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FEATURES OF ACCOUNTING OF FINISHED PRODUCTS AT AGRICULTURAL ENTERPRISES

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The article is devoted to the study of the meaning of “finished products”, since it occupies a significant share in the structure of working capital of enterprises. The variety of approaches of modern scientists and economists to the essence of the studied category, which is caused by different interpretations in the current P(S)BO and other normative documents, is considered, analyzed and systematized. Variations of interpretations of the term “finished product” according to regulatory documents were analyzed. The theoretical basis for the recognition of finished products as an accounting object is outlined, the main categories and concepts are investigated. The category “agricultural production products”, which is provided for by the instruction on the application of the plan of accounting accounts, was studied. The essence of the concept of “agricultural production” is defined. Progressive scientific and methodological developments and practical experience of using separate methodological techniques for adapting domestic accounting practice to modern requirements, as well as further development and improvement of accounting for finished products, as one of the foundations of information support for agricultural enterprise management, are summarized. In our opinion, the cited author’s definition will influence the improvement of the methodical approach to the accounting of finished products and the objective display of information in the reporting of enterprises. The main principles of the organization and methods of accounting and analysis of finished products of an agricultural enterprise are studied, which reveals the main aspects: accounting objects, information sources, methodological techniques, methods of summarizing results. Considered economic operations on accounting for the movement of finished products. The existing method of accounting for the cost of manufactured and shipped products was studied. The purpose of keeping records of finished products and production costs is determined. Approaches to the organization of management accounting for the sale of products of agricultural enterprises are formulated.

ОСОБЛИВОСТІ ОБЛІКУ ГОТОВОЇ ПРОДУКЦІЇ НА СІЛЬСЬКОГОСПОДАРСЬКИХ ПІДПРИЄМСТВАХ

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Ключові слова:

готова продукція, виробництво,
продукція рослинництва,
матеріальні витрати, механізм,
сільськогосподарські
підприємства

Стаття присвячена дослідженню значенню «готова продукція», оскільки вона займає вагомий частку в структурі оборотного капіталу підприємств. Розглянуто, проаналізовано та систематизовано розмаїття підходів сучасних науковців та економістів до сутності досліджуваної категорії, що зумовлено відмінними тлумаченнями у чинних П(С)БО та інших нормативних документах. Проаналізовано варіації трактувань терміну «готова продукція» згідно нормативно-правових документів. Окреслено теоретичний базис визнання готової продукції як об'єкта бухгалтерського обліку, досліджено основний категорії та поняття. Досліджено категорію «продукція

сільськогосподарського виробництва», яка передбачена інструкцією про застосування плану рахунків бухгалтерського обліку. Визначено сутність поняття «продукція сільськогосподарського виробництва». Узагальнено прогресивні науково-методичні напрацювання та практичний досвід використання окремих методичних прийомів для адаптації вітчизняної облікової практики до сучасних вимог, а також подальшого розвитку та вдосконалення обліку готової продукції, як однієї з основ інформаційного забезпечення управління сільгоспідприємством. Приведене авторське визначення, на нашу думку, впливатиме на удосконалення методичного підходу до бухгалтерського обліку готової продукції та об'єктивне відображення інформації у звітності підприємств. Досліджено основні засади організації та методики обліку і аналізу готової продукції сільськогосподарського підприємства, яка розкриває основні аспекти: об'єкти обліку, інформаційні джерела, методичні прийоми, методи узагальнення результатів. Розглянуто господарські операції з обліку руху готової продукції. Досліджено існуючу методику обліку собівартості випущеної та відвантаженої продукції. Визначено мету ведення обліку готової продукції та витрат виробництва. Сформульовано підходи до організації управлінського обліку реалізації продукції сільськогосподарських підприємств.

Statement of the problem

The development of Ukraine's economy necessitates radical changes in the system of organization and accounting. The main content of these changes is to bring all elements of the system in line with the new economic realities. This process is carried out by a set of measures to ensure the adequacy of the accounting of the economic activity of enterprises – a market transformation, which involves the emergence and wide spread of a number of new aspects of the study of the activities of enterprises, organizations, and institutions. In agriculture, accounting must ensure the provision of reliable data on the results of activities, the assessment of which is possible only with the help of financial accounting data. In order to create an attractive investment climate and establish foreign economic relations, domestic enterprises should bring their accounting principles as close as possible to the requirements of international standards. The performance of each enterprise largely depends on the management system that ensures the economic independence of the enterprise, its competitiveness and stable financial position on the market. Solving the problem of effective development and economic growth of industrial enterprises of Ukraine is possible thanks to the improvement of the management system of costs and the cost of production of finished products.

