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TOPICAL ASPECTS OF IMPROVING THE ORGANIZATION OF PRODUCTION INVENTORY ACCOUNTING OF ENTERPRISES

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The article studies some topical aspects of improving the organization of production inventory accounting, in particular, the issue of identification of this accounting category and the problems of accounting valuation of production inventories. The key components of the identification of the accounting category “production inventories” are determined. The author’s own definition is presented and substantiated, according to which production inventories are stocks (i. e., tangible current assets) held by an enterprise for the purpose of further one-time consumption (which will lead to a change in their natural and material form) in the process of production of products (works, services), maintenance of equipment, organization of management and marketing of products (goods). The article analyzes the issues of valuation of production inventories disposal. A comparison of the results of estimating the disposal of production inventories in the context of inflation using three main alternative methods of evaluation of disposal – the FIFO method, the weighted average cost method with price recalculation once a month and the weighted average cost method with price recalculation for each disposal. It is established that the use of the FIFO method in the context of inflation allows minimizing the accounting valuation of the disposal of production inventories, which in turn leads to maximizing the accounting valuation of the financial results of the reporting period and the value of inventory balances at the end of the period and, accordingly, improves the financial condition, increases the creditworthiness and investment attractiveness of the enterprise according to the financial statements. In terms of taxation, on the contrary, it is more attractive to use the weighted average cost method with prices recalculated once a month, since this method allows for a completely legal temporary optimization of the tax burden in terms of income tax in the conditions of inflation. The weighted average cost method with price recalculation for each disposal is recognized as a compromise option, the consensus of which is achieved by reducing the size of the effect. The issue of organizing the accounting and distribution of transportation and procurement costs by the methods of average percentage and direct distribution is studied. The disadvantages of the method of averaging transportation and procurement costs are identified and the expediency of direct distribution of transportation and procurement costs is substantiated, which allows improving the quality of accounting information on the movement of production inventories and the amount of costs generated as a result of their consumption.

АКТУАЛЬНІ АСПЕКТИ ВДОСКОНАЛЕННЯ ОРГАНІЗАЦІЇ ОБЛІКУ ВИРОБНИЧИХ ЗАПАСІВ ПІДПРИЄМСТВ

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Ключові слова:

ідентифікація, облік, оцінка, виробничі запаси, фінансові результати, облікова політика, методи оцінки вибуття запасів, транспортно-заготівельні витрати

У статті виконано дослідження деяких актуальних аспектів вдосконалення організації обліку виробничих запасів, зокрема питання ідентифікації даної облікової категорії та проблематики облікової оцінки виробничих запасів. Визначені ключові складові ідентифікації облікової категорії «виробничі запаси». Презентоване та обґрунтоване авторське визначення, відповідно до якого виробничими запасами є запаси (тобто матеріальні оборотні активи), які підприємство утримує з метою подальшого разового споживання (що призведе до зміни їх натурально-речової форми) в процесі виробництва продукції (робіт, послуг), утримання обладнання, організації процесів управління та збуту

продукції (товарів). Проаналізована проблематика оцінки вибуття виробничих запасів. Виконане порівняння результатів оцінки вибуття виробничих запасів в умовах інфляції із застосуванням трьох основних альтернативних методів оцінки вибуття – методу ФІФО, методу середньозваженої собівартості із перерахунком цін раз на місяць та методу середньозваженої собівартості із перерахунком цін за кожним вибуттям. Встановлено, що застосування методу ФІФО в умовах інфляції дозволяє мінімізувати облікову оцінку вибуття виробничих запасів, що в свою чергу призводить до максимізації облікової оцінки фінансових результатів звітного періоду і вартості залишків запасів на його кінець та відповідно покращує фінансовий стан, підвищує кредитоспроможність та інвестиційну привабливість підприємства за даними фінансової звітності. В площині оподаткування навпаки більш привабливим є застосування методу середньозваженої собівартості із перерахунком цін раз на місяць, адже саме цей метод в умовах інфляції дозволяє абсолютно законним чином тимчасово оптимізувати податкове навантаження в частині податку на прибуток. Метод середньозваженої собівартості із перерахунком цін за кожним вибуттям визнаний компромісним варіантом, консенсус якого досягається за рахунок зменшення розміру ефекту. Досліджене питання організації обліку та розподілу транспортно-заготівельних витрат за методиками середнього відсотка та прямого розподілу. Визначені недоліки метода усереднення транспортно-заготівельних витрат і обґрунтована доцільність прямого розподілу транспортно-заготівельних витрат, що дозволяє підвищити якість облікової інформації щодо руху виробничих запасів та сум витрат, що формуються в наслідок їх споживання.

