

## FEATURES OF ACCOUNTING AND WAYS OF ITS IMPROVEMENT AT ENTERPRISES IN THE CONSTRUCTION INDUSTRY

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**Abstract.** This article summarizes the arguments and counterarguments within the scientific discussion on the peculiarities of accounting and ways of its improvement at construction enterprises of Ukraine. The purpose of the article is to determine the features of the accounting of construction enterprises and to develop practical recommendations for its improvement. The research used a complex of general scientific methods: analysis and synthesis, induction and deduction, theoretical generalization, grouping and classification, logical generalization, and comparative comparison. The methods of logical generalization were used in the study of accounting features at construction enterprises. Proposals based on the results of the study of accounting in construction enterprises were developed using the methods of concretization and systematization. According to the results of the study of economic sources of information, an analysis of the construction industry was carried out in order to determine the peculiarities of the accounting of construction enterprises. In order to increase control over the formation of the cost of construction works, additional sub-accounts to account 23 "Main production" have been proposed to analytically form costs in construction. It is proposed to introduce into the standard Plan of accounting accounts, accounts 238 "Unfinished construction contracts", 239 "Interim accounts", which will ensure uniform requirements for accounting in construction and a reliable reflection of the technology of the construction process in accounting and financial reporting. The practical use of the results of the conducted research will allow to increase the efficiency of accounting of construction enterprises, its efficiency, analytical, mobility, will strengthen both control and management functions of accounting and management accounting.

**Keywords:** construction, income, accounting, calculation, complex, cost, management.

**JEL Classification:** M 40

**Formulas:** 0; **fig.:** 1; **tabl.:** 2; **bibl.:** 12

**Introduction.** A building complex is "a large number of independent economic entities, which have their own specific features and separate system goals, which are quite branched without the possibility of management from one or more centers. Thus, according to the volume of products produced and the number of employed workers, the construction industry currently occupies almost a tenth of the economy of Ukraine" [9].

Construction is "construction of a new object, reconstruction, expansion, completion, restoration and repair of objects, execution of assembly works" [9].

"Products of the construction industry are completed and put into operation plants and factories, railways and highways, power plants, irrigation and shipping canals, ports, residential buildings and other objects that form the main funds of the economic complex of the country" [9].

The technology of carrying out construction and installation works is characterized by specific features that affect the organization of accounting, methods of cost formation and determination of the financial result of construction companies.

In modern conditions, the management process at construction enterprises requires mobile and effective management of them, especially labor-intensive sectors of the construction industry, which requires a clear formation of appropriate information and analytical support.

At the present time, in the conditions of military operations, the entire economy of Ukraine, including the construction industry, is suffering from devastation and destruction.

Ukraine, after the end of the war, is awaiting the most extensive reconstruction in Europe, in 2023-2025 it is planned to implement most of the projects of the entire plan for the restoration of social sphere objects, housing construction

Reconstruction and restoration of the construction industry will take place thanks to the help of international organizations, based on their experience and the latest methods and procedures that require developed economic information for making management decisions.

Accounting, the peculiarities of its management by construction companies, is aimed at reliable assessment of economic processes and their reflection in reporting. Based on the results of accounting and analysis of its indicators, decisions aimed at minimizing costs and obtaining profit are made.

That is, an information resource in which a significant specific weight belongs to the information formed in the accounting system acquires special relevance in modern conditions.

**Literature review.** Many works of domestic scientists are devoted to the study of accounting features in the construction industry: Yu.A. Chains [2], F.F. Butynetsa [3,4,5], N.O. Lobody [6], V.F. Maksimova [7], L.M. Pylypenko [9], in which various aspects of accounting at construction enterprises are highlighted.

At the same time, there are still many unresolved issues and problems related to the organization of accounting for the construction process.

**Aims.** The purpose of the article is to determine the features of the accounting of construction enterprises and to develop practical recommendations for its improvement.

**Methods.** The research used a complex of general scientific methods: analysis and synthesis, induction and deduction, theoretical generalization, grouping and classification, logical generalization, and comparative comparison.

The methods of logical generalization were used in the study of accounting features at construction enterprises. Proposals based on the results of the study of accounting in construction enterprises were developed using the methods of concretization and systematization.

**Results.** One of the important functions of managing the construction process is keeping operational, reliable records, the effectiveness of activities and the effectiveness of management decision-making by enterprises in the construction industry depends on the correct organization of which.

Construction is "a special branch of the national economy, which is formed, on the one hand, as a process of reproduction of fixed assets, which requires the necessary capital investments for its implementation, and on the other hand, as a process of own development of this branch of material production" [9]. Accounting is conducted at construction enterprises to provide reliable information to managers who make operational decisions regarding the regulation of the construction process.

