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## METHODOLOGICAL PRINCIPLES OF CONDUCTING AND WAYS OF IMPROVING THE AUDIT OF FINANCIAL RESULTS OF AN ENTERPRISE

### **Abstract.**

*The main approaches to the calculation of financial results of the enterprise and the organization of their accounting, features of theoretical and methodological bases of process of audit of financial results of activity of the domestic enterprise are considered, the value of audit of financial results is investigated. The analysis of dynamics of financial results of the enterprises of Ukraine for the last years of their functioning is carried out. The sequence of audit procedures and ways to improve the accounting and audit of financial results are proposed.*

**Keywords:** *financial result, expenses, income, profitability, audit, audit risk, financial reporting, audit sequence.*

**Introduction.** Financial results characterize almost all aspects of the enterprise: labor productivity, the degree of use of fixed assets, labor, material and monetary resources, the cost of goods sold, its quality, volume and sales prices and more. Since the purpose of each business entity is to obtain maximum profit at minimum cost while improving the quality of customer service, it is necessary to more carefully and competently approach the formation of its components – income and expenses, studying and analyzing the factors under which the financial result is formed, to study the dynamics, trends, reserves that affect the efficiency of the enterprise.

The importance of these processes necessitates the improvement of the organization and methods of accounting and auditing of financial results in order to substantiate the list of factors influencing their level, quantitative and qualitative assessment of the consequences of this impact on projected trends in the future.

**The purpose of the work** is to develop theoretical principles and provide practical recommendations for improving the methodology of accounting and auditing the financial results of the enterprise.

Under market conditions, the role and importance of financial results in the development of the enterprise increases significantly, both the order and the validity of their definition in the system of financial and internal accounting change radically. Business management requires systematic information about operating, financial and investment activities and related costs, revenues and results. That is why the reform of accounting, focused on market transformations, necessitates a revision of the methodology and organization of the formation of financial results of business entities.

In order to determine the role and significance of financial performance indicators, it is necessary to refer to the scientific works of well-known scientists who

have studied this issue and analyze the interpretation of this category.

The conducted research of accounting and formation of financial results only partially takes into account the technological and organizational features of agricultural production, so they need further scientific development in the direction of improvement.

**Results of the research.** Analysis of the characteristics of the financial result in the economic and accounting literature allows us to say that the financial result is a category that reflects the effectiveness of economic activity in the form of a relevant indicator – profit or loss.

Thus, the category of "financial results" is always given much attention. Regardless of the differences in the explanation of the sources of profit, all known theories aim to maximize profits, which is seen as a driving force in a market economy.

Business management requires systematic information about operating, financial and investment activities and related costs, revenues and results. That is why the reform of accounting, focused on market transformations, necessitates a revision of the methodology and organization of the formation of financial results of economic entities.

In Ukraine, the attitude to the category of profit has not always been unambiguous. Reforming the economic mechanism in the direction of creating a market economy has led to a change in attitudes towards profit in favor of increasing its role in the economic mechanism. Market relations contribute to the development of economic activity and increase its efficiency. The use of profit as an estimate allows you to establish a direct relationship between the size of the effect and incentives. The role played by profit is multifaceted and is characterized by the diversity of species in which it acts (Fig. 1).

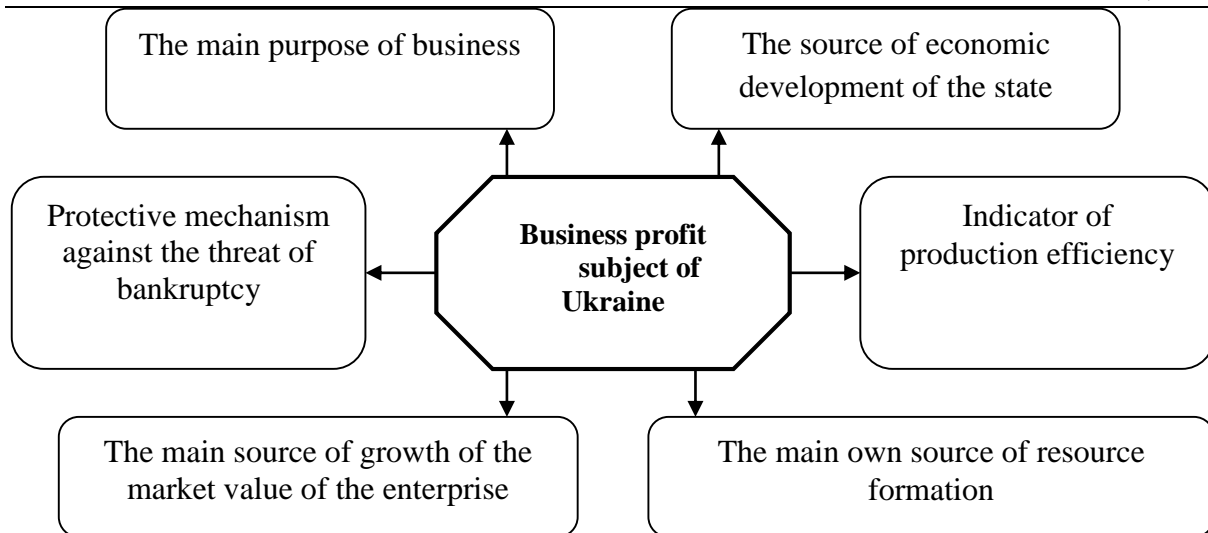


Fig. 1. The role and importance of enterprise profits in a market economy.

According to research, the problem of determining profits remains unresolved, as profits in our country still remain a financial and analytical category for the implementation of fiscal policy. That is, obtaining an objective estimate of profit for most businesses is not an end in itself, but rather they try to underestimate it by all possible methods. In modern conditions, when profits become the main source of replenishment of the state budget, expansion of production, remuneration of owners, the reliability of determining the financial result becomes an important task of accounting.