Statement of the problem

Production inventories are an important component of the business activities of the vast majority of modern enterprises. A significant portion of the company's financial resources is directed to their formation, and the speed of movement and efficiency of the use of production inventories fundamentally affects the profitability of the company's activities, financial condition and competitiveness as a whole. It is worth noting that a lack of the necessary production inventories may jeopardize the rhythmic operation of the company, lead to non-fulfillment of contractual obligations, loss of income and unreasonable expenses. On the other hand, the constant "freezing" of a substantial amount of funds in unused excess inventory leads to inefficient use of financial resources, loss of income and additional costs for the storage of such inventory, which in turn negatively affects the financial performance of the company.

Thus, the management of production inventories is an important component of business management, which actualizes the issue of organizing a high-quality accounting system for the availability and movement of production inventories, because making effective and operational management decisions requires high-quality information support.

Analysis of recent studies and publications

Theoretical and practical aspects of the organization and methodology of inventory accounting have been studied by many economists. Given that the issues of improving the organization of inventory accounting are quite diverse, scientists naturally focus on its various aspects. So, in the scientific studies of M.S. Pushkar [1], O.M. Shpyrko and S.M. Semenova [2], O.V. Gamova, I.A. Kozachok, T. Yu. Ashifina [3], the issue of identifying the concept of "production inventories" is considered, since a clear definition of the essence of accounting categories is an

important prerequisite for the quality organization of their accounting. Another important and, accordingly, relevant issue in the organization of inventory accounting is its accounting valuation, including the initial valuation of production inventories, the issues of valuation of disposal of production inventories, the issues of accounting and distribution of transportation and procurement costs, as well as the procedure for valuation of production inventories at the balance sheet date at net realizable value, if applicable. These problematic aspects are studied in the scientific works of P.V. Pavlov [4], M.S. Pushkar [1], O.M. Shpyrko and S.M. Semenova [2], S.I. Begun [5] and many others. Promising areas for improving inventory accounting are also recognized as the areas of streamlining the document flow regarding the availability and movement of production inventories, automation and "electronization" of inventory accounting, as well as combining the functions of financial and management accounting and activating the inventory control system. These areas are actualized in the scientific articles of L.V. Bezkorovaina [6], O.V. Krukovskaya [7], V.A. Kononenko and Zh.P. Tsupalenko [8], I. Ya. Maksymenko and A.G. Ivanchenko [9], O.A. Odnoshevnaia [10] and many others. So, in particular, the question of the expediency of "ensuring electronic accounting of production inventories at the enterprise" is actualized [9], the thesis that ensuring the efficient use of production inventories at the enterprise is possible "only with a combination of financial and management accounting functions and their optimization" is substantiated [6], and the conclusion is formed that an important element of ensuring the functioning of a high-quality system of production inventories accounting is "independent control carried out either by external auditors or internal auditors under the condition of an appropriately organized internal control system" [7, p. 61].

Summarizing the above analysis of scientific research in the field of improving the organization of inventory

accounting, it should be noted that despite the extremely large number of available studies, the task is not completely solved. The identified issues are extremely multifaceted, and economic business practice constantly raises new questions and tasks, which justifies the expediency of further scientific research in the area of improving the organization of inventory accounting. In our opinion, special attention should be paid to the issues of identification of production inventories as an accounting category, as well as to the issues of initial valuation and valuation of disposal of production inventories, including the issues of accounting and distribution of transportation and procurement costs.

