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## ACCOUNTING OF PRODUCTION STOCKS ON THE WAY TO INCREASE THE EFFICIENCY OF MODERN PRODUCTION

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Ukraine's transition to modern market economy requirements requires enterprises to increase production efficiency, competitiveness of products and services on the basis of efficient forms of management and production management, these aspects became the basis of this article, because inventories are an important component of every modern enterprise. Necessary to properly reflect the financial condition of production. No enterprise does without the use of inventories in its economic activities. Inventories are one of the most important factors in ensuring the sustainability and continuity of reproduction. This important role is played by all components of the total inventory, including inventory, which are in the enterprise. Continuity of production requires the constant availability of raw materials to fully meet the needs of production at any time during their use. Control over this ensures proper and timely inventory accounting. The study of inventory accounting is of great key importance for effective financial management. Inventories can make up a significant share not only in current assets, but also in the assets of the enterprise as a whole. This may indicate that companies are having difficulty selling their products, which in turn may be due to poor product quality, violation of production technology and the choice of inefficient sales methods. Violation of the optimal level of inventories leads to losses in the company's activities, as it increases the cost of storing these inventories, diverts liquidity from circulation, increases the risk of depreciation of goods and reduce their consumer qualities, leads to loss of customers. Thus, every accountant inevitably faces the need to reflect in the accounting of operations with inventories, their comprehensive study and proper understanding of the essence of inventories, their value and role in the economy of enterprises, is among the most important problems of saving and rational use of inventory. In production, setting tasks for improving production technologies.

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## ОБЛІК ВИРОБНИЧИХ ЗАПАСІВ НА ШЛЯХУ ПІДВИЩЕННЯ ЕФЕКТИВНОСТІ СУЧАСНОГО ВИРОБНИЦТВА

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### Ключові слова:

виробничі запаси, матеріали, облік, методи, матеріали, контроль, цінності, виробництво.

Перехід України до сучасних вимог ринкової економіки вимагає від підприємств підвищення ефективності виробництва, конкурентоздатності продукції та послуг на основі ефективних форм господарювання та управління виробництвом, саме ці аспекти стали основою даної статті, адже виробничі запаси є важливою складовою діяльності кожного сучасного підприємства, а їх облік є необхідним для правильного відображення фінансового стану виробництва. Жодне підприємство не обходиться без застосування виробничих запасів у своїй господарській діяльності. Запаси представляють собою один з найважливіших факторів забезпечення сталості та безперервності відтворення. Цю важливу роль відіграють всі складові частини сукупного матеріального запасу, в тому числі товарно-матеріальні цінності, що знаходяться у підприємства. Безперервність виробництва вимагає постійної наявності сировини і матеріалів, для повного задоволення потреб виробництва в будь-який момент їх використання. Контроль над цим забезпечує правильний і своєчасний облік запасів. Дослідження обліку виробничих запасів має велике ключове значення для ефективного фінансового управління.

Запаси можуть складати значну питому вагу не тільки в складі оборотних активів, але й в цілому в активах підприємства. Це може свідчити про те, що підприємства зазнають труднощів зі збутом своєї продукції, що в свою чергу може бути обумовлено низькою якістю продукції, порушенням технології виробництва і вибором неефективних методів реалізації. Порушення оптимального рівня виробничих запасів призводить до збитків у діяльності компанії, оскільки збільшує витрати по зберіганню цих запасів, відволікає з обороту ліквідні кошти, збільшує небезпеку знецінення товарів і зниження їх споживчих якостей, призводить до втрати клієнтів. Таким чином, кожен бухгалтер неминує стикається з необхідністю відображення в обліку операцій з виробничими запасами, їх всебічне вивчення і правильне розуміння сутності запасів товарно-матеріальних цінностей, їх значення і ролі в економіці підприємств, стоїть в ряді найважливіших проблем з економії та раціонального використання матеріальних цінностей на виробництві, постановки завдань щодо вдосконалення технологій виробництва.