We believe that the organization of accounting for financial results of the enterprise should take into account organizational, technological and methodological aspects. Therefore, for the formation, distribution and use of financial results, we propose to identify three interrelated components of accounting policies: organizational, technical and methodological. Consider in detail the elements of the accounting policy of the enterprise for the organization of accounting for financial results of its activities (Fig. 2).

The organizational component is the definition of the structure of accounting, its interaction with other staff and structural units of the enterprise. Important components of the technological aspect of accounting policy are the development of a working chart of accounts and the form of accounting, document flow, registers and reporting forms.

The methodological component of the organization of accounting for financial results includes methods of recognizing income and expenses, as well

as financial results of the enterprise.

In fig. 2 shows that the elements of accounting policies are divided into two components: elements of accounting policies for income and expenses and elements of accounting policies for financial results. In this case, the methodological component is directly related to the provision on the recognition of income and expenses in the accounting policy, because the financial result is its consequence.

Accounting for expenses, income and financial results has its own characteristics and certain differences in different areas of business, despite the fact that it is based on the same standards.

Today there are two basic approaches to calculating the financial results of the enterprise, which have some modifications in different countries:

1. The method of comparing income and expenses (the method of "costs – output") – involves determining the profit (loss) in accordance with the principle of accrual and compliance of income and expenses, ie as the difference between income and expenses of the reporting period.

2. The method of comparing capital (or the method of changing net assets) – involves determining the increase in equity in the reporting period as the difference between the amount of equity at the end and beginning of the reporting period, ie the difference is calculated, ie if equity increases at the end of the reporting period the company makes a profit, and if vice versa – a loss.

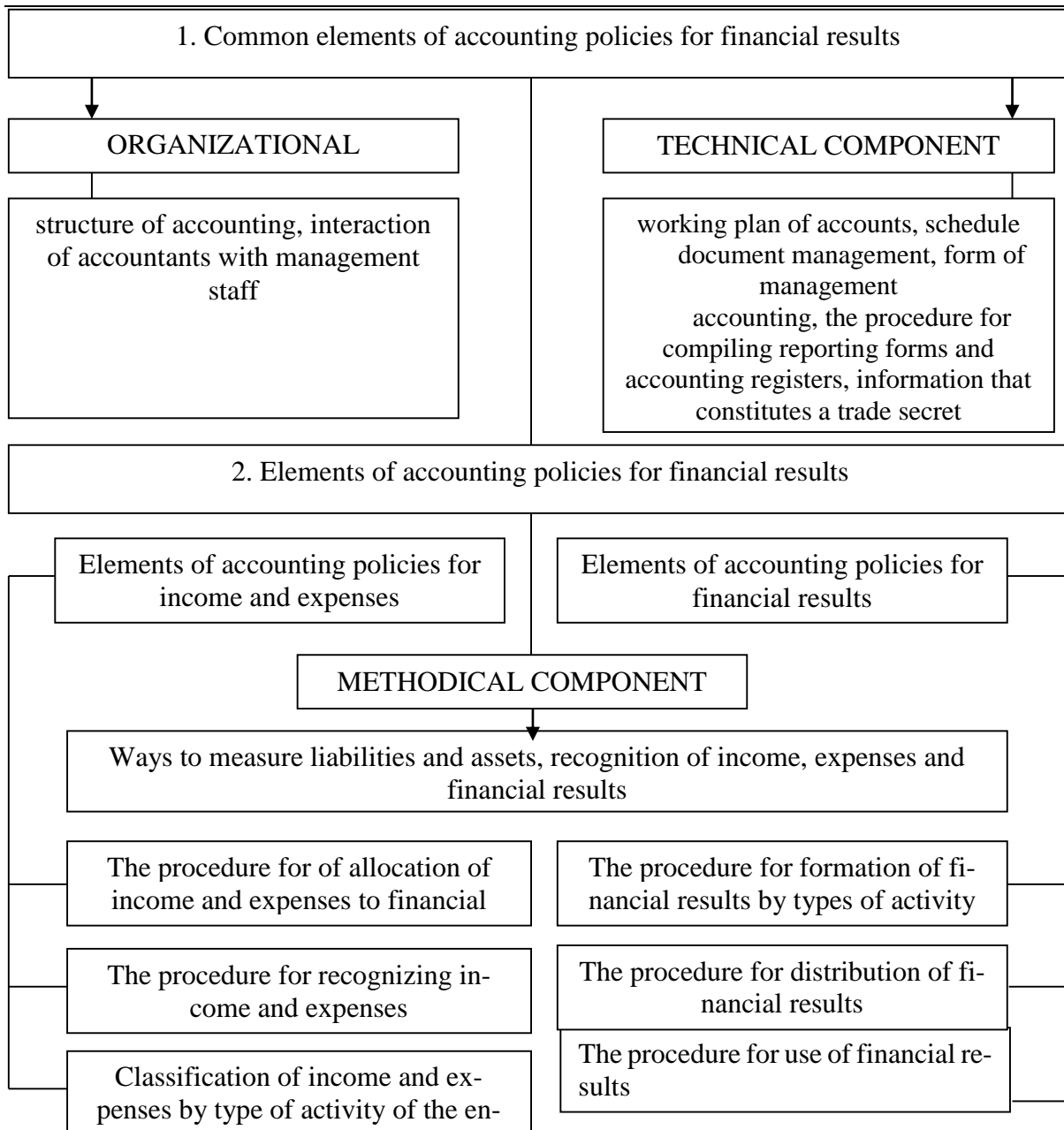


Fig. 2. Elements of the accounting policy of the enterprise on the organization of accounting for financial results of its activities

Summarizing the research, it should be noted that the financial performance of an individual entity is a relevant, complex and multidimensional category. A positive financial result is the main goal of the enterprise in the market and one of the key indicators that determines the efficiency of its operation, acts as a source of payments to the budgets of all levels, as well as provides a process of expanded reproduction of production.

