accounting of expenses of organic production

Source: created by the authors

These requirements and prohibitions necessitate the creation of specialized forms of primary accounting for the costs of seeds, planting material, plant and animal protection products, fertilizers to ensure effective control over the production process of organic products. It should take into account the organizational and technological features and specifics of control during the transition period, in terms of “pure” organic production and in terms of parallel production of organic and inorganic products.

During the transition period and in the conditions of parallel production of organic and inorganic products, enterprises need to organize separate storage of stocks for each of the types of production. Incoming accompanying documents should be marked, for example, “organic composition” and “inorganic composition”.

In the case of parallel production, the operator is obliged to provide

the certification body with documentary evidence of compliance with the provisions of Article 26 of Law No. 2496-VIII and ensure:

- taking appropriate measures for the permanent separation of organic and inorganic products, the separation of organic and inorganic animals;
- separation of manure and feed;
- proper cleaning of production equipment for technological operations with organic products;
- submission to the certification body of information on the quantity of produced organic products and products of the transition period, inorganic products;
- submission to the certification body of information on harvesting not later than two working days before the beginning of harvesting;
- submission to the certification body of information on any movement or sale of animals, livestock products;
- submission of information to the certification body on the harvest, livestock and livestock products and measures taken to separate organic and inorganic products.

To provide documentary evidence of these measures to the standard and specialized agricultural forms of primary documents, it is necessary to enter additional details. It is advisable to form additional forms of documents that are necessary to confirm compliance with the law, but are not in the list of already developed forms.

Legislative restrictions on organic production stipulate a particularly detailed organization of accounting for the costs of seeds, planting material, plant and animal protection products, fertilizers to ensure effective control over the production process. This can be achieved by grouping and accounting for costs by costing items.

Accordingly, enterprises-operators of organic production should form an expanded nomenclature of cost items related to the use of these tangible assets (Table 1.14).

The proposed system of itemized accounting will make it possible to differentiate the costs allowed by law to be carried out in organic agricultural production and the costs of which there are certain restrictions. This, in turn, will improve the information support of the control function of organic production management and provide an opportunity to reasonably calculate the cost of production.

Table 1.14

Comparison of the nomenclature of items of accounting for the costs of traditional and organic agricultural production

| Cost accounting items | |
|--|---|
| 1 | 2 |
| Traditional production (approximate list according to Methodical recommendations No. 132 from 18.05.2001.) | Organic production (suggested by the author) |
| Salary expenses | Salary expenses |
| Seeds and planting material | Seeds and planting material: - purchased organic; - grown in the transition period; - grown in organic production; - others |
| Fuel and lubricants | Fuel and lubricants |
| Fertilizers | Fertilizers: - fertilizers, ameliorants, microbiological, plant or animal origin; - other substances used to increase soil fertility and yield of biodegradable crops; - fertilizers and substances for soil improvement that can be used in the process of organic production in the maximum allowable quantities; - others. |
| Plant and animal protection products | Plant and animal protection products: - organic plant and animal protection products; - inorganic plant and animal protection products, growth regulators are included in the List of substances (ingredients, components) that can be used in the process of organic production; - others. |
| Feed | Feed: - made from organic feed materials using mainly biological, mechanical and physical production methods; - the content in the feed of not more than one ingredient of agricultural origin produced during the transition period; - purchased (meeting the requirements of organic production); - others. |

Continuation of table 1.14

| 1 | 2 |
|--|--|
| Raw materials | Raw materials: - raw materials and materials that can be used in the process of organic production; - raw materials and materials that can be used in the process of organic production in the maximum allowable quantities; - others . |
| Works and services | Works and services |
| Repair costs of non-current assets | Repair costs of non-current assets |
| Other expenses for the maintenance of fixed assets | Other expenses for the maintenance of fixed assets |
| Other expenses | Other expenses |
| Non-productive costs (accounting) | Non-productive costs (accounting) |
| Total production expenditures | Total production expenditures |

Source: formed by the author

CONCLUSIONS TO CHAPTER 1

Taking into account the radical changes in the economic, market, and legal environment of the functioning of business structures caused by the military aggression of the Russian Federation, the peculiarities of information support for the needs of management in the conditions of martial law are summarized.

Today's peculiarities of the organization of business processes determine the need to adapt their documentation to ensure continuous accounting and the formation of optimal information flows. The expediency of liberalizing the requirements for primary accounting for the period of the legal regime of martial law is substantiated.

The main changes in the organization of labor relations and the accounting of payments to employees have been identified. The procedure for taxation was considered and the method of accounting for charitable aid, the method of accounting for state aid to agricultural producers by compensation of interest for attracting credit resources was proposed.

Enterprise property that has lost its usefulness due to its territorial location in the zone of active hostilities, in the zone of temporary occupation, or due to other negative factors of the influence of war, is singled out as a specific object of accounting. The procedure for

accounting for the loss of usefulness of such property is proposed.

Changes in tax legislation and the taxation system are aimed at strengthening the regulatory function of taxes aimed at stimulating the economy of Ukraine and supporting business. Methodical methods of displaying in the accounting of payments for the single tax of payers of the 3rd group are proposed.

On the basis of a theoretical study of the peculiarities of the organization of repair works and works related to the improvement of fixed assets of electric power enterprises in the conditions of war and integration into the EU electric power system, taking into account the specifics of the structure of fixed assets in the electric power industry, it is proposed to highlight the needs of information requests of information users a separate group "Transmitting devices". This will make it possible to obtain more detailed information about the objects that form the basis of the means of activity of such entities.

The generalization of studies of the theoretical and organizational and methodological principles of accounting for the costs of repair, restoration and improvement of fixed assets allowed developing and proposing methodical techniques for the accounting display of such costs.

The expediency of forming a reserve for capital repair and restoration of the main assets of the electric power industry is substantiated. We believe that the size of such a reserve should be differentiated depending on the degree of risk and the location of the enterprise.

The procedure for displaying in the system of accounting accounts such capital investments as costs for reconstruction, modernization and other improvements that increase the original (revalued) value of fixed assets is proposed.

In the absence of normative regulation of accounting in Ukraine in terms of organic production, the formation of internal regulatory accounting regulations is a necessary condition for effective management of such production. The application of the proposed system of cost accounting facilities in the accounting practice of organic producers, taking into account the specifics of technological processes of organic production operators, will allow organizing separate accounting of costs for organic production, inorganic products and transition products.

The introduction of the developed nomenclature of cost accounting items will make it possible to differentiate in accounting the costs allowed by law in terms of organic production from the costs of which there are certain restrictions. This will improve the information support of product quality control and will allow to adapt the accounting support of cost management of organic products to the requirements of the formation of integrated information of environmental and economic accounting.

We believe that promising areas of further research on this issue is the development of methods for cost accounting and costing of organic agricultural products; methods of accounting and distribution of indirect production costs; reflection of relevant information in financial, management and statistical reporting. Given the strategic prospects for the development of organic agricultural production in Ukraine, as part of the concept of sustainable development, it is necessary to develop a unified system of informatization of society to assess the state of organic production, form a strategy for its development and ensure effective management of these processes.

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