### Analysis of recent studies and publications

Theoretical provisions and practical aspects of inventory accounting have been substantiated in their works by such Ukrainian scientists as O.A. Bakurova, O.I. Koblyanska, K.E. Nagirskaya, L.V. Napadovska, M.F. Ogiychuk, O.D. Vovchak, S.F. Golova, F.F. Butynets, P.S. Bezrukykh, S.V. Andros, V.I. Yefimenko, M.V. Kuzhelny, L.I. Slyusarchuk, N.M. Tkachenko and other researchers. Among foreign scientists, the issue of inventory accounting is reflected in the works of E. Britton, K. Waterson, I.A. Blanc, I.A. Bondarev, G. Musa, V.I. Petrov, R. Hanschmann, J. Stevenson. The study of scientific works shows that still remain relevant and debatable theoretical provisions and important issues of inventory accounting, the need for continuous improvement of the accounting system in production, taking into account its specifics.

### Formation of objectives of the article

The basis of the research was the study of theoretical and practical experience in the organization of accounting of inventories, the disclosure of the essence of business transactions for inventories and the correctness of their reflection in the accounting of the enterprise. Investigate the processes of improving the accounting of inventories in modern business conditions, which will allow the company to obtain quality accounting information, as well as finding ways to successfully manage it

### Formulation of goals

In the economic literature, the concept of “productive resources” appeared in the 70–80-s of last century [1; 2]. In particular, under the “production resources” scientists understand the sum of the constituent resources of fixed assets, material and labor resources. The term “stocks” in the domestic literature appeared with the approval of the Regulation (standard) of accounting 9 [1]. Prior to the introduction of standards, the terminology had a different name, namely commodity – material values, objects of labor, means of labor, material resources, production resources.

The use of the term “inventories” is associated with certain contradictory points, because inventories are not only objects of labor, but also means of labor. Therefore, this concept is broader, because it covers all assets that have a tangible form and are used in the production

process. The terms “inventories” and “inventories” are not acceptable for use because they cover tangible assets that can be both current and non-current. The emphasis is on the possibility of selling such assets.

The term “inventories” reflects the characteristic properties of material elements of production, the main purpose of which – processing in the production process, the formation of the basis of products, taking into account the possibility of their composition in reserves in the form of inventories or finished products (goods) are in warehouses [4]. The use of this term causes certain contradictions, which are related to its interpretation in the reference literature. Thus, most authors understand the term “stocks” as a reserve of material resources that are not used in the current activities of the enterprise and are designed to ensure the continuity of the production process, storage in case of need. That is, the concept of stocks is quite specific. Despite the fact that the term “inventories” is the most acceptable in the application to reveal the essence of the objects of labor, their individual characteristics, with the adoption of P (S) BU the term “stocks” came into wide use.

Inventories are the portion of an organization’s assets that act as current assets.

It is important that inventories can be recognized as assets only if the following standard conditions are met (paragraph 5 of UAS 9, paragraph 2.1):

- 1) the enterprise transferred the risks and rewards associated with the right of ownership or the right of full economic management (operational management) of the acquired (received) stocks;
- 2) the company manages inventories and controls them;
- 3) there is a possibility of obtaining in the future economic benefits associated with the use of stocks;
- 4) the value of inventories can be reliably determined.

A distinctive feature of inventories is that they belong to current assets. In other words, inventories are intended for sale or consumption during one operating cycle or within 12 months from the balance sheet date.

Inventories, depending on the purpose and method of use in the production process have their own classification, the unit of inventory accounting is their name or homogeneous group (type).

The classification of inventories given in paragraph 6 of UAS 9 and paragraph 1.3 provides for the division

of inventories for accounting purposes depending on the manner in which they are obtained and the directions in which they will be used. According to this classification, inventories include:

- raw materials, basic and auxiliary materials, components and other tangible assets intended for production, performance of works, provision of services, production maintenance and administrative needs;
- work in progress (work in progress) in the form of unfinished processing and assembly of parts, assemblies, products and unfinished technological processes;
- finished products, which are produced at the enterprise, are intended for sale and meet the technical and qualitative characteristics provided by the contract or regulatory legal act;
- goods in the form of tangible assets purchased (received) and held by the enterprise for resale;
- low-value and perishable items (IBE), which are used not more than one year or the normal operating cycle, if it is more than one year;
- current biological assets that are valued in accordance with UAS 9, as well as agricultural and forestry products after their initial recognition.

