

Section. Economics and enterprise management.

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Features of the organization of the account and audit of stocks of the enterprise

The organization of accounting and auditing is a rather complex process that requires solving a number of organizational and technical problems. It should be noted that at present there is no generally accepted definition of "organization". The main obstacle is the very limited set of features inherent in organizational systems of different nature. The term organization is used in various aspects that reflect a wide range of common ideas.

First, an organization can be understood as an artificial union of an institutional nature, which occupies a certain place in society to perform a fairly clearly defined function.

Secondly, the organization is the most common type of purposeful human activity, which provides an effective solution to any problem.

Third, the organization is a process associated with the conscious influence on the object, and hence the presence of the organizer and the contingent of entities subject to the organization.

Fourth, the organization - is the internal order, coherence, interaction of parts of the whole, due to its construction.

All the above definitions and examples of the manifestation of the organization allow

us to imagine all the diversity of its aspects.

The Law of Ukraine “On Accounting and Financial Reporting in Ukraine” stipulates that accounting provides users with financial statements for making appropriate, complete and unbiased information about the financial condition, equity, results of operations and cash flows of the enterprise.

Under UAS №9, inventories are recognized as an asset subject to two conditions: 1) if it is probable that future economic benefits associated with the use will flow to the enterprise, ie if the raw material (or other inventories) is not will be used in the production process, for example, due to the loss of the necessary qualities, it should be removed from the assets and attributed to other operating expenses of the reporting period. Prior to the entry into force of UAS 9, such raw materials were accounted for as inventories until they were written off or sold, 2) if the value of inventories can be reliably determined. This means that such a value should not have significant errors and prejudices (biases), and users can rely on it to the extent that it reflects, or is expected to reflect, the actual state of affairs. Ways of receipt of stocks and their impact on the initial cost are given in table 1.

Ways of receipt of stocks and their impact on the initial cost *Table 1.*

Method of production	The composition of the original cost
1	2
Contribution to the statutory fund	The fair value agreed by the founders of the enterprise (the basis for evaluation is the minutes of the meeting of the founders, the basis for posting - the act of transfer or invoices, if the founder - a legal entity).
Free receipt	Fair value. In the absence of other information, the fair value can be considered the price specified in the transfer documents.
Self-manufacturing	Production cost, determined in accordance with the Regulation (standard) of accounting 16 "Costs"
Purchase for a fee	purchase price; the cost of intermediary services; duty (on import); indirect taxes that are not reimbursed to the enterprise (excise duty, value added tax on the value of inventories that are not included in gross expenditures; value

	<p>added tax paid by non-payers, etc.);</p> <p>loading-unloading, transportation, insurance during transportation;</p> <p>other costs (direct labor costs and material costs for completion and improvement of quality and technical characteristics of stocks);</p>
Obtained in exchange for similar stocks	Equal to the book value of transferred inventories. If the carrying amount of the inventories transferred exceeds their fair value, the initial cost of the inventories received is their fair value. The difference between the carrying amount and the fair value of the inventories transferred is included in expenses in the reporting period.
Obtained in exchange for dissimilar stocks	Equal to the fair value of the inventories transferred, increased (decreased) by the amount of cash or cash equivalents transferred (received) in the course of the exchange.

Inventories in accounting are reflected by classification groups. According to the chart of accounts for assets, capital, liabilities and business operations of enterprises and organizations, for the accounting of inventories account 20 "Inventories". Inventories are recognized in accounting and reporting at the lower of cost or net realizable value.

The peculiarity of the formation of the initial cost of inventories is that they are not included in it, but belong to the costs of the period in which they were made.

The initial cost of inventories in accounting does not change, except as provided in UAS 9. When releasing inventories for production, sale and other disposal, their valuation is carried out by one of the following methods: 1) the identified cost of the unit of inventory, 2) the weighted average cost, 3) the cost of the first time of receipt of inventories (FIFO), 4) selling prices, 5) regulatory costs. For all inventory items that have the same purpose and the same conditions of use, only one of these methods is used. An important stage of the audit of the enterprise is the audit of stocks, because it is in this area that thefts and facts of misuse are most common. The general characteristic of audit of stocks of the enterprise is given in table. 2.

General characteristics of the audit of inventories of the enterprise

Table 2.