Thus, examining the accounting of financial results, we observe the existence of many controversial issues, in particular in practice there is a certain discrepancy between the characteristics of activities,

income, expenses and the formation of financial results. That is, in the current conditions, the issue of inconsistency in the classification of activities and sub-accounts of income, expenses and financial results on which they are formed remains problematic.

The size of future financial results of an agricultural enterprise is influenced by economic, political, market, foreign economic and other factors as well as natural forces (climate, weather conditions, etc.), which significantly increases the risk of losses and the organization of accounting for financial results should take into account coverage (Fig. 3).

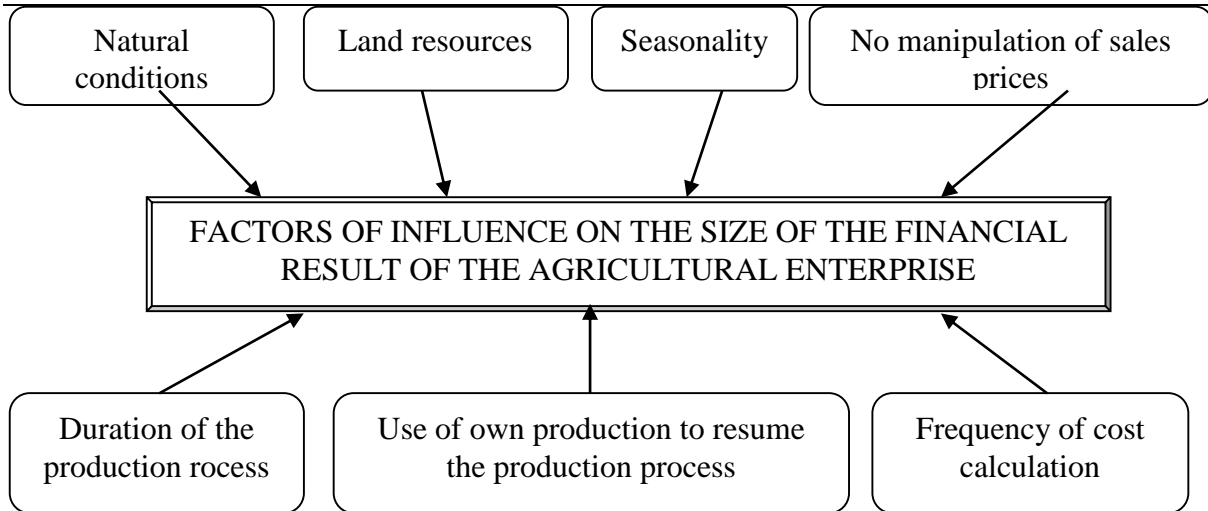


Fig. 3. Factors influencing the size of the financial result of the agricultural enterprise

Revenues, expenses and financial results of the enterprise are determined by the cumulative total for the reporting period.

The financial result of the enterprise consists of financial results from: operating, financial and investment activities (Fig. 4).

In modern conditions, there are a number of problems in the system of accounting for financial results, which lead to distortion of accounting data and their low quality. The accounting practice of financial results indicates the existence of controversial issues that relate primarily to income and expenses that form the financial result of the entity.

Note that the Commercial [1] and Tax Codes [2] of Ukraine do not specify the mechanism of income recognition for the purposes of accounting practice of the business entity.

However, the methodology and organization of

accounting requires the process of improvement in some areas, in particular: the need to clarify approaches to allocating costs to a specific component, clarifying and specifying the methodological principles of classification and accounting of reporting period costs, ensuring the costs of future periods and reducing income capital.

As a result of studying the peculiarities of accounting for the formation of financial results and disclosing information about them in the financial statements, we consider it necessary to develop elements of accounting policies that will provide a single information environment for the enterprise management system.

The accounting policy of the enterprise should be formed in compliance with the principle of consistency, it affects the value of the financial results of the enterprise and reporting items.

FINANCIAL RESULT	Operating activity	Basic activity	Revenues from sales of products, goods, works, services.
		Another activity	<i>Other operating income from:</i> <ul style="list-style-type: none"> <li>- purchase and sale of foreign currency;</li> <li>- operating lease of assets;</li> <li>- operating exchange rate difference;</li> <li>- received fines, penalties, penalties;</li> <li>- write-off of accounts payable.</li> </ul>
	Financial activity	<i>Income from equity participation:</i> income from investments in associates, joint ventures, which are accounted for using the equity method. <i>Other financial income:</i> dividends, interest received on loans, bonds, financial leases.	
Investment activity	Revenues from: <ul style="list-style-type: none"> <li>- realization of financial investments;</li> <li>- restoration of usefulness of assets;</li> <li>- non-operating exchange rate difference;</li> <li>- gratuitously received assets.</li> </ul>		