The main tasks of inventory accounting are:

- 1) formation of the actual cost of inventories;
- 2) correct and timely documentation of operations and ensuring reliable data on procurement, receipt and release of stocks;
- 3) control over the preservation of stocks in their places of storage and at all stages of their movement;
- 4) control over compliance with the norms of stocks established by the organization, ensuring uninterrupted production, performance of works and provision of services;
- 5) timely identification of unnecessary and excess stocks for the purpose of their possible sale or identification of other opportunities to attract them into circulation;

6) carrying out the analysis of efficiency of use of stocks.

The following basic requirements will be set for the accounting of production stocks, as:

- continuous, continuous and complete reflection of the movement (arrival, costs, movement) and the availability of stocks;
- quantity accounting and financial evaluation of stocks;
- efficiency (timeliness) of inventory accounting;
- reliability;
- analytical accounting at the beginning of each month (turnover and balances);
- correspondence of data of warehouse accounting and operative accounting of the movement of stocks in divisions of the enterprise according to accounting data.

The chart of accounts provides for several ways of accepting materials for accounting:

1) materials are accounted for at actual cost within account 10 “Materials”. With this method of accounting to account 10 “Materials” can be opened sub-accounts. The cost of materials remaining at the end of the month on the road or not taken out of the supplier's warehouses is reflected on the debit of account 10 “Materials” and the credit of account 60 “Settlements with suppliers and contractors”;

2) materials are taken into account 15 “Procurement and acquisition of tangible assets” before the actual receipt of stocks in the warehouse. Then the deviation of the actual value from the accounting is debited to account 16 “Deviation of the value of tangible assets”, and inventories at actual value are recorded in account 10 “Materials”.

The company chooses the method of accounting for materials and enshrines it in the order of accounting policies. Detailed classification of the use of inventories, distributed to accounts and sub-accounts at the enterprise are presented in table 1.

Table 1. Classification of stocks on accounts (sub-accounts) of accounting

Account (sub-account) of accounting	Contents of the account (sub-account)
1	2
<i>Inventories (account 20) *</i>	
* The account is designed to summarize information on the availability and movement of stocks of raw materials and materials (including raw materials and materials in transit and processing), construction materials, spare parts, agricultural materials, fuel, containers and packaging materials, waste of main production.	
201 “Raw materials”	This sub-account reflects the presence and movement of raw materials and basic materials that are part of the products produced or are necessary components in its production. Here reflect the auxiliary materials used in the manufacture of products or for economic needs, technical purposes and assistance in the production process. Enterprises that procure agricultural products for processing also reflect their value on this sub-account. Contracting construction enterprises keep on this sub-account the account of the basic materials used at implementation of construction and installation and repair works.
202 “Purchasing semi-finished products and components”	This sub-account reflects the presence and movement of purchased semi-finished products, finished components purchased for the assembly of products and require additional labor costs for their processing or assembly. On the same sub-account research and design organizations reflect the components purchased by them for scientific (experimental) work, special equipment and tools, devices and other devices. Products purchased for the completion of finished products, the cost of which is not included in the cost of production of the enterprise, reflect on account 28 “Goods”.
203 “Fuel”	This takes into account the availability and movement of fuel (petroleum products, solid fuels, lubricants), which is purchased or procured for the technological needs of production, operation of vehicles, as well as for energy production and heating of buildings. This sub-account also takes into account paid coupons for oil and gas.

