

NON-NEGOTIABLE ASSETS ACCOUNTING AND ANALYSIS OF THEIR STATUS

Setting the problem. Integration into international processes, of course, has an impact and leads to changes in the economic activity of the domestic enterprises. In Ukraine, a significant transformation of the accounting occurs in connection with the transition to national accounting provisions, based on the provisions of international accounting standards. Therefore, at the initial stages of this transition, there are some differences between the accounting practices and theoretical research. Regulation of accounting includes the basic rules on which the account of each individual enterprise is carried out.

With the increase in theoretical studies we observed a gradual harmonization at all levels of accounting transformation. However, for the improvement of accounting in Ukraine, which is based on new principles of the market economy, it is necessary to do a lot both in theoretical and in practical terms.

Non-negotiable assets are a critical element of enterprise management, in order to achieve commercial success and increasing the national state of the country they must be rational and efficient in use.

The analysis of recent research works. At present, the theory and methodology of accounting of fixed assets has been the subject of many works of domestic and foreign scientists: F.F. Butynets, I.T. Balabanov, L.P. Belih, F.F. Efimov, V.V. Grigoriev, M.J. Linnik, N.V. Kuzhelnaya, S.N. Maximov, N. Ordway, M.F. Ohiychuk, V.V. Sopko, L.K. Suk, V.G. Shvets et al. However, there are very many the theoretical issues still to be thoroughly investigated. Issues of innovation in order to increase the energy efficiency of industrial enterprises, were investigated in the works of such scholars, like A.I. Amosha, O.N. Anisimova, V.P. Vishnevsky, S.N. Ilyashenko, L.A. Zbarazskaya, Y.V. Kindzersky, A.A. Kataev, T.G. Logutova, R.A. Fatkhutdinov, L.I. Fedulova, Y.S. Shipulina, N.N. Yakubovsky etc.

Setting the problem. Improving the chart of accounts and the adoption of several amendments to the Tax Code does not solve fully the differences between the accounting and tax accounting of fixed assets. So, some question still remain, like modernization of plant and equipment, repair, reconstruction, which largely affect the original definition, residual or revalued, the liquidation value of fixed assets. In full, the same inconsistencies affect the accuracy of calculating depreciation and classifying the sum of the financial result of the costs.

The objective of the article is to investigate the legal framework, identify differences between the ac-

counting and tax accounting of fixed assets, work out recommendations and proposals to eliminate them.

The main part. For effective implementation of the production process in the highly competitive domestic enterprises it is required to make quick decisions that are needed for efficient use of internal resources. Improving the efficiency of the industrial sector enterprises in many respects depends on adoption of sound operational and management decisions regarding methods of fixed assets management, such as fixed assets and intellectual capital of the enterprise. Of course, these figures are inextricably linked to investments in innovative processes. There is still an acute problem of renewal of fixed assets of an enterprises. For a prolonged period the sources of financing of capital investments and innovative transformations, are own funds. Political instability, an effective industrial policy, or rather its absence, military actions on the part of the territory, infringement of contractual relationship, reduction of industrial production has led to a catastrophic situation that the national economy is facing now. Figure 1 shows the degree of depreciation of fixed assets in the recent 15 years.

As can be seen from Fig. 1 the degree of depreciation of fixed assets reached 83.5% in 2014, i.e. nearly worn out, it is evident that it is difficult to create innovative products such obsolete facilities. But the high level of depreciation of fixed assets, which reached a critical level and that has a negative impact on the technical and economic status of the country, allows to arrive at an assumption that enterprises use the funds not for renewal of fixed capital funds, but for consumption of financial resources in the form of endless repairs. After all, according to the norms of the Tax Code of Ukraine p.146.12 "the sum of the costs associated with repair and improvement of fixed assets, including leased, not exceeding 10 per cent of the aggregate book value of all groups of fixed assets at the beginning of the year, relates to the cost of the tax reporting period in which such repairs and improvements were made" [2]. Expenses in excess of the carrying value of all groups of fixed assets at the beginning of the year, the carrying value of fixed assets of the groups and are subject to depreciation. As a result, it is very difficult to check whether the renovation, retrofitting or repair was made simply of fixed assets, thus increasing the costs of the period of report.