Objectives of the article

The purpose of the study is to analyze the issue of accounting identification of production inventories and the problems of their initial valuation and valuation of disposal with a view to creating conditions for improving the quality level of organization of accounting for production inventories of enterprises.

The main material of the research

The identification of production inventories as an accounting category is an important prerequisite for the quality organization of their accounting. It is the clear identification of each accounting category that allows us to identify problematic aspects of its reflection in accounting and financial statements, because despite the recognition of general accounting principles (such as prudence, consistency, continuity, etc.), the organization of accounting for specific accounting items – both assets and liabilities – fundamentally depends on the individual characteristics of each accounting category and the relevant tasks to be solved within the organization of their accounting.

The problem of identifying the category of “production inventories” for domestic enterprises is primarily due to the absence of a clear definition of this accounting category in the national regulatory documents governing accounting. Thus, the National regulation (standard) of accounting 9 “Inventories” contains a definition of only a broader accounting category – inventories, which are recognized as “assets that are:

- held for sale (distribution, transfer) in the ordinary course of business;
- are in the process of production for the purpose of further sale of the production product;
- held for consumption in the production of goods, performance of works and provision of services, as well as for the management of the enterprise” [11].

Among the components of inventories, clause 6 of NR(s) A9 “Inventories” provides for such an element of inventories as “raw materials, basic and auxiliary materials, components and other material assets intended for production, performance of works, provision of services, distribution, transfer, maintenance of production and administrative needs” [11]. However, the regulatory document does not use the phrase “production inventories” to identify this accounting category. At the same time, it is worth noting that in addition to the above-mentioned clause 6 of NR(s)A 9 “Inventories”, such inventory elements as work in progress,

finished goods, goods, low-value perishable items and current biological assets are also provided for.

The phrase “production inventories” is used as the name of synthetic account 20, and the Instruction on the Application of the Chart of Accounts for Accounting for Assets, Capital, Liabilities and Business Transactions of Enterprises and Organizations contains information that this account “is intended to summarize information on the availability and movement of stocks of raw materials (including raw materials in transit and in processing), construction materials, spare parts, agricultural materials, and other materials owned by the enterprise” [12]. At the same time, it is quite difficult to recognize the above thesis as a clear definition of the accounting category “production inventories”.

The scientific literature also actively studies the issue of identification of production inventories as an accounting category. So, M.S. Pushkar characterizes production inventories as “stocks of means of production that are in the warehouses of an economic entity and are necessary to ensure a continuous production process, and these are only those items of labor that are not yet involved in the production process and retain their natural and material form” [1, p. 74]. In the Explanatory Dictionary of Accounting and Related Terms by H.O. Korol, N.P. Potrus and A.O. Bezghodkova, production inventories are defined as “the totality of all materials, fuel, spare parts, etc. that the manufacturer has” [13, p. 16]. In the scientific monograph by O.M. Shpyrko and S.M. Semenova, the following definition of the category “production inventories” is proposed: “this is an integral part of labor items that are involved in the manufacture of products, but are not yet directly involved in the production process, are consumed during one production cycle and transfer their entire cost to the cost of the final product” [2, p. 82]. Analyzing the above definitions, it should be noted that production inventories are not an accounting category exclusively for production activities and production enterprises, such assets are objectively available at enterprises of other types of activities. For example, fuel for consumption by own vehicles or spare parts for maintenance of equipment in trade enterprises belong to the category of production inventories, which in turn further emphasizes the need to distinguish between such assets as “production inventories” and “goods”.

According to the results of the conducted scientific research, O.V. Gamova, I.A. Kozachok, T. Yu. Ashifina point out that “the essence of production inventories as accounting objects is that production inventories are a set of labor items that are part of current assets in the form of stocks of basic and auxiliary materials, as well as fuel, spare parts, return waste, containers and other materials that are intended for use both in the production process and for any other needs of the enterprise, in each operating cycle transferring their value to the cost of finished products, works, services, the accounting of which is kept on second-class accounts” [3, p. 34]. Commenting on the above definition, it should be noted that the identification of any accounting category through the principles of the existing organization of synthetic accounting (or accounting as such) is, in our opinion, a violation of logic, since it is identification that is the basis of the organization of accounting (i. e., accounting

should be organized in accordance with the essence of the objects of accounting), and not vice versa, when the existing accounting practice may be a component of identification.