Table 1 continuation

1	2
204 "Containers and packaging materials"	It reflects the presence and movement of all types of containers (except containers used as household equipment), as well as materials and parts used for the manufacture of containers and their repair (parts for assembling boxes, barrel riveting, etc.).
205 "Building materials"	This sub-account of developers reflects the movement of building materials, structures and parts, equipment and components related to installation, and other tangible assets required to perform construction and installation work, manufacture of building parts and structures.
206 "Materials transferred for processing"	This sub-account records materials that are transferred for processing to the party and which are then included in the cost of products received from them. Analytical accounting of materials transferred for processing is conducted in the context that provides information about processing companies and control over processing operations and related costs.
207 "Spare parts"	It keeps records of purchased or manufactured spare parts, finished parts, assemblies, units used for repairs, replacement of worn parts of machines, equipment, vehicles, tools, as well as car tires in stock and turnover. Here they keep records of the exchange fund of complete machines, equipment, engines, assemblies, units created in the repair departments of enterprises or repair enterprises. Analytical accounting of spare parts is conducted by places of storage and homogeneous groups (mechanical group, electrical group, etc.). Analytical accounting of machines, equipment, engines, units and units of the exchange fund is conducted by the following groups: – serviceable (new and refurbished); – subject to renewal (in stock); – are under repair.
208 "Agricultural materials"	This sub-account takes into account mineral fertilizers, pesticides to control pests and diseases of crops, biological products, medicines, chemicals. It also reflects the seedlings, seeds (purchased and own cultivation), used for planting, sowing directly on the territory of the enterprise.
209 "Other materials"	This sub-account records forms of strict accounting (at cost), production waste (trimmings, shavings, etc.), incorrigible shortages, tangible assets obtained from the liquidation of fixed assets that can not be used as materials, fuel or spare parts at this enterprise (scrap metal, recycling), worn tires, etc.
<i>Low-value and perishable items (account 22)</i>	
22 "Low-value and perishable items"	The account is designed to record and summarize information on the availability and movement of IBEs owned by the company and included in inventories. In this case, IBE includes items that are used for no more than one year or the normal operating cycle, if it exceeds one year, in particular: tools, household equipment, special equipment, overalls, etc. Analytical accounting of IBE is conducted by types of items in homogeneous groups, established based on the needs of the enterprise.
<i>Production (account 23)</i>	
23 "Production"	The account is used to summarize information on the cost of production (works, services). It reflects the direct production and distributed overhead costs, as well as losses from shortages of products (works, services) for technological reasons. Analytical accounting is conducted by types of production, by cost items and types or groups of products. In large industries, analytical cost accounting can be conducted by departments of the enterprise and the centers of costs and responsibilities.
<i>Lack of production (account 24)</i>	
24 "Lack of production"	The invoice is designed to record and summarize information about products, semi-finished products, parts, assemblies and works that do not meet the quality standards or specifications and can not be used for its intended purpose or can be used only after additional costs for correction. Analytical accounting is conducted by type of production.
<i>Semi-finished products (account 25)</i>	
25 "Semi-finished products"	The account is designed to account for and summarize information on the availability and movement of semi-finished products of its own production. Accounting for semi-finished products of own production on a separate account is conducted by enterprises in which semi-finished products, in addition to use in production, are sold to the party as finished products.
	We will remind: to semi-finished products carry production which has not passed all stages of production established by technological process and needs completion or completion (pig-iron processing in ferrous metallurgy, crude rubber and glue in the rubber industry, sulfuric acid at a nitrogen-fat combine in the chemical industry, sovar etc.). Analytical accounting is conducted by types of semi-finished products, determined based on the needs of the enterprise.
<i>Finished products (account 26)</i>	
26 "Finished goods"	The purpose of this account is to summarize information on the availability and movement of finished products of the enterprise. In this case, the finished product includes products whose processing is completed and which has been tested, accepted, completed in accordance with the terms of contracts with customers and meets the technical conditions and standards. Analytical accounting is conducted by types of finished products.

End of Table 2

1	2
<i>Goods (account 28) *</i>	
* This account records the movement of inventory, goods received by the company for sale. It is used mainly by sales, trade and procurement companies and organizations, as well as catering companies. At industrial and other industrial enterprises account 28 "Goods" use: – to account for any products, materials, products that are specially purchased for sale; – in cases where the cost of tangible assets purchased for acquisition is not included in the cost of finished products manufactured at this enterprise, and is subject to reimbursement by buyers separately. Supplier, sales, trade enterprises and organizations here also keep records of purchased packaging and packaging of own production, except for inventory packaging, which is used for production or economic needs (accounting of such packaging is on account 11 "Other non-current tangible assets" or account 20 "Production stocks").	
281 "Goods in stock"	This sub-account records the movement and availability of inventories located at wholesale and distribution bases, warehouses, vegetable storages, freezers, etc.
282 "Goods in trade"	It keeps track of the movement and availability of goods at retail outlets (in shops, tents, kiosks, in the cafeterias of catering establishments, etc.).
283 "Goods on commission"	This sub-account records goods transferred to the commission under commission agreements and other civil law agreements that do not provide for the transfer of ownership of these goods before their sale (for example, under power of attorney agreements). Analytical accounting is conducted by types of goods and commission agents.
284 "Packaging for goods"	Here are records of the presence and movement of containers under the goods and empty containers. Trade enterprises may keep records of containers at average accounting prices, which are set by the management of the enterprise by types (groups) of containers and prices for containers. The difference between purchase prices and average accounting prices for packaging is attributed to sub-account 285 "Trade margin".
285 "Trade margin"	On this sub-account of the retail trade enterprise when accounting for goods at selling prices reflect the trade margin on goods, etc. the difference between the purchase and sale price (retail) value of goods.
286 "Non-current assets and disposal groups held for sale"	It records the availability and movement of non-current assets and disposal groups that are recognized as held for sale. It will be recalled that such non-current assets are transferred to inventories in accordance with UAS 27.