In the production management system of finished products, the accounting of production costs and calculation of the cost of products has an important place. On the basis of data on the amount and types of expenses, the employees of the management apparatus of the enterprise receive information about the use of resources, as a result of which it becomes possible to control quantitative and qualitative indicators, regulate the production process, and make optimal management decisions.

Today, there are quite wide opportunities for enterprises to comply with the defined accounting rules, since the new accounting system gives the enterprise the right to develop its own accounting policy, to independently determine specific methods, forms, accounting techniques and organization,

based on specific business conditions. Considering the field of industry, it should be noted that the most important thing for enterprises of this sector is to ensure rational accounting and analysis of the movement of products.

The topic of accounting for agricultural products remains acute in connection with its features. First of all, agricultural products are the product of a natural process that determines the presence of both main and secondary products. In addition, production in agriculture is seasonal. Territorial dispersion and heterogeneity can also be attributed to the peculiarities of most enterprises in the industry. All these features leave an impression on the accounting process in agricultural enterprises in general and on the accounting of finished products in particular.

Accounting for agricultural products is a difficult and time-consuming process. One of the reasons is that every household has a large list of products produced, both primary and secondary. The movement of finished products is very heterogeneous.

Analysis of recent studies and publications

A significant contribution to the development of the theory and practice of accounting for finished products of crop production, including grain crops, belongs to the works of domestic scientists: M.Ya. Demyanenko, V.M. Zhuka, V.B. Mossakovsky, P.T. Sabluka, L.K. Suka, M.G. Chumachenko, V.O. Shevchuk et al. However, the analysis of a number of literary sources in this direction allowed us to conclude that the organization of accounting and internal control over finished products in agricultural enterprises requires more thorough further research.

Objectives of the article

In order to make reasonable management decisions, users of accounting information need to know the composition of expenses, the cost of consumed means and items of work, labor, the amount of other expenses; have a well-founded methodology for calculating the cost of finished products and determining financial results. Agriculture, in particular the crop sector, is a dynamic

system that is in a constant process of development, and it is characterized by such special features as the use of land as the main means of production; the dependence of the production process on natural processes, which involves the seasonality of the use of means of labor and labor resources during the performance of agricultural work and the allocation of costs according to production cycles; simultaneous output of several types of products, etc. The purpose of the article is research and substantiation of theoretical provisions and current practice of accounting for finished products of crop production and development of methodical approaches to improvement of these processes on this basis.

The main material of the research

With the implementation of national accounting standards, business entities have been given significant rights and opportunities in the realization of their economic interests, the choice of methods of organizing production and sales of products, the organization and methodology of its accounting.

In the reporting of each agricultural enterprise, the dominant position in the composition of current assets is occupied by the article «finished products», because the profit indicator depends on the volume of production and sale of products. The action of the National accounting regulations (standards) significantly affected the accounting aspects of agricultural enterprises, it became necessary to reflect business operations related to the production and sale of finished products in a new way.

Enterprises of Ukraine, regardless of their forms of ownership and types of activity, made the transition to national and international accounting standards, which led to certain problems of their application in practical activities. Among the main tasks and areas of study of the problems of accounting for finished products in accordance with national accounting standards, the following can be distinguished:

- study of setting and organization of accounting policy of the enterprise;
- determining the correctness of formation of production costs;
- investigation of the correctness of the assignment of assets to the composition of finished products in accordance with national standards;
- determination of the correctness of the formation of income from the sale of products;
- research on the documentation of business operations;
- study of accounting for production, receipt and sale of finished products;
- research on the correctness of displaying information in reporting.

The importance of this study is evidenced by the fact that finished products occupy a significant part of the working capital of enterprises.

Finished products are the result of production. For some enterprises it will be food products, for others – tables, chairs, for others – tractors, cars, etc. As for agricultural enterprises, their activities are related to the production and sale of agricultural products.

To reveal the purpose of the research, we will consider scientific approaches to substantiating the essence of the concept of «finished products». Modern economists interpret finished products as products that have been fully processed at a specific enterprise, have passed all stages of technical testing, acceptance, assembly in accordance with the terms of contracts with customers and meet standards or approved technical conditions, do not require further processing at this enterprise and are handed over to warehouse or transferred to the customer.

F.F. Butynets in his works, he described finished products as those that have completely finished processing, are fully equipped and have passed all the necessary tests [1, p. 324].