Audit of stocks of the enterprise

The purpose of the audit of inventories of the enterprise is to establish the correctness of inventory accounting and control the actual availability of *inventories*

The main tasks of inventory audit

- 1) check the correctness of the recognition of inventories as assets of the entity;
- 2) check whether the methods of assessment and accounting of inventories in the accounting policy of the enterprise comply with current legislation;
- 3) to establish whether the enterprise adheres to the accepted methods of estimation and accounting of production stocks;
- 4) check and assess the state of internal control and inventory accounting system;
- 5) check whether the control over the preservation of inventories in their places of storage and at all stages of their movement;
- 6) establish whether control over the use of inventories in production;
- 7) to establish whether the balances of production stocks, unnecessary for the enterprise, are detected in time for the purpose of their realization or exchange;
- 8) check whether the transactions are documented correctly and in a timely manner;
- 9) check whether correctly and timely business transactions with inventories are reflected in accounting and financial reporting;

Areas of inventory audit

→ Inventory of stocks, control of their preservation

→ Audit of inventory

→ Control of rational use and rationing of stocks

→ Control of IBE accounting, their use

Sources internal normative and general documents of the client, `client's policy on inventory accounting, `agreements with materially responsible persons, `agreements with contractors, `documentation of internal control entities on control of rational use and preservation of inventories, `primary documents and accounting records on accounts intended for the accounting of inventories; `registers of consolidated synthetic accounting, operational, statistical and financial reporting; `other documents that improve the facts of economic activity associated with the acquisition and write-off of inventories; `places of storage of inventories.

The objects of inventory audit are:

- 1) quantitative and qualitative acceptance of stocks from suppliers, as well as internal movement between shops, materially responsible persons, warehouses and production.
- 2) conditions of storage of stocks and consolidation of material responsibility.
- 3) norms of consumption of raw materials and materials for production and their observance
- 4) the primary documentation for inventory accounting is investigated for the reliability of the business transactions reflected in it;
- 5) accounting and reporting are studied in relation to the reliability of data on the balances and movements of inventories reflected in them;
- 6) notes to the financial statements.
- 7) shortage and damage of stocks
- 8) lack of valuables and losses identified during the inventory, their validity and responsible persons

As can be seen from tab. 2, the audit of stocks begins with their inventory, which is carried out in their places of storage and placement, upon arrival at the object of control. During the inspection, the safety and correct use of stocks are carefully checked: inventory, equipment, materials. To do this, it is clarified whether the inventory is carried out in due time, when the last inventory was taken, whether the officials responsible for the preservation of these values, whether these values are properly written off. The auditor shall check the actual balances of stocks in accordance with the current inventory instructions with the participation of the inventory commission, which is appointed by the order of the head of the institution being inspected. The actual stock balances should be checked as suddenly as possible. It should be noted that the organization of accounting and auditing of inventories is based on general principles and at the same time has certain features. Considering all theoretical aspects of accounting and auditing inventories of the enterprise analysis of economic literature allowed the author to identify certain features. Detailed consideration of features of the organization of the account and audit of stocks of the enterprise is presented in table. 3.

Features of the organization of the account and audit of stocks of the enterprise

Table 3

Feature	Feature characteristics
Regulatory framework	During the audit process, the auditor is guided by the legislation of Ukraine, as well as regulatory documentation: orders, acts, regulations, instructions of ministries and departments. The scope of these sources is very wide, so it slows down and complicates the organization of accounting and auditing of inventories of the enterprise
Sources	The main feature of the audit of stocks is that industrial enterprise for the auditor is waiting for a large number of primary documents
Adherence to principles	To ensure the effectiveness of accounting it is necessary to adhere to the following principles: systematic approach, integrity, comprehensiveness, anticipatory reflection, the system of creative relations of individual parts and elements, adaptability, parallelism, rhythm, continuity, proportionality and more.

Methods of disposal of stocks	The choice of inventory valuation method should be made depending on the requirements of users of accounting information. There were many discussions around these issues, as a result of which various methods of inventory valuation were formed, which were used in their write-off. Inventory valuation is an important prerequisite for the organization of accounting and auditing, because it affects the accuracy of financial results
Classification of stocks	At different enterprises, stocks may have different purposes depending on the functions they perform in the production process. Therefore, it is important to correctly group (classify) stocks at the enterprise according to their purpose and role in the production process
Tasks of inventory accounting and auditing	The peculiarity is that for the successful solution of these problems it is recommended to check first the operations on the movement of material values; providing conditions for the preservation of values; tasks on average reduction of norms of expenses and economy of material resources; the correctness of determining and writing off the cost of production value of spent tangible assets; correctness and timeliness of revaluation of tangible assets.

Summarizing the above, we can draw the following conclusions: - the organization of accounting and auditing of stocks in enterprises is a complex and vital element of economic activity. At this stage of development of the domestic economy, the organization of accounting and auditing of stocks at enterprises need further research and improvement in order to more fully adapt the accounting and auditing of stocks to modern conditions.

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