The life cycle of production stocks at the enterprise is the following stages: receipt – delivery to production – return from production. In accordance with the cycle in the accounting of inventories are the following groups of accounting transactions: accounting for income; accounting for the release of tangible assets and return from it. According to UAS 9, the initial unit cost of inventories acquired in exchange for similar inventories is equal to the carrying amount of the inventories transferred. If the carrying amount of the inventories transferred exceeds their actual 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.

At release of stocks in production, from production, sale, or other disposal – their assessment is carried out by one of the following methods:

- the identified cost of the relevant unit of inventory;
- weighted average cost;
- cost of the first time receipts of stocks;
- regulatory costs;
- selling prices.

For all inventory units that have the same purpose and the same conditions of use, only one of the above methods is used [4].

The cost of goods sold is defined as the difference between the selling price (retail) of goods sold and the amount of trade margin on these goods. The amount of trade margin on goods sold is defined as product of value for sale (retail) of sold goods and average percentage of trade margin. Average percentage trade margin is determined by dividing the amount of the balance trade margins at the

beginning of the reporting month and trade margins in the selling price of goods received in the reporting month for the amount of selling (retail) value of the balance of goods at the beginning reporting month and sales (retail) value received in reporting month of goods. The amount by which the initial cost of inventories exceeds the net the cost of their implementation, and the cost of completely lost (spoiled or those that are missing) stocks – written off to the cost of reporting period. Amounts of shortages and losses from damage to values before acceptance decisions about specific culprits are reflected in off-balance sheet accounts. Once the persons to be reimbursed have been identified, the amount to be reimbursed is credited to the receivables debt (or other assets) and income for the reporting period.

At the balance sheet date, inventories should be reflected at the lower of two estimates:

- initial cost (cost of procurement);
- net realizable value.

The reflection in the balance sheet of inventories at net realizable value is used in trade, and at industrial enterprises inventories are reflected at cost.

The initial cost is made differently – depending on the source of receipt of stocks (purchase for a fee, contribution to the authorized capital, result of own production, exchange operations and gratuitous receipt).

The initial cost of inventories purchased for a fee includes the purchase price of fuel and lubricants, commissions paid to intermediaries, customs duties and taxes.

If inventories are accounted for as a contribution to share capital, as a result of exchange transactions, or in connection with gratuitous receipt, the initial cost of such inventories is set at fair value.

The relevance of this definition is that fair value is the agreed value that is recognized by the informed and independent stakeholders involved in this agreement.

Valuation at accounting prices is used to reflect the daily movement of materials [1].

Thus, the current assessment is necessary for the monetary expression of the movement of materials during the month. Evaluation of materials at their disposal (release into production, sale, free transfer) can be carried out by one of the following methods:

- the method of identified cost of the relevant unit of inventory;
- weighted average cost method;
- FIFO method;
- LIFO method;
- method of regulatory costs.

The first method is used when releasing stocks intended for special orders and projects. It is used in relation to those materials that can be replaced by others. This method is used for spare parts and components.

Weighted average cost method. With this method, the assessment is performed for each unit of inventory by dividing the cost of the total inventory in total, taking into account the initial balance by the total number of inventories and received for the month.

The FIFO method is based (from the English. FIFO – first in first out) on the assumption that inventories are used in the order in which they enter the enterprise, which means that inventories released into production are valued at the cost of the first time inventories, ie stocks purchased first are sold first. In turn, the remaining stocks at the end of the period were purchased or manufactured last [1].

By calculating the cost of depleted inventories by the FIFO method at the enterprise, we use the data of the example, the calculation is presented in table 2.