Of course, the professional, scientific and technical activities have a significant impact on the innovation potential of the industrial sector. The problem of renovation and modernization of facilities and equipment is

one of the most painful for the contemporary modern economy of Ukraine. Today the problem is that companies are not willing to seek technological modernization of production reserves, and in most cases, increase the profitability of production by raising the prices of their products. The solution is possible only by developing of a complex of complex measures, aimed at improving

of the state's financial policy, one of the main areas of this improvement being depreciation policy. Enterprises resort to current and capital, it having no substantial influence upon these factors, the term of application of the main funds being extended, that is why application of straightforward method of depreciation, instead of accelerated ones would seem quite rational.

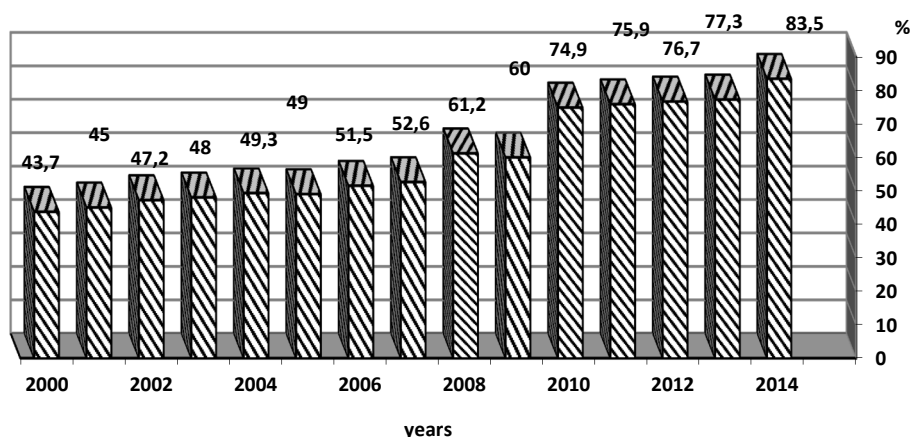


Fig. 1. The degree of depreciation for the period of 2000-2014 period
(Compiled by the author based on the data [1])

With regard to natural resources, (Article 114), according to some experts, this type of assets is subject to amortization, as natural resources are subject to depletion, but in this case it is necessary to consider the term right to use this property and use the income method of determining the value of the asset, as situation intangible assets and use the straight-line method of depreciation.

Studies assets classification reflects the need to combine the accounts 106 "Tools, appliances and equipment" and 112 "Low-value tangible assets" in one account as a low-value non-current assets and apply to

those assets a methodology to allocate their cost - 50% during commissioning and 50% the final cancellation. This somewhat simplifies not only the classification of fixed assets, and depreciation charge of tools and equipment.

Analysis of statistical data on capital investments for the period 2010 – 2014 yy. reflecting a decline in funding. Research of structural changes shows that most of the capital investment was invested in tangible assets, most of them (31.4%) in machinery and equipment and only 3.4% in intangible assets.

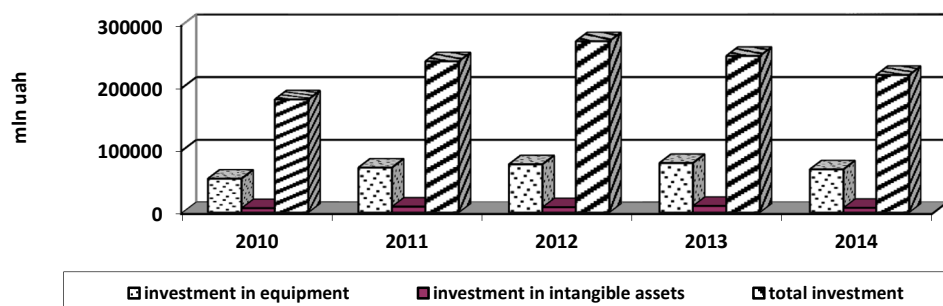


Fig. 2. Capital investment by type of asset for the 2010-2014 period.
(Compiled by the author based on the data [1])

Let us analyze the sources of funding for capital investment. For a long period, the company has been carrying out modernization of their own funds.