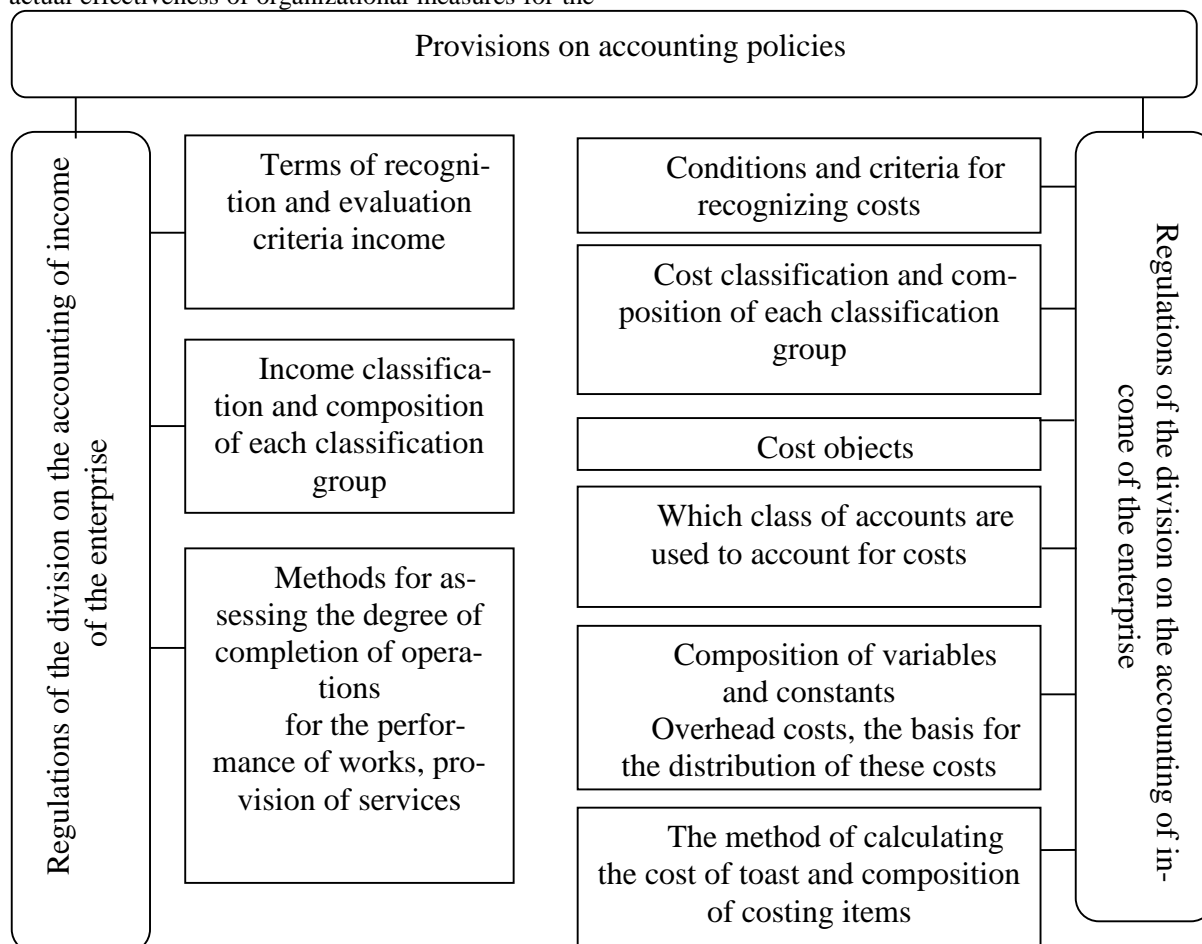
Fig. 4. Types of enterprise activity.

We consider it necessary in the provisions of the accounting policy of the enterprise to reflect the following composition of information support on income and expenses (Fig. 5).

Accounting policy in terms of income, expenses and financial results is important for the effective organization of accounting, because the feasibility, validity and detail of the process of accounting for income, expenses are needed to make management decisions, determine the results of the enterprise, perform certain tasks by departments, determining the actual effectiveness of organizational measures for the

development and improvement of economic activity of the enterprise.

Owners of organizations may need to independently verify the correctness, completeness and legality of determining the financial results of the enterprise. In this regard, there is a need to develop an effective methodology for auditing financial results, which would cover all aspects of determining financial results, their reliable reflection in the financial statements, accurate and complete detection of accounting errors or even possible intentional fraud.



*Puc.*

Fig.5. The composition of information support on income and expenses in the accounting policy of the enterprise

The issues of forming methodological approaches to determining the financial results in the accounting and control system of the enterprise, the solution of which affects the strengthening of the economic condition of the business entity.

The audit of financial results is not only one of the most important procedures, but also the most time consuming, as it requires a lot of effort and in-depth knowledge of the auditor.

As there is no single methodology for auditing financial results for different sectors of the economy, the auditor must develop it separately for each company, taking into account its type of activity, features of production and management, industry in which the company operates and more.

To express an independent opinion on the financial results of the enterprise, the auditor needs to perform a number of tasks (Fig. 6).

Conditionally, the process of verifying financial results can be divided into the following stages:

- preliminary study of the Statement of financial results;
- verification of the income of the period, which was used to determine the financial result;
- verification of the costs that have been incurred to obtain these revenues;
- checking the correctness of determining the financial results of the period.

During this procedure, the auditor uses the following techniques of documentary verification:

- arithmetic check (to recalculate the results);
- mutual control (to compare the same amounts in different documents).

If a misstatement is identified during the audit of the Statement of Financial Performance, the auditor makes appropriate entries in its working papers. After



performing these procedures, the auditor proceeds to the next step.

The audit of income can be divided into several sub-stages, which involves the distribution of this audit

by type of income: audit of sales revenue, audit of other operating income, audit of financial income and other income.