The cost of depleted inventories is:

$$70 \times 55.80 + 50 \times 60.00 + 10 \times 60.00 + 50 \times 61.20 = 10566.00 \text{ (UAH)}.$$

The cost of inventories at the end of the reporting period is equal to:

$$20 \times 61.20 = 1224.00 \text{ (UAH) or } 3906.00 + 7884.00 - 10566.00 = 1224.00 \text{ (UAH)}.$$

The LIFO method is the opposite of the FIFO method. It is based on the sequence of their return to the enterprise. This means that inventories that are released into production

are valued at the cost of the latter at the time of receipt of inventories.

The method of regulatory costs is based on the use of consumables per unit of output. It is very convenient in mechanical engineering, furniture, sewing, leather, food industry at mass and serial production of various and difficult production, with a large number of details and knots. The condition for the application of this method is a constant revision of the technological and planning department of the cost rate and the development of regulatory calculations.

Valuation of materials at weighted average cost is traditional for domestic accounting practice, ie it is convenient and familiar. At the enterprise where perishable materials (raw) are used, application of this method is justified. Many companies in inflation do not use this method. The LIFO method allows you to most accurately determine the profit, based on the real economic conditions of the enterprise. That is, this method is convenient in terms of inflation.

The estimate of actual costs, determined by past costs, in market conditions, may not correspond to the real present value of not only the balances but also the materials consumed. This can be especially true in the context of inflation, but it is equally important to consider when there is a decrease in the value of stocks due to their aging processes.

Inventories can come from suppliers, from their own production (main and auxiliary) as full-fledged items of labor, production waste, tangible assets remaining from the liquidation of fixed assets acquired by the accountable persons of the organization.

Material values come from suppliers, and works and services are performed by contractors on the basis of agreements concluded between the organization and suppliers and contractors, which specify: the type of material values provided, work performed and services, commercial terms of supply, quantitative and cost indicators of material values. works and provision of services), terms of shipment of material values (performance of works, services), the order of calculations (terms of payments) between the organization and suppliers or contractors [4].

Inventories in the organization can be released: for production, production maintenance and management, correction of defects in production, non-production needs, sale to the side, transferred to joint activities, etc.

Table 2. Write-off of inventories at the enterprise by FIFO

Date	The balance at the beginning			Received			It left			The balance at the end		
	number, units.	price	amount, UAH	number, units.	price	amount, UAH	number, units.	price	amount, UAH	number, units.	price	amount, UAH
02.12	70	55,80	3906,00	–	–	–	–	–	–	–	–	–
10.12	–	–	–	–	–	–	70	55,80	3906,00	–	–	–
16.12	–	–	–	60	60,00	3600,0	–	–	–	–	–	–
21.12	–	–	–	–	–	–	50	60,00	3000,00	–	–	–
25.12	–	–	–	70	61,20	4284,0	–	–	–	–	–	–
30.12	–	–	–	–	–	–	10	60,00	600,00	–	–	–
							50	61,20	3060,00			
Total	70	–	3906,00	130	–	7884,0	180	–	10566,0	20	61,20	1224,00

Released materials for production needs on the basis of primary documents (invoices), or compiled on the basis of information on the distribution of materials are written off from the credit of account 10 "Materials" to the debit of production accounts by purpose: account 20 – for production, account 23 – auxiliary production shops, accounts 25 – for the maintenance and management of production, accounts 26 – for the management of the organization as a whole, accounts 28 – for the correction of production defects [6].

Materials released to service industries and farms are transferred from the credit of account 10 to the debit of account 29. Sold to the side and transferred to the authorized capital of other organizations and joint activities materials are written off from the credit of account 10 to the debit of account 91 "Other income and expenses". In this case, the sold materials accrue value added tax payable to the budget, which is reflected on the debit of account 91 in correspondence with the credit of account 68 "Calculations for taxes and fees" (taxation – on shipment) or account 76 "Settlements with various debtors and creditors" (taxation – on payment).

Kt tch.10 "Materials". When organizing inventory accounting at the actual cost of acquisition (procurement), the cost of materials written off during the reporting month at the average actual cost in the presence of costs for their procurement and delivery (indirect costs), is reduced to actual cost by writing off at the end of the month delivery due to the released materials. The amount of these indirect costs, which account for the consumed materials, is debited from the credit of account 10 to the debit of the same accounts to which the materials were attributed:

D-t accounts 20, 23, 25, 26, 28, 29, 91

Kt tch.10 "Materials".