A similar opinion is held by V.L. Voronin and V.V. Chernysh, who also believe that finished products are allowed only when all the technological stages of its processing are completed, the products meet the established regulatory standards and are accepted by technical control in this farm [3, p. 75].

V.M. Glybko and O.P. Bushchan describe the finished product as a material result of the production activity of the enterprise, when the stocks acquire a new quality. In addition to the production of tangible products, the enterprise can perform work for other enterprises or provide services. In contrast to the one that is recorded as finished products in the accounting, this type of products is called «completed works and services». Therefore, the company's products consist of finished products and completed works and services [4, p. 112].

According to V.V. Sopko «finished products are a product (or semi-finished product), service, work that has undergone a production technological cycle in accordance with the specified standard norms of the final contract, is stored in storage and intended for sale to consumers» [10, p. 152].

Having analyzed the views of modern economists on the economic category of finished products, it can be confirmed that in the work of Oglobin A.A. finished products are considered from the point of view of the enterprise's costs for replenishment of production stocks for the future transformation into products that equalize the characteristic feature of the products, as part of the current assets of the enterprise.

Therefore, it should be noted that the authors can be grouped by groups based on the fact that each author focuses on a certain aspect of the term «finished product». Thus, F.F. Butynets and V.L. Voronina note the belonging of finished products to the finished production process and V.V. Chernysh; intended for sale – V.V. Sopko, T.S. Yarovenko and A.S. Chernova; compliance with standards – V.A. Voronina, V.V. Chernysh, V.V. Sopko, R.L. Khomyak, L. Slyusarchuk; definition of directions and terms of application – T.S. Yarovenko and A.S. Chernova, Slyusarchuk L.; sources and channels of reimbursement of the cost of production stocks for the production of finished products – M.I. Dolzhanskyi and A.M. Dolzhansky, A.A. Oglobin

Summing up all the definitions given by scientists, we can come to the conclusion that finished products are material products, works performed and services provided.

However, according to the Methodological recommendations for drawing up a capital account by institutional sectors of the economy, finished products include goods stored at enterprises that produce them and use them for supply to other institutional units and that are not intended for further processing at this enterprise [9].

Also, in Accounting Regulation (Standard) (P(S)BO) 9 «Inventories», products manufactured at the enterprise, in the institution, and intended for sale and meeting the technical and quality characteristics stipulated by the contract or other legal act are considered ready-made [7]. Accordingly, in regulatory documents, work and services are not included in the composition of finished products.

As for the services provided by the company or the works performed, we consider it appropriate to attribute them to the composition of production and reflect them on account 23 «Production». Our opinion is confirmed by the norms of P(S)BO 9 that for enterprises, expenses for the performance of unfinished works (services), in respect of which the enterprise has not yet recognized income, are unfinished production.

If we take into account the sectoral specificity of the functioning of agricultural enterprises, then their activity is related to the concept of agricultural activity, which includes a number of specific statements.

Thus, P(S)BO 30 «Biological assets» stipulates that agricultural activity is the process of managing biological transformations with the aim of obtaining agricultural products or additional biological assets. At the same time, biological transformations are the process of qualitative and quantitative changes in biological assets.

Note that a biological asset is an animal or plant that, in the process of biological transformations, is capable of producing agricultural products or additional biological assets, as well as bringing economic benefits in another way.

Agricultural products – an asset obtained as a result of separation from a biological asset, intended for sale, processing or intra-farm consumption. Additional biological assets are biological assets obtained in the process of biological transformations [8]. Variations in interpretations of the term «finished product» according to regulatory documents are shown in Table 1.

The instruction on the application of the accounting plan of accounts provides for the category «agricultural production products» (PSV), which includes products obtained from the company’s own plant-growing, livestock-breeding and industrial divisions, which are

intended for sale to the side and for other non-production consumption (issuance and sale to employees, transfers to the non-production sphere, for example, to kindergartens, canteens, etc.); products that are intended for consumption in livestock units as fodder or for fodder production in feedlots; products that are grown for livestock feeding, such as green mass, fodder, fruits, etc., as well as by-products and waste obtained during the bringing of marketable products and seeds to proper conditions; seeds and planting material, including seedlings, intended for planting and repairing own plantations [5].

We believe that the performed works (provided services) are not finished products, they are the actions of the performer, the result of which is aimed at meeting the needs of the customer regarding the change of the object.

Judging by the above material, the studied category is characterized from different positions. Therefore, this concept needs clarification from the point of view of systematic definition and practical use.

Yes, finished products, in our opinion, are part of stocks and agricultural products manufactured by the enterprise, which are intended for further sale, internal use and do not require technical and biological transformations.