Summarizing the existing approaches to the identification of the accounting category “production inventories”, it is first of all necessary to identify the main components of such identification, which, among other things, distinguish this type of assets from others. So, it should be clearly defined that production inventories include inventories (or tangible current assets) of one-time use, because it is necessary to distinguish between production inventories and low-value, rapidly depreciating items that also belong to inventories but are used repeatedly (and therefore lose their consumer qualities gradually), albeit for no more than one year or a normal operating cycle if it is more than one year. In addition, a clear distinction should be made between goods (i. e., assets acquired and held by an enterprise for resale in their existing physical form) and production inventories, which include assets held for subsequent consumption within the enterprise, which will lead to a change in their physical form. It is worth noting that despite the fact that the main source of production inventories is their purchase from suppliers, this is not a prerequisite for their identification, as production inventories can be obtained as a result of the liquidation of fixed assets, as returnable production waste, or as a result of contributions to the authorized capital or exchange for dissimilar assets. Thus, we propose the following definition of the accounting category “production inventories”: production inventories are stocks (i. e., tangible current assets) held by an enterprise for the purpose of further one-time consumption (which will lead to a change in their natural and material form) in the process of production of products (works, services), maintenance of equipment, organization of management and marketing of products (goods). The issue of identification can be further expanded in terms of classification by stating that the components of production inventories include raw materials, components, fuel, construction materials, spare parts, agricultural materials, etc. In addition, in furtherance of the identification issue, it may be worth noting that the consequence of a one-time consumption of production inventories in the context of management actions (planning, accounting) is the simultaneous inclusion of the cost of consumed production inventories in the costs of production (works, services) or in administrative or selling expenses, as opposed to the cost of, for example, fixed assets, which is depreciated, i. e., included in expenses gradually in parts.

A fundamental and at the same time problematic issue in the organization of production inventory accounting and presentation of relevant information in the reporting is inventory valuation. So, S. Maliutiak rightly notes that “an important prerequisite for inventory accounting is its valuation, which affects the determination of production costs. This issue is of particular importance in the current economic environment, when market prices are constantly changing. The methodology of inventory valuation is an effective tool for organizing effective financial and economic activities of an enterprise and is of great interest to accountants due to the need to determine the real value of inventories” [14, p. 51].

The issue of inventory valuation in the current accounting practice of domestic enterprises is multilevel. So, NR(s)A 9 “Inventories” provides for the principles of initial valuation of inventories, valuation of inventory disposal and valuation of inventories at the balance sheet date. At the same time, each company develops and implements its own accounting policy, certain elements of which should regulate the valuation and organization of inventory accounting. In this regard, the following elements of the accounting policy have a fundamental impact on the accounting valuation of production inventories: the choice of the method of disposal valuation, the choice of the method of distribution of transportation and procurement costs, as well as the procedure for valuation of production inventories at the balance sheet date at net realizable value, if applicable.

The need to streamline the valuation of production inventories at the time of disposal (i. e., use, consumption or sale) is actualized by the fact that the receipt of production inventories of the same type may occur at different prices. The valuation of disposal should arrange the process of determining the relevant costs of production inventories or their cost of sale. According to clause 16 of NR(s)A 9 “Inventories”, one of the following methods should be applied for this purpose: “the identified cost of the respective unit of inventories, the weighted average cost, the cost of first-in, first-out (FIFO), standardized costs, and the selling price” [11]. It is worth noting that the selling price method can only be used to value goods sold at retail, and therefore cannot be used to value the disposal of production inventories. In most cases, the use of the identified cost method to measure inventories is not justified, as it significantly complicates their initial accounting. In the case of standard cost accounting, the need to adjust to actual production cost will require the use of another method of valuation of disposal.

