

SCI-CONF.COM.UA

EUROPEAN SCIENTIFIC CONGRESS



**PROCEEDINGS OF XI INTERNATIONAL
SCIENTIFIC AND PRACTICAL CONFERENCE
NOVEMBER 27-29, 2023**

**MADRID
2023**

EUROPEAN SCIENTIFIC CONGRESS

Proceedings of XI International Scientific and Practical Conference

Madrid, Spain

27-29 November 2023

Madrid, Spain

2023

UDC 001.1

The 11th International scientific and practical conference “European scientific congress” (November 27-29, 2023) Barca Academy Publishing, Madrid, Spain. 2023. 707 p.

ISBN 978-84-15927-34-1

The recommended citation for this publication is:

Ivanov I. Analysis of the phaunistic composition of Ukraine // European scientific congress. Proceedings of the 11th International scientific and practical conference. Barca Academy Publishing. Madrid, Spain. 2023. Pp. 21-27. URL: <https://sci-conf.com.ua/xi-mizhnarodna-naukovo-praktichna-konferentsiya-european-scientific-congress-27-29-11-2023-madrid-ispaniya-arhiv/>.

Editor

Komarytskyy M.L.

Ph.D. in Economics, Associate Professor

Collection of scientific articles published is the scientific and practical publication, which contains scientific articles of students, graduate students, Candidates and Doctors of Sciences, research workers and practitioners from Europe, Ukraine and from neighbouring countries and beyond. The articles contain the study, reflecting the processes and changes in the structure of modern science. The collection of scientific articles is for students, postgraduate students, doctoral candidates, teachers, researchers, practitioners and people interested in the trends of modern science development.

e-mail: madrid@sci-conf.com.ua

homepage: <https://sci-conf.com.ua>

©2023 Scientific Publishing Center “Sci-conf.com.ua” ®

©2023 Barca Academy Publishing ®

©2023 Authors of the articles

ECONOMIC SCIENCES

ORGANIZATION OF ACCOUNTING AND AUDITING OF FARMING ACTIVITIES

Khomovyi Serhii Mykhailovych

Ph. D. in Economics, head of Department accounting and taxation
Bila Tserkva National Agrarian University
Bila Tserkva, Ukraine

Tomilova-Yaremchuk Nadiia Oleksandrivna

Gavrik Olesia Yuriivna

PhD (Economics), Docent Department of Accounting and taxation
Bila Tserkva National Agrarian University
Bila Tserkva, Ukraine

Khomovyi Mykhailo Mykolajovych

Ph. D. in Agricultural, head of Laboratory «Botanic Garden»
Podillia State University
Kamyaenets-Podilskyi, Ukraine

Vakulenko Vitalii Leonidovych

Ph. D. in Economics, associate Professor of accounting and taxation
National University of Life and Environmental Sciences of Ukraine
Kiev, Ukraine

Introductions. The organization of accounting and auditing is a functional component of the information support for the management of farming activities. At the same time, their documentation system plays an important role as a tool in the formation of information.

Accounting of farming activity involves systematic recording in primary accounting documents, their storage and further processing, formation of registers and preparation of financial, statistical and tax reporting. Farms that are registered as legal entities and those that have the status of individual entrepreneurs must carry out the documentation of their economic activity. That is why a rational system of document circulation and verification is the key to creating a single information space

within the farm, which helps to organize high-quality and effective management of their activities.

Aim. The goal is to highlight the peculiarities of the organization of accounting, auditing and the procedure for drawing up financial statements in farms.

Materials and methods. The historical features of the development and formation of accounting standards, national concepts, paradigms of world accounting schools and recognized auditing organizations specializing in the verification of financial statements became the basis of this research.

Results and discussion. The volume of documentation and features of the organization of the accounting process depend, first of all, on the organizational and legal form, size and specialization of the farm. Those farms that are not registered as legal entities are exempted from mandatory accounting, since the effect of Law 996-XIV [1] applies exclusively to legal entities. However, if the farm is registered as a natural person-entrepreneur, it is bound by the obligation of monthly income accounting (for VAT payers - accounting of income and expenses) and submission of tax reporting. Such entrepreneurs can make records of received income in any form, for example, a regular journal or notebook, an Excel file, an online service, a universal mobile application or a chatbot in a smartphone, etc. Farms are legal entities that are required to keep accounting records and prepare financial, tax, and statistical reports. At the same time, the belonging of the farm to the enterprises of a certain category is determined by the amount of resources, received income, and the number of employees. Thus, accounting can be carried out according to the generally accepted accounting system (large and medium-sized enterprises) or according to a simplified form if the enterprise belongs to a small or micro-enterprise. Clause 3 of Art. 2 and 3 of Law № 996-XIV [1] establishes that enterprises that have the right to keep simplified records of income and expenses can form financial statements in the manner established by the legislation on a simplified accounting and reporting system, except if they are not VAT payers, then the information in the farm's accounting registers can be summarized without using double entry. Of course, small farms are interested in simplifying accounting, especially if we are talking about

family farms, in which the head or one of the family members, who mostly do not have a special education, keeps the accounting records. Even if the economy chooses a simple or simplified form of accounting, it is regulated by Methodical recommendations on the use of accounting registers by small enterprises № 422 or 720 [2; 3], the main difference in accounting is the accumulation of information in various information and accounting journals of economic transactions.

A slightly different approach to the organization of accounting in farms is enshrined in Methodical recommendations for the organization and maintenance of accounting in peasant (farm) farms № 189, which proposed not three, but four forms of accounting in farms, namely: 1) simple, which is conducted without double entry in primary documents, inventory descriptions and Book of accounting of income and expenses (family farm without employees); 2) simplified, with the maintenance of primary documents, the Journal of registration of economic transactions and separate information (micro-enterprises that do not fall under the simple form of record-keeping and small enterprises with up to 10 employees); 3) the form for small enterprises, which is carried out in primary documents, memorial orders and the Main Journal (small enterprises with from 10 to 50 employees); 4) a general form for large and medium-sized enterprises, which is carried out according to a general and not a simplified plan of accounts in order journals.