The chart of accounts provides for two accounts for the accounting display of transactions regarding the availability and movement of finished products: 26 «Finished products» and 27 «Agricultural production products» [6].

Synthetic accounting of costs for production and output of crop production at the agricultural enterprise is kept on account 23 «Production», to which sub-account 231 «Crop production» is opened.

Sub-account 231 is active at the beginning of the year, active-passive during the year. Direct material costs, labor and other direct costs, as well as production overhead costs and losses due to defects are reflected in the debit of account 23 «Production» in the section of sub-accounts by cost accounting objects; on credit is receipt of products, completed works and services [5].

Production costs are the sum of the costs of live labor and labor embodied in the means of production at all stages of production. The classification of production costs determines the organization of accounting. To account for each production, the chart of accounts provides for a separate synthetic account, the debit of which reflects direct costs during the year, and the credit shows production output.

The organization of cost accounting by economic elements is of great importance for the preparation of

Table 1 – Variation of the interpretations of the term "finished products" according to accounting regulations

	Definition of the term	Basis
Finished products is	products, the processing of which is completed and which has passed testing, acceptance, and completion in accordance with the terms of contracts with customers and meets technical conditions and standards	Instructions regarding application of the Plan accounts of assets, capital, liabilities and business operations of enterprises and organizations
Finished products is	products manufactured at the enterprise are intended for sale and meet technical and quality characteristics, stipulated by the contract or other legal act	P(S)BO 9 “Stocks”
Finished agriculture products is	an asset obtained as a result of separation from a biological asset intended for sale, processing or domestic consumption	P(S)BO 30 “Biological assets”

financial statements. The list of costing items is established by the enterprise independently, based on the peculiarities of the technology and organization of production. On its basis, the forms of calculation calculations, estimates and internal reporting are compiled. All data on the production costs of the enterprise must be reflected in the Report on financial results (Report on total income).

The purpose of accounting for production costs is the formation of a system of interrelated indicators simulating the cost price. Therefore, constant control should be established over the method of assigning costs and forming the cost price.

Management accounting is not regulated by law, therefore there is no officially approved concept that would reproduce the content of the «production costs» category in the management aspect [11].

The accounting of business operations related to the production and sale of finished products is presented in Table 2.

According to P(s)BO 30 «Biological assets», agricultural products are assets obtained as a result of separation from a biological asset, intended for sale, processing or domestic consumption.

Agricultural products are recognized as assets if there is a possibility that the enterprise will receive economic benefits related to its use in the future, and its value can be reliably determined.

According to Accounting Regulation (Standard) 30 «Biological Assets», agricultural products during their

initial recognition are valued at fair value, reduced by expected costs at the point of sale or at production cost (or cost of direct costs) in accordance with Accounting Regulation (Standard) accounting 16 «Expenses». The initial recognition of agricultural products is reflected in the reporting period in which it is separated from the biological asset. Agricultural products, after their initial recognition, are assessed and reflected in accordance with Accounting Regulation (standard) 9 «Inventories».

The initial recognition of agricultural products is reflected in the accounting in the accounting period in which it is separated from the biological asset.

Conclusions

The conducted studies confirm the importance of understanding the essence of the «finished products» category, since it occupies a significant share in the structure of the working capital of enterprises. For agricultural enterprises, ready-made products are not only products of processing (processing), brought to the proper state of use, but also products of agricultural production (grain, grain waste, straw, fruits, berries, milk, etc.). The variety of approaches to the essence of the researched category is caused by different interpretations in the current P(S) BO and other normative documents. In our opinion, the cited author's definition will influence the improvement of the methodical approach to the accounting of finished products and the objective display of information in the reporting of enterprises.

Table 2 – Business operations on accounting for the movement of finished products

#	The content of the business transaction	Correspondence of accounts	
		Debit	Credit
1.	Sold products of our own production	27	23
2.	Waste is written off after sorting and drying the grain	27	23
3.	Commercialized grain waste (used)	27	23
4.	Products are written off for sale	901	27
5.	Released agricultural products to employees of the enterprise at the expense of labor (in the amount of the cost of the products)	901	27
6.	Agricultural products were transferred free of charge to other organizations: - for the cost of the products	949	27
	- for the amount of VAT	949	641
7.	Own-produced seeds for sowing, own-produced fodder for feeding were written off	23	27
8.	Stockpiled balances discovered during the inventory	27	719
9.	A shortage of finished products was found to be written off	947	27
10.	Agricultural products were handed over for processing	206	27

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