The analysis of the figures for the period under review reflects the decline in funding from all sources. And it was the modernization of plant and equipment that required a significant investment. Indicators of innovative activity of industrial enterprises largely depend on the availability of financial resources and investment,

and low technical and technological level of production and the use of outdated technologies, led to a decrease in the competitiveness of products, loss of markets, greater ecological pressures on the environment. Therefore accounting of creation, realization and owning of the objects of intellectual property and innovative production should be properly organized. A.P.Grinko proposes to account revenue, gained from realization of innovative production at the 706 analytical account, enti-

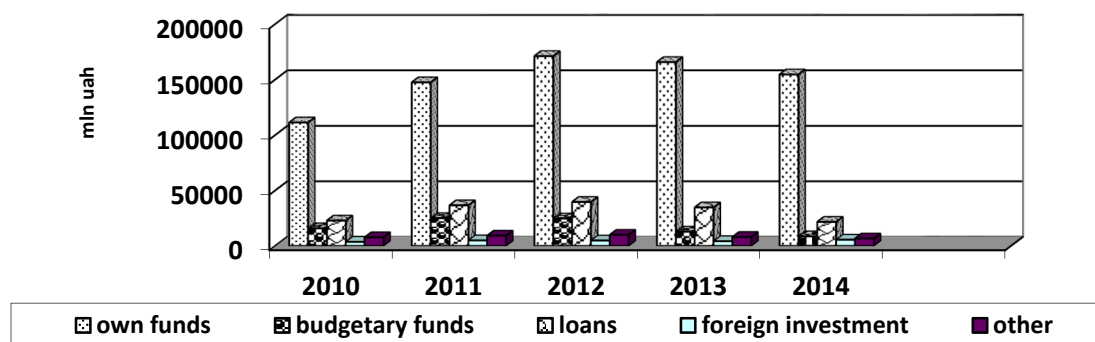


Fig. 3. Sources of capital investment funding for the period of 2010-2014
(Compiled by the author based on the data [1])

tled "Income, gained by realization of innovative production». It is advised to perform analytical accounting at this sub-account with regard to the types of sold innovative products and a separate analytical account for 793 sub-account "Financial results of other parts of activities" is to be used to reflect financial results of innovative, while for the results of investment activities sub-account 794 "Results of investment activities" could be appropriate [3]. Also, it seems reasonable to establish additional sub-accounts, reflecting formation of expenses on innovative developments, either at account 236 «Manufacturing of innovative products», or at account 393 "Expenses of future periods on innovative developments", while for accounting of investments on modernization and reconstruction of the main funds sub-accounts 156 "Capital modernization investments" can be presumed. Addition of these sub-accounts will make it possible to systemize the data of book-keeping, regarding the flow and reproduction of non-negotiable assets at an enterprise.

Conclusions. Implementation of the proposed recommendations is to allow to perform more thorough control, analysis and accounting of the state of non-negotiable assets as well as the results, gained, by application, implementation and realization of innovative production at domestic industrial enterprises

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Бессонова С. І. Облік необоротних активів і аналіз їх стану

У статті проведено дослідження стану основних засобів в Україні. Розглянуто питання обліку основних засобів, їх модернізації, ремонту та амортизації. Запропоновано рекомендації щодо уточнення класифікації основних засобів, деталізації обліку, контролю і аналізу стану необоротних активів, а також результатів використання інноваційної продукції.

Ключові слова: необоротні активи, основні засоби, амортизація, амортизаційна політика, інновації, облік.

Бессонова С. И. Учет необоротных активов и анализ их состояния

В статье проведены исследования состояния основных средств в Украине. Рассмотрены вопросы учета основных средств, их модернизации, ремонта и амортизации. Предложены рекомендации по уточнению классификации основных средств, детализации учета, контроля и анализа состояния необоротных активов, а также результатов использования инновационной продукции.

Ключевые слова: необоротные активы, основные средства, амортизация, амортизационная политика, инновации, учет.

Bessonova S. I. Non-Negotiable Assets Accounting and Analysis of their Status

In the article studied were the status of fixed assets in Ukraine. The problems of fixed assets, their modernization, repairs and depreciation. Recommendations were given with the objective of clarification of the classification of fixed assets, detailed accounting, control and analysis of non-current assets, as well as the results of the use of innovative products.

Keywords: non-negotiable assets, fixed assets, depreciation, amortization policy, innovation, accounting.

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