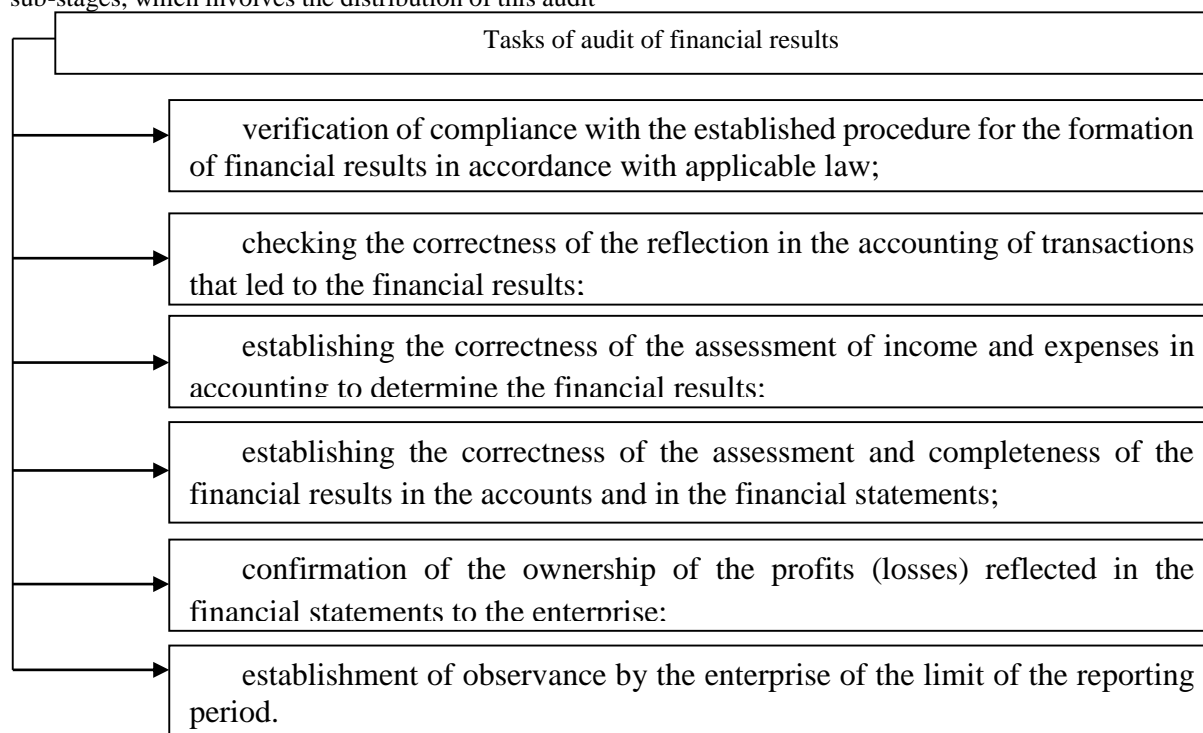


Fig. 6. The task of auditing the financial results of the enterprise

Before auditing the proceeds from the sale of the auditor, it is necessary to find out the industry characteristics of the auditing company, as well as to read such an internal document of the company as the Order on the accounting policy of the company.

During the audit of income, it is advisable to check the correctness of the documentation of all transactions related to the occurrence of income, the absence of forgeries in the documents, establishing the reality of the document, details and records contained in it.

Separately, the auditor needs to check income that is not received from the main operating activities, ie income from the lease of fixed assets, income from foreign exchange transactions, financial income and so on

During the cost audit it is necessary to pay attention to the following points:

- check the correctness of the write-off of direct costs and overhead costs and cost formation. In this case, the auditor must understand that the formation of the cost depends on what the company does – the production of finished products (industry), trade (retail or wholesale) or performance of works (services);
- check the correctness of the reflection of administrative costs and marketing costs that are not included in production costs, but reduce the financial result (account 79);
- check the correctness of the reflection of other operating expenses on account 94 "Other operating expenses" in general, as well as in terms of sub-accounts;
- check the reflection in the accounting of financial expenses, losses from equity participation and other expenses.

As with the audit of income, to verify the costs of the enterprise, the auditor must reconcile the data in the financial statements with the data in the accounting registers and primary documents, check the documentation of each transaction related to the occurrence of costs.

So after checking the income and expenses of the company, the auditor proceeds to check the correctness of the definition and reflection of the financial result. If the company reflects the profit in the reporting period, the auditor must check the correctness of accrual and timeliness of payment of corporate income tax.

After the audit of financial results, the auditor may identify the following typical violations:

- incorrect reflection in the accounting of transactions on income and expenses that led to the financial result;
- incorrect write-off of income and expenses for financial results or the implementation of arithmetic errors in their write-off;
- unconfirmed overstatement of the amount of expenses to reduce the amount of profit;
- reflection of the incorrect amount of profit or loss in the financial statements;
- incorrect calculation of the amount of corporate income tax and late payment of tax;
- incorrect definition of the reporting period in determining the financial results.

The financial result is not only an accounting indicator, but also a system of economic indicators.

Profit (loss) is the absolute financial result of the enterprise. However, the system of financial performance indicators contains not only absolute but also relative indicators – profitability indicators.

The analysis of financial results of activity of the enterprise is carried out in two directions:

- study of changes in each indicator for the current analyzed period (horizontal analysis);
- study of the structure of relevant indicators and their changes (vertical analysis).

The indicators of the reporting period are compared with the plan and past periods and determine the absolute and relative deviations (horizontal analysis).

To assess the structure of income and expenses of the enterprise, they are distributed by types and determine the share (percentage) of each of the types in the total amount of income and expenses, respectively.

The purpose of the audit of accounting for expenses and income of the enterprise is to establish the accuracy of primary data on the accumulation and write-off of costs, completeness and timeliness of primary data in consolidated documents and accounting registers, the correctness of accounting for expenses and income and its compliance with accounting policies. costs and revenues of the enterprise, reported in the financial statements of the business entity.

Based on the purpose of the audit, it has a number of tasks (Fig. 7).

Sources of information for the audit and the use of economic analysis in it are divided into accounting and non-accounting.

Accounting sources include: accounting and reporting; statistical accounting and reporting; operational accounting and reporting; sample credentials.

The main source of information in the audit and analysis of costs and revenues of operating activities is accounting. The use of accounting data adds documentary validity to the analytical conclusions.

Extra-accounting information, which is a source for the audit, is contained in: materials of the previous internal and external audit; laboratory control materials (including product quality); materials of inspections of tax authorities; materials of production meetings; materials and minutes of meetings of labor collectives; materials of available mass media; materials obtained as a result of personal contacts of the auditor with the performers; also information received from consumers of products.