Hence, in the practice of organizing production inventory accounting, the issue usually comes down to the choice between the FIFO method, which “is based on the assumption that inventories are used in the sequence in which they were received by the enterprise (reflected in the accounting records)” [11] and the weighted average cost method. The latter method has two fundamental varieties, because the calculation of the average price can occur either once a month or for each of the disposal transactions. In the monograph of O.M. Shpyrko and S.M. Semenova, the first of the options is called the method of periodic accounting, and the second – the method of permanent accounting [2, p. 44–45].

A reasonable choice of the method for evaluating the disposal of production inventories requires a clear understanding of the impact of this element of accounting policy on the accounting and reporting data regarding the size of financial results and the value of inventory balances as a component of the company’s assets. Of course, it is worth noting that such an impact is subjective and is available only if inventory balances are formed at the end of the reporting period. If we consider the period at the end of which there are no inventory balances (not only production inventories, but also work in progress and finished goods, the cost of which will depend on the amount of material costs), the amount of financial results determined in the accounting will in no way depend on the chosen method

of valuation of the disposal of production inventories. On the other hand, it should be understood that the quantitative impact of the method of valuation of production inventory disposal on the accounting assessment of financial results and the value of inventory balances directly depends on the direction of price level changes.

Given that economic entities, including business entities, usually deal with inflation in practice, this issue should be analyzed in the context of a constant increase in the price level. Table 1 compares the use of the FIFO method, the weighted average cost method with monthly price revaluation, and the weighted average cost method with price revaluation for each disposal transaction to measure the disposal of production inventories.

Comparing the results of an alternative assessment, it is worth recognizing that in the event of a change in the price level, assessment by different methods forms different sums of the cost of disposal of production inventories, which in turn directly affects the size of the financial results of the corresponding reporting period and the value of the balance of stocks at its end.

So, in conditions of constant price growth due to inflationary processes, the minimum valuation is the

FIFO method of disposal, which maximizes the amount of financial results and the accounting value of balances. In inflationary conditions, the maximum valuation is the weighted average cost method with prices recalculated once a month, which minimizes the accounting estimate of financial results. The weighted average cost method with price revaluation for each disposal generates interim results compared to the other two methods.

Thus, the choice of a particular method of valuation of disposal of production inventories as an element of accounting policy allows to influence the amount of financial results of certain reporting periods. Accordingly, it is advisable to analyze the purpose of such influence. On the one hand, employees who manage the company are interested in increasing the accounting estimate of financial results (i. e., increasing profits or minimizing losses), especially if they receive bonuses from the amount of profit. In addition, an increase in the amount of profit (simultaneously with an increase in the estimated value of the company's assets), according to the financial statements, improves the financial condition, creditworthiness and investment attractiveness of the company, which is relevant in cases of lending, attracting additional investors and

Table 1 – Comparison of the results of production inventories disposal valuation using different methods