When organizing the accounting of production stocks at book prices after the end of the month, the difference between the actual cost of consumed materials and their value at book prices is determined. The calculation of deviations in the cost of materials is shown in table 2. The identified difference is debited to the same accounts to which the materials were written off at book prices. At the same time the accounting record is made out:

D-t accounts 20, 23, 25, 26, 28, 29, 91

Account number 16 "Deviation in the value of tangible assets".

In this case, the excess of the actual cost over the cost of materials at book prices is usually reflected in the additional record. The excess of the cost of materials at book prices over the actual cost is shown in a separate entry [6].

Important in the process of inventory management is the task of providing information to users to control the availability and movement of inventories, their use in accordance with approved standards.

Control over the availability and movement of inventories is ensured by the proper organization of inventory, which includes: the availability of warehouses equipped with modern weighing instruments and devices, rationing of inventories.

Standardization of production stocks is the establishment of the average size of the stock of each

type of material required for the production process. The stock rate of each type of material is indicated in the inventory card. Data on the actual balances of materials in the warehouse accounting card are entered after each receipt operation. On the basis of these data, the materially responsible person (storekeeper) informs the supply service about the deviation of the actual balance of materials from the established norms.

Control over the use of inventories in accordance with the approved rules is provided by limiting the release of materials into production and identifying deviations of their actual consumption from the established standards. Restriction on the supply of materials is based on the rationing of material costs [7].

The release of tangible assets for production does not always mean their use in production in full. Therefore, for the correct determination of material costs in the production process, deviations from the established norms of consumption are detected. For this purpose methods are used: documentation of deviations, party cutting of materials, inventory.

The method of documenting deviations of actual costs of material values from the norms is used in the case of piece delivery of materials over the limit, replacement of one material with another, etc. In this case, deviations from the norms are documented by special signal primary documents for additional release of materials, or replacement.

The method of party cutting is used when releasing materials by weight. For each batch of metal, leather or fabric is a sheet or map, which indicates the amount of material, the rate of consumption. After cutting, the number of produced parts (blanks), waste and the result (savings or more than the cost) are also indicated. Savings or more costs are determined by comparing the actual costs of materials with the normative ones. Consumption of material by the norm is detected by multiplying the number of workpieces by the rate of consumption. Thus, the daily control of material costs is relevant, and the causes and culprits are identified, as well as control over waste.

The inventory method is used to determine the actual consumption of materials and to identify deviations from the norms in case of impossibility to use other methods of control. This method is based on an inventory of unspent materials per shift, decade or month. The timing of the inventory of material residues depends on the specifics of production, the nature of the manufactured products, the period of manufacture and other conditions.

Actual material costs are determined by calculation: the balance of unspent materials at the beginning of the period is added to the number of materials released into production and the balances of unspent materials at the end of the period are deducted. Data on balances are revealed by inventory, and at the released materials – on primary documents. The actual costs of materials obtained, for the relevant period, are compared with the normative – thus showing savings or overspending. Regulatory costs of materials are determined by multiplying the actual quantity of manufactured products per shift, decade or month by the current rate of consumption.

It is important to remember that the inventory method is time consuming and requires a professional organization of accounting for the production of parts for operations that consume certain materials.

### Conclusions

The most important aspect of the impact on the financial condition of the enterprise and its production results is the state of inventories. In order to effectively conduct production on the way of marketing products – stocks must be optimal, compliance with the balance of inventories has become one of the most important criteria for modern financial accounting in production.

Large unplanned stocks lead to a freeze on working capital, slowing its turnover, resulting in deteriorating financial condition of the enterprise, increased property tax, liquidity problems, increased damage to raw materials, increased warehousing costs, which negatively affects the final results of production. At the same time, a shortage of stocks (raw materials, fuel) can lead to disruptions in the production process, to a decrease in production capacity, falling output, rising costs, production losses, which also has a negative impact on the financial condition. Therefore, every company should strive to ensure that production is timely and fully provided with all necessary resources and at the same time that they do not depend on warehouses.

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