Thus, the organization and methodology of auditing costs and revenues from operating activities is determined primarily by the appropriate information support of the auditor, which is quite relevant, because information about costs and revenues of operating activities is the basis of the audit process. The growth of information requires the auditor to systematize and classify it, because without such an approach it is difficult to gather the necessary audit evidence, to properly assess economic phenomena, facts, production processes.

The analysis of the dynamics of financial results of Ukrainian enterprises is given in Table 1-2, which was carried out according to the State Statistics Service of Ukraine for 2010-2019 [3].

The results of the analysis of statistical indicators show a significant increase in the level of financial results obtained by domestic enterprises in 2019.

**The objectives of the audit of operating expenses and income are:**



establishing the correctness of the documentation of the accumulation and write-off of costs, whether all the income received is reflected in the accounts and in the financial statements;

checking the correctness of accounting for actual costs and their subsequent inclusion in the cost of products (works, services) in accordance with the adopted method of cost accounting and calculating the correctness and accuracy of determining the value of financial results from operating activities in accordance with accounting policies;

the correctness of the measurement in the accounting of income (in the amount of the fair value of assets received or receivable) and expenses (in accordance with UAS 16) to determine the financial results;

confirmation of the validity of the chosen calculation method;

confirmation of the correctness of the method of distribution of indirect costs used, and enshrined in the order of the accounting policy;

checking the correctness and validity of planning the amount of direct costs that are included in the cost of products (works, services), and determining the estimated rates of distribution of overhead costs;

confirmation of legality and correctness of reflection on accounts of accounting of expenses of activity, concerning definition and reflection of the operations which have led to occurrence of financial results;

checking the completeness, accuracy and reliability of the information about the costs of the enterprise in the reporting – whether the company has overstated revenues and underestimated costs.

*Fig. 7. The task of auditing income and expenses of operating activities*

After conducting research, we can conclude that the audit of financial results plays an important role in confirming the reliability in all material respects and compliance with the legislation of Ukraine information that will be provided to internal and external users for decision making. The analysis of financial results makes it possible to identify in time the reserves to reduce costs, which in turn will increase profits and increase the efficiency of enterprises.

At each enterprise planned measures to increase profits should be provided. In general, these measures can be of the following nature:

- increase in output;
- improving product quality;
- reducing the cost of production through more rational use of material resources, production capacity and area, labor and working time;
- expansion of the sales market and more.

Table 1

**Financial results before taxation of Ukrainian enterprises for 2010-2019, thousand UAH (total economy)**

№ in order	Years	financial result (balance) before tax, thousand UAH	profitable enterprises		enterprises that suffered losses	
			in % to the total number of enterprises	financial result, thousand UAH	in % to the total number of enterprises	financial result, thousand UAH
1	2010	54405659,7	59,0	189640762,4	41,0	135235102,7
2	2011	118605574,4	65,1	255545931,6	34,9	136940357,2
3	2012	75670252,0	64,5	248035966,0	35,5	172365714,0
4	2013	11335680,7	65,9	209864472,8	34,1	198528792,1
5	2014	-564376825,3	66,3	233624717,1	33,7	798001542,4
6	2015	-348471649,1	73,7	387652306,1	26,3	736123955,2
7	2016	69887807,3	73,4	443012121,9	26,6	373124314,6
8	2017	236952071,4	72,8	593168150,9	27,2	356216079,5
9	2018	369212261,7	74,3	668893496,8	25,7	299681235,1
10	2019	613044035,5	74,0	869642104,6	26,0	256598069,1

The amount of net profit received by domestic enterprises in 2019, as well as indicators of profitability

of their activities has a positive trend towards significant growth.

Table 2

**Net profit (loss) of Ukrainian enterprises by type of economic activity for 2010-2019, thousand UAH (total economy)**

№ in order	Years	net profit (loss), thousand UAH	profitable enterprises		enterprises that suffered losses	
			in % to the total number of enterprises	financial result, thousand UAH	in % to the total number of enterprises	financial result, thousand UAH
1	2010	13906129,7	57,3	155197596,8	42,7	141291467,1
2	2011	67797898,9	63,5	208896289,9	36,5	141098391,0
3	2012	35067276,8	63,0	210607600,6	37,0	175540323,8
4	2013	-22839743,6	65,0	179259608,7	35,0	202099352,3
5	2014	-590066944,5	65,5	202704533,9	34,5	792771478,4
6	2015	-373516013,2	73,3	352980433,4	26,7	726496446,6
7	2016	29705020,1	73,0	396745355,6	27,0	367040335,5
8	2017	168752792,7	72,4	515460600,5	27,6	346707807,8
9	2018	288305468,1	73,9	584358002,5	26,1	296052534,4
10	2019	523779001,5	73,6	772019623,4	26,4	248240621,9

The enterprise should strive not only to obtain the maximum profit, but also to rational, optimal use of the already received profit. This will not only maintain its position in the market, but also ensure the dynamic development of its production in a competitive environment.

No less important are the following measures to increase profits:

1. Planning. If the profit plan is drawn up at the appropriate level, professionally competent, the company is able to correctly determine the amount of payments to the state budget and the amount of profit that remains at its disposal in order to create a financial base for development, the necessary costs for social development, material incentives, which will increase

productivity and, consequently, the amount of profit in future periods.