Data on the availability and movement of production inventories				
Receipts			Expenditure	
Date	Quantity, kg.	Price per unit, UAH/kg.	Date	Quantity, kg.
01.05.2023.	1000	100.00		
08.05.2023.	2500	105.00	11.05.2023.	3000
15.05.2023.	3500	115.00	18.05.2023.	2500
22.05.2023.	2500	120.00	25.05.2023.	2000
Valuation of disposal using the FIFO method:				
The cost of disposal is 11.05.2023. = 1000 * 100.00 + 2000 * 105.00 = 310000.00 UAH.				
The cost of disposal is 18.05.2023. = 500 * 105.00 + 2000 * 115.00 = 282500.00 UAH.				
The cost of disposal is 25.05.2023. = 1500 * 115.00 + 500 * 120.00 = 232500.00 UAH.				
Total cost of disposal: UAH 825000.00.				
The balance of production inventories: 2000 kg. at a price of UAH 120.00/kg. valued at 240000.00. UAH.				
Valuation of disposals using the weighted average cost method with price recalculation for each disposal:				
Average price as of 11.05.2023. = (1000 * 100.00 + 2500 * 105.00) / (1000 + 2500) = 103.5714286 UAH/kg				
The cost of disposal is 11.05.2023. = 3000 * 103.5714286 = 310714.29 UAH.				
Balance after disposal: 500 kg. worth 51785.71 UAH.				
Average price as of 18.05.2023. = (51785.71 + 3500 * 115.00) / (500 + 3500) = 113.5714275 UAH/kg				
The cost of disposal is 18.05.2023. = 2500 * 113.5714275 = 283928.57 UAH.				
Balance after disposal: 1500 kg. worth 170357.14 UAH.				
Average price as of 25.05.2023. = (170357.14 + 2500 * 120.00) / (1500 + 2500) = 117.5892850 UAH/kg				
The cost of disposal is 25.05.2023. = 2000 * 117.5892850 = 235178.57 UAH.				
Total cost of disposal: 829821.43 UAH.				
The balance of production inventories: 2000 kg. at a price of UAH 117.59/kg. valued at 235178.57 UAH.				
Valuation of disposals using the weighted average cost method with price revaluation once a month:				
Average price per month = (1000 * 100.00 + 2500 * 105.00 + 3500 * 115.00 + 2500 * 120.00) / (1000 + 2500 + 3500 + 2500) = 112.1052632 UAH/kg				
The cost of disposal is 11.05.2023. = 3000 * 112.1052632 = 336315.79 UAH.				
The cost of disposal is 18.05.2023. = 2500 * 112.1052632 = 280263.16 UAH.				
The cost of disposal is 25.05.2023. = 2000 * 112.1052632 = 224210.53 UAH.				
Total cost of disposal: 840789.48 UAH.				
The balance of production inventories: 2000 kg. at a price of 112.11 UAH/kg. valued at of 224210.52 UAH.				
Comparison of evaluation results:				
Indicator	FIFO method	Weighted average cost method with price restatement		
		for each disposal	once a month	
1. Cost of disposal of production inventories for the month, UAH.	825000.00	829821.43	840789.48	
2. The value of the inventory balance at the end of the month, UAH.	240000.00	235178.57	224210.52	

issuing shares. The FIFO method allows to maximize this effect in an inflationary environment. On the other hand, for companies that are income tax payers, an increase in the accounting estimate of profit under the existing tax legislation will lead to an increase in the tax burden in terms of income tax. Accordingly, the weighted average cost method with monthly price recalculation should be recognized as the most attractive in the tax area, since in the context of inflation it allows to legitimately optimize (minimize) the tax burden in the area of income tax. As for the weighted average cost method with price revaluation for each disposal, its application partially meets each of the above objectives, but the consensus is reached by reducing the size of the effect. Making the final decision on the choice of the method of valuation of production inventories disposal is a complex task and requires taking into account a wide range of factors and conditions, among which, for example, P.V. Pavlov notes such as “the level of inflation, the financial condition of the enterprise, the terms of sale, pricing, tax legislation requirements, etc.” [4, p. 218].

Another important issue in the valuation of production inventories is the organization of accounting and allocation of the so-called transportation and procurement costs. This issue is a component of the initial valuation of inventories, but at the next stage it has a fundamental impact on the valuation of their disposal.

Thus, in accordance with clause 9 of NR(s)A 9 “Inventories”, a component of the initial cost of production inventories (as inventories acquired for a fee) is “transportation and procurement costs (costs of procurement of inventories, payment of tariff (freight) for loading and unloading operations and transportation of inventories by all types of transport to the place of their use, including costs of insurance of risks of transportation of inventories)” [11]. At the same time, the inclusion of transportation and procurement costs in the initial cost of purchased inventories raises the issue of their distribution. The essence of the problem is that a certain amount of recognized expenses, for example, expenses for transportation of inventories, may be simultaneously associated with several different items of inventories if they were transported together. Accordingly, the question arises of allocating transportation and procurement costs between separate inventory units. This distribution can be organized either on the basis of direct distribution or using the average percentage of transportation and procurement costs.