We note that no matter what Methodical recommendations a farm is guided by for the organization of accounting, at the initial stage any fact of economic activity must be recorded at the enterprise by primary documents. At the same time, the list of primary documentation, its form and volume may vary depending on the specialization of economic activity, available assets, the volume of agricultural production, etc.

The rationalization of document circulation should contribute to speeding up the movement of documents and reducing the complexity of information processing. In order to minimize the time spent on compiling and processing the document, it is necessary to establish a rational sequence of moving the document from one operation to another, taking into account a clear list of works that must be performed,

working time, methods and time of document transfer and the composition of the persons responsible for the transfer [4, p. 56]. When using paper document circulation, its rationalization is facilitated by the use of a graphic method of organizing the movement of information carriers. In particular, as part of the accounting policy of enterprises, development in the form of a tabular, schematic or textual description of an internally regulated document is provided – a schedule of document flow, which is a clear order of operations for the transfer and processing of information specified in primary documents.

However, practice shows that due to the high labor intensity of its development, a properly designed document flow schedule is absent or formal in nature in many farms. That is why we offer a fairly simple and convenient document management form for small farms (Table 1).

Table 1

Document flow graphics for small farms

| № | Primary document | Number of copies | Formation time | Responsible person | The person who checked the document |
|---|-------------------|------------------|-----------------------------------------------------|--------------------|-------------------------------------|
| 1 | Income cash order | 2 | at the time of receipt of funds | accountant | director |
| 2 | Sales invoice | 2 | at the time of delivery of goods from the warehouse | warehouse manager | accountant |
| 3 | ... | ... | ... | ... | ... |

The purpose of the audit of the activities of peasant (farming) farms is to express an opinion on the compliance of the accounting organization and the reporting procedure with the current regulatory and legislative documents.

The specifics of the audit of agricultural enterprises arise from the specifics of the organization of accounting and production technology. In this regard, the tasks of the auditor also acquire a specific direction, determined by the peculiarities of the agro-industrial complex, its branches and sub-branches, and can be generalized into such groups as:

- 1) assessment of the correctness of accounting and compliance of its organization with current regulatory documents;
- 2) assessment of the expediency and rationality of accounting in the economy,

taking into account the possibilities of choosing specific forms by peasant (farm) farms.

At the same time, the object of control is not information about certain parties, structures or activities of the enterprise, but specifically resources, structure of the enterprise, types of its activities, functions, systems, activities of the enterprise as a whole.

The objects of the audited peasant (farm) economy can be classified according to various characteristics, in particular:

- types (resources, processes with resources, etc.);
- the complexity of the object (resources can be considered as a whole, or their individual types);
- connection of objects in time (state of the object during the inspection period, for the future);
- the nature of the possible assessment of the object (quantitative, qualitative).

The forms and methods of verification are established by the auditor independently, based on the specifics of the client's activities and the terms of the audit contract. When choosing as an audit object the activity of a farm, i.e. business processes and financial and economic results of business, the process of obtaining audit evidence can be optimized if the so-called cycles of business operations are selected as audit segments. This is explained by the fact that they are closely related to each other and collectively represent an economic system. Cycles of economic operations characterize the circulation of the capital of the economy and end only in the case of cessation of its activity. However, as practice shows, taking into account the size, scope of activity, and number of employees, peasant (farming) farms are mainly engaged in ordinary operations, and therefore, when conducting their audit, it is most appropriate to allocate acquisition and procurement cycles, production cycles, sales cycles, cycles payment

Conclusions. The organization of accounting for the results of activities in farms has its own characteristics, which are caused by the influence of the natural production process. An important stage of the effective activity of the accounting

service in these conditions is the formation of a document flow schedule, therefore the form of this document proposed by us will provide an opportunity to simplify its management for employees and is more understandable.

The audit of the activities of farms is carried out to express an opinion on the compliance of the accounting organization and the reporting procedure with the current legislative documents, taking into account the specifics of agricultural production. In our opinion, the process of obtaining audit evidence in the activity of a farm can be optimized if the so-called cycles of economic operations are identified as audit segments: the cycle of acquisition and procurement of material assets, the cycle of production, the cycle of sales and receipt of income, the cycle of payment.

REFERENCES

1. The Verkhovna Rada of Ukraine (1999), The Law of Ukraine «On accounting and financial reporting in Ukraine», available at: <http://zakon5.rada.gov.ua/laws/show/996-14> (Accessed 29 July 2023).

2. Ministry of Finance of Ukraine (2003), Order of the Ministry of Finance «About the statement of Methodical recommendations on application of registers of accounting by the small enterprises», available at: <https://zakon.rada.gov.ua/rada/show/v0422201-03> (Accessed 28 July 2023).

3. Ministry of Finance of Ukraine (2011), Order of the Ministry of Finance «On approval of Methodical recommendations on the use of accounting registers by small enterprises», available at: <https://zakon.rada.gov.ua/rada/show/v0422201-03> (Accessed 24 July 2023).

4. Viter, S.A. (2020), «Formation of the system of primary accounting information: modern aspects of document circulation», *Suchasni vyklyky ta tendentsiyi rozvytku obliku, opodatkuvannya, audytu i zvitnosti v Ukrayini y sviti: kolektyvna monohrafiya*. [Current challenges and trends in the development of accounting, taxation, audit and reporting in Ukraine and the world: a collective monograph], Zhytomyr, PP «Ruta», pp. 50–59.