2. Quality of products (goods, works, services). The amount of profit mainly depends on demand.

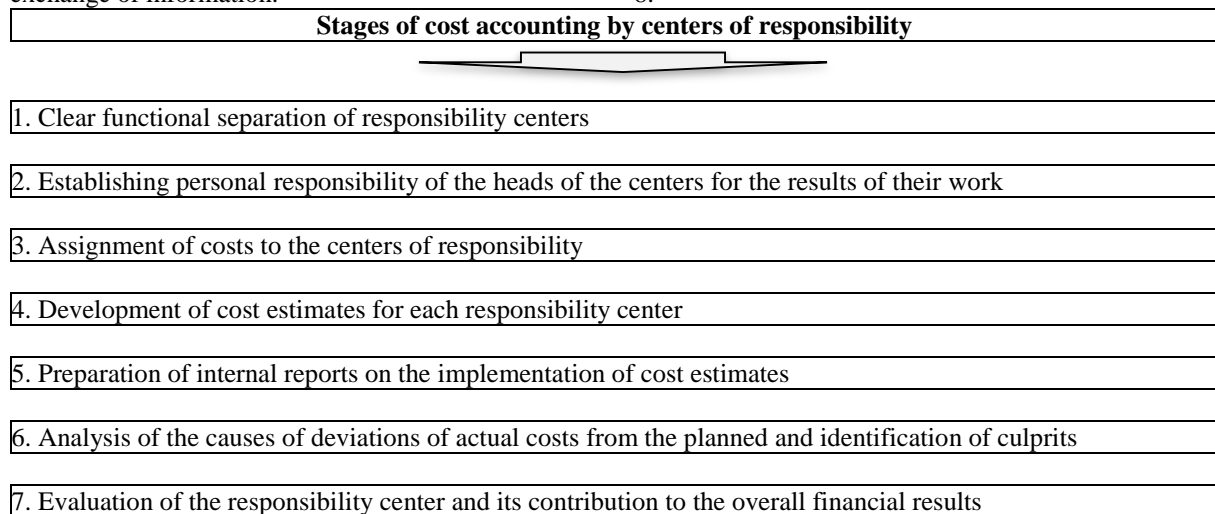
3. Growth reserves. Constant search for untapped opportunities to increase profits, which will ensure its growth.

4. Business reputation. A high business reputation allows the company to receive additional profit and increase profitability. Timely payments to suppliers, quality and speed of goods and services, reasonable price – its main indicators.

Implementing changes in accounting and financial reporting requires effective systems and methods of cost management. One of the important aspects is the

organization of cost accounting by centers of responsibility, which contributes to the implementation of the basic functions of accounting, analysis, control, exchange of information.

Creating an effective cost accounting system for the centers of responsibility in the enterprise should include the appropriate stages, which are shown in Fig. 8.



*Fig. 8. Stages of the organization of the account of expenses of the enterprise on the centers of responsibility*

At the first stage of the organization of the account of expenses on the centers of responsibility at the enterprise separation of the corresponding centers for fixing of responsible persons is provided. Thus the center of responsibility is traditionally understood as a separate segment of the enterprise within which personal responsibility of the head for financial results of activity of its division is established, therefore at the industrial enterprises it is offered to allocate four centers of responsibility:

- procurement department;
- department of warehousing;
- sales department;
- management staff department.

In the second stage, it is advisable to establish the personal responsibility of the heads of the relevant departments for the results of their work, pre-grouping the centers of responsibility on a functional basis.

In the third stage, it is necessary to allocate costs to individual centers of responsibility. The costs of responsibility centers on the principle of controlled costs are divided into controlled and uncontrolled, and their managers are responsible only for controlled costs.

The next important steps in the organization of accounting for the centers of responsibility are the development of cost estimates for each center and internal reporting on their implementation to assess the actual achievement of planned indicators, analysis of the causes of deviations of real costs from planned and identify culprits, and to assess the effectiveness of centers responsibility.

The internal reporting system of the enterprise should be as simple, unified, universal in terms of its applicability for different segments and time periods and suitable for multi-purpose use.

With this in mind, it is necessary to develop forms of internal reporting that should be used to assess the activities of the proposed centers of responsibility in the enterprise. In the Report on results of activity it is expedient to allocate the variable and constant expenses controlled by the head of the center, and also the fixed

expenses distributed on division which the manager of division does not control.

The last stage of the organization of the account of expenses of the enterprise on the centers of responsibility should be carrying out the analysis of deviations of actual expenses from planned and establishment of the reasons and guilty persons; evaluation of the activities of the responsibility center and its contribution to the overall financial results.

Thus, through the application of this system, the head of the production enterprise will have access to generalized and grouped information contained in internal and external reporting. Managers at the appropriate levels (heads of responsibility centers) will monitor the planned indicators within the structural units, so they should have access to information from the registers of primary and consolidated accounting. In turn, department specialists will have access only to the information of primary and consolidated documents. Employees of the accounting department must control the occurrence of costs at all stages of accounting, so you need access to all accounting information within the document flow, approved by the chief accountant.

This organization of cost accounting will simplify and speed up information links, and therefore, will allow at all stages of information promotion to respond in a timely manner to identified deviations from the planned parameters of activity and improve the financial results of the enterprise.

The company can use standard and unified documents and individually developed documents, in accordance with current regulations, instructions and recommendations that reflect the specifics of the industries and the peculiarities of its activities. One of the ways to improve the primary accounting at the enterprise can be to reduce the number of documents, which is achieved through the introduction of cumulative documents, the creation of comprehensive documents, the development of uniform forms of documents.

Prospects for further research should be conducted in the direction of finding ways to increase the informativeness of accounting for financial results in agricultural enterprises by accounting for certain activities using analytical accounts to account 79 "Financial results", which take into account the specifics of agricultural enterprises.

Accounting policy in modern business conditions has become a real tool for enterprise management, based on financial and tax planning, which allows to significantly reduce the tax burden, increase flexibility, efficiency and effectiveness of management decisions.

The formation of accounting policies should be carried out taking into account the characteristics of the enterprise to perform the following tasks:

- improving the financial condition of the enterprise, achieving its stabilization;
- economically justified reduction of turnover costs;
- ensuring profitability and efficiency of use of available resources;
- stimulating the work of employees and raising the living standards of the workforce.

The set goals can be realized by a reasonable choice of options and scientific development of the accounting policy of the enterprise.