The logic of the direct allocation method implies that, if necessary, transportation and procurement costs that are simultaneously associated with several accounting units of inventories are allocated among these units. Such allocation may involve the use of natural units as the allocation base (allocation in proportion to weight, volume or number of units) or, if it is not possible to use natural units as the allocation base, the use of the purchase cost as the allocation base (excluding value added tax if the relevant amounts are included in the buyer’s tax credit). Allocation of transportation and procurement costs in proportion to natural units, i. e., in proportion to weight or volume, is more accurate and allows for maximum approximation of the objective cost of each unit of purchased production

inventory. However, the application of this allocation basis is limited, as inventories may be measured in different physical units. In such cases, direct allocation can be performed in proportion to the accounting cost of the inventory.

An alternative method of allocating and accounting for transportation and procurement costs is the method based on the calculation and application of the so-called average percentage of transportation and procurement costs. In essence, this method involves the preliminary systematization of all transportation and procurement costs on a special subaccount (subaccount 200 “Transportation and procurement costs to the cost of production inventories” or subaccount 201.1 “Transportation and procurement costs to the cost of raw materials”) and the distribution of the accounted costs between the production inventories that have been disposed of and the balance of production inventories in proportion to the accounting cost. This means averaging transportation and procurement costs, which is actually a disadvantage of this accounting method, as averaging leads to a distortion of the initial cost of individual production inventories items, and at the next stage, to a distortion of the amount of expenses related to the use of such production inventories. When this method is applied, a certain amount of additional costs is added to the cost of inventories that did not require any additional transportation and procurement costs. It is also worth noting that if this method is applied, the initial cost of a single unit of inventory that has been purchased and stored for several months without change will change at the beginning of each month as a result of changes in the average percentage of transportation and procurement costs, which is difficult to recognize as entirely logical.

Conclusions

Organizing a high-quality system of accounting for the availability and movement of production inventories at an enterprise is an important prerequisite for ensuring their effective use, since making effective and operational management decisions requires appropriate information support. Solving methodological problems in the organization of production inventory accounting requires, in turn, their clear identification. Given the absence of a direct definition of production inventories as an accounting category in domestic regulatory documents and the identified comments on the approaches to their identification in the scientific literature, based on the results of the study, the following definition of this accounting category is proposed: production inventories are stocks (i. e., tangible current assets) held by an enterprise for the purpose of further one-time consumption (which will lead to a change in their natural and material form) in the process of production of products (works, services), maintenance of equipment, organization of management processes and sales of products (goods).

A fundamental aspect of the organization of production inventory accounting should be recognized as the choice of a method for assessing their disposal as an element of the enterprise’s accounting policy. In the framework of the study, the author compares the effects of applying three main alternative methods of valuation of inventory disposal in the context of inflation – the FIFO method, the weighted average cost method with price recalculation once a month and the

weighted average cost method with price recalculation for each disposal. Thus, it was found that the application of the FIFO method, in comparison with other methods, allows to temporarily increase the accounting estimate of financial results, which in turn to some extent increases the investment attractiveness and competitiveness of the enterprise according to the financial statements. On the contrary, the application of the weighted average cost method with monthly price recalculation leads to minimization of the amount of accounting estimates of financial results, which allows optimizing the tax burden in terms of income tax. Applying the weighted average cost method with price recalculation for each disposal may be recognized as a compromise.

The organization of accounting for and allocation of transportation and procurement costs as a component of the

initial cost of production inventories also ultimately affects the cost of their disposal. The distribution of transportation and procurement costs can be organized either by using the average percentage of such costs or by the direct allocation method. The first option is less time-consuming, but taking into account the fundamental comments on its logic and operational in the context of accounting automation, it is more appropriate to recognize the use of the method of direct distribution of transportation and procurement costs, as this allows to increase the qualitative level of determining the cost of disposal of individual units of production inventories. Whenever possible, direct allocation should be made in proportion to the natural accounting units of production inventories and only when this is not possible, the accounting value should be used as the basis for allocation.

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