Taking into account the unregulated in practice of the accounting policy for financial performance, it is proposed in the Order on the accounting policy of the enterprise to allocate methodological and technical blocks for these objects, which will ensure the prompt formation of reliable reporting on financial results.

Since the financial results are the final results of the enterprise, which are affected by all types of its activities, as well as the method of accounting not only its components – income and expenses, but also assets and liabilities, the use of which, respectively, allows the company to generate income and causes incurrence of costs, we proposed to divide the methodological part of the accounting policy into two groups:

- elements of accounting policies that directly affect the formation of financial results;
- elements of accounting policies that affect income and expenses that form the financial results.

The value of the financial results of the enterprise is directly affected by such factors as the moment of recognition of income and expenses; nomenclature and composition of items of income and expenses; their division by reporting periods; the procedure for attribution to financial results to determine the tax base.

In addition, the value of the final financial results of the enterprise is indirectly influenced by such elements of accounting policy as: the method of valuation and write-off of inventories; the method of accrual of the provision for doubtful debts and write-off of receivables; depreciation method of non-current assets; differentiation in accounting for current costs of repairs and capital investments; creation of reserves to ensure future expenses; determination of the method of cost accounting and calculation; the duration of the operating cycle; pricing method, etc.

The block of theoretical solutions involves research in the historical aspect of the categories of

profit and loss from the standpoint of various sciences, theoretical analysis of income and expenses that form the financial result of the enterprise, improving the classification of income, expenses and financial results as objects of accounting.

The conceptual block includes issues of rational construction of synthetic and analytical accounting of income, expenses and financial results at the enterprise, identification of strengths and weaknesses of its methodology and organization, substantiation of the order of formation and distribution of profits, improvement of income, expenses and financial results.

The methodical block includes the development of recommendations for the organization of automated accounting of income, expenses and financial results and the construction of an effective information model that can meet the needs of different categories of internal and external users.

Audit firms and auditors conduct an audit of the company's income in accordance with personal professional judgment and practical experience. To improve the quality of the audit, it is necessary to have an unambiguously accepted audit methodology with the definition of the main mandatory audit procedures, audit methods, definition of information that must be verified. Analysis of publications, theoretical and practical aspects of the audit of enterprise revenues indicates the need to address the methodology of the audit and determines its relevance.

In order to increase the effectiveness of the audit of performance, it is advisable to divide all objects of audit into four classification groups, namely: elements of the accounting policy of the enterprise on income, expenses and financial results; business transactions for accounting of income, expenses and financial results; accounts in primary documents, registers of accounting and reporting on income, expenses, financial results; information on income, expenses and financial results in the materials of previous inspections.

The general plan of the audit of financial results should include certain tasks and a list of audit procedures:

1) A visual inspection of the constituent documentation and primary documentation related to the receipt of income from the enterprise, documents confirming the costs of the enterprise, accounting records, financial statements. The compliance of the documentation with the current normative legislative acts is checked, the system of internal control is assessed.

2) The reality of conducting certain business transactions is checked, namely the existence of agreements and the legality of transactions.

3) The auditor examines the elements of the accounting policy of the entity on income and financial results; materiality of specific income groups in total income; reliability of operations on accounting of income and financial results; records in primary documents, registers of accounting and reporting on income and financial results; information on income and financial results, which was reflected in previous inspections.

4) The organizational and technological features

of the client, compliance with the requirements of the accounting policy of the enterprise to reflect in the accounting of costs, verification of the cost of production, verification of the organization of analytical accounting of costs of the enterprise; entries in primary documents, registers of accounting and cost reporting.

5) It is necessary to determine the compliance of the calculation of the financial result in accounting and financial reporting, the correctness and timeliness of income tax, the correct use of profits in accordance with administrative documents.

6) Using analytical methods, check the indicators of the statement of financial performance to identify those areas of reporting where the audit risk is highest, which is characteristic of the detection of errors in accounting and reporting or the possibility of fraud.

The results are entered in the working documents and serve as a basis for the formation of audit reports, a test report on financial results and data are compared with the client's report, an analysis of deviations and a certificate of financial stability and solvency.

**Conclusions.** It can be concluded that in conditions of financial instability, the primary task of domestic enterprises is to maintain competitiveness, in connection with which increasing the role of audit becomes a major factor in increasing the profits of the enterprise. Therefore, the functions of the auditor may not be limited to confirming the reliability of accounting data and financial statements. In the current economic environment, the auditor should provide sound advice on how to increase the company's profits.

So, today, the audit of income as a type of control is necessary, because the possession of reliable information is a prerequisite for the effective functioning of economic entities. In conditions of rapid changes in the competitive environment, increasing the size of enterprises, increasing the complexity of management processes, the company's management does not have enough information needed to make the right management decisions and ensure competitiveness. Internal revenue audit is an objective source of information, and therefore helps to achieve goals and objectives in the most effective way.

To improve and enhance the efficiency of accounting and auditing of financial results, we consider it appropriate:

– constant search for untapped opportunities to increase profits, which will ensure its growth;

– organization of cost accounting by centers of responsibility, which contributes to the implementation of the basic functions of accounting, analysis, control, exchange of information;

– continuous training of accountants in connection with the latest changes in the legal framework of accounting and control. This will allow accounting staff to respond freely to changes, as well as reduce the time during the transition to international accounting standards;

– assigning a separate executor to control the financial results of the enterprise. This will allow management at any time to check the dynamics, structure, efficiency to make the necessary decisions;

– taking into account the unregulated in practice of the accounting policy for financial performance, it is proposed in the Order on the accounting policy of the enterprise to allocate methodological and technical blocks for these objects, which will ensure the prompt formation of reliable reporting on financial results;

– to create an effective and perfect system of quality control of domestic audit;

– to improve the methodology of preparation and maintenance of audit working documents and the procedure for implementing the audit results on the basis of internal audit standards;

– improve the documentation of the audit.

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