The peculiarities of construction and accounting in it are so significant that it led to the adoption of an industry standard - P(S)BO 18 "Construction contracts", namely:

1. "The duration of production cycles causes a large specific weight of unfinished production and special terms of settlements with customers - payment is usually made for completed stages of work, the cost of which is determined in accordance with P(S)BO 18; construction organizations are often forced to borrow funds due to the slow turnover of their own funds" [11].

2. "Construction objects are immovable, there is no movement of objects to the buyer, but there are costs for moving construction machines and mechanisms to the construction object, for the construction of temporary (untitled) structures" [11].

3. "Construction organizations, as a rule, before the start of work, know a specific customer with whom they conclude a contract, from whom they receive funds for construction and who accepts the object on site after the construction is finished. This necessitated the accounting of costs and revenues in terms of construction contracts" [11].

4. "Construction sites are scattered over a large area, are at a considerable distance from the management, their location is constantly changing, which weakens the control over the execution of works, storage of materials" [11].

5. "The presence of auxiliary productions, the variety of types of work (assembly, plastering, finishing, sanitary-technical, electrical, etc.) and their different labor intensity complicate primary and analytical accounting" [11].

6. "Construction objects are located in the open air, climatic conditions lead to material losses due to the action of rain, frost, snow, wind" [11].

The peculiarities of the technological process of construction determine the peculiarities of keeping records by enterprises of the construction industry.

Accounting in construction is one of the most difficult types of accounting in the fields of economy. The cost system of construction is "the funds spent on the purchase of material assets, wages and others, which form the cost of construction and assembly works" [9].

In P(S)BO 18, account 23 "Production" is proposed for accounting of construction costs. Let's consider the peculiarities of accounting for construction costs with the help of table 1.

That is, actual expenses are formed during the period on subaccount 23 "Main production", and at the end of the period recognized expenses are included in the cost price.

The grouping of expenses by elements and articles in construction is carried out, as in other industries, in accordance with P(S)BO 16 "Expenses".

**Table 1. Display of business transactions for accounting of construction costs using correspondence of accounts**

Content of the operation	Debit	Credit	Amount, UAH	Accounting registers
1. Direct costs at the first stage are reflected	23	661,65, 20...	83000	Accounting help
2. The cost of works under the construction contract has been written off	903	23	83000	Accounting help
3. Credited to the financial result	791	903	83000	Accounting help
4. Direct costs in the second stage are reflected	23	661,65, 20...	84000	Accounting help
5. The cost of works under the construction contract has been written off	903	23	84000	Accounting help
6. Credited to the financial result	791	903	84000	Accounting help

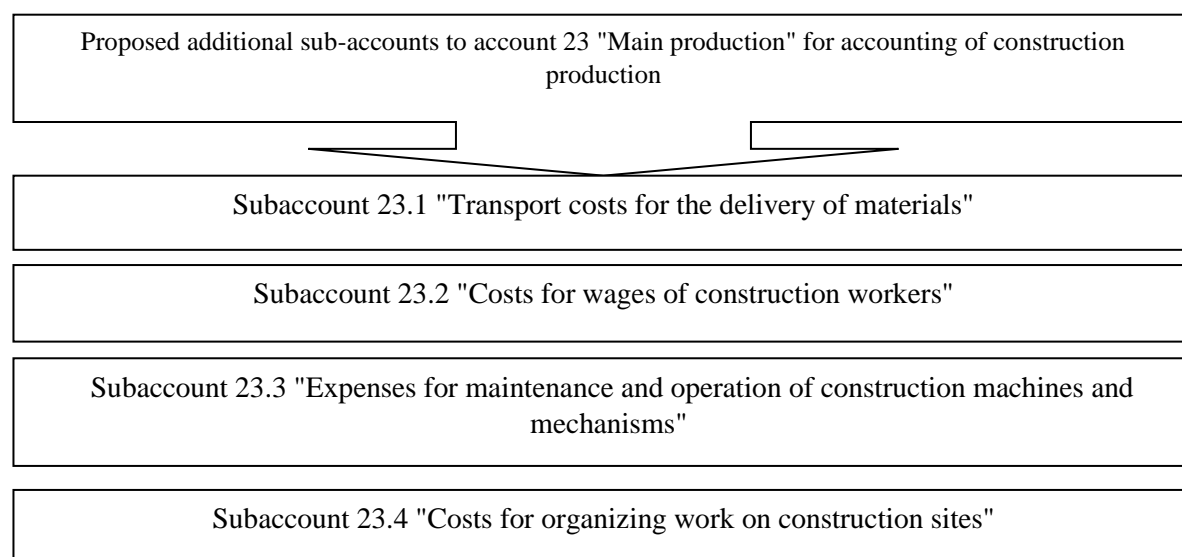
Source: compiled by the authors based on data [7]

Cost accounting is carried out in terms of construction contracts. P(S)BO 18 "Construction Contracts" defines that costs under a construction contract include:

- expenses directly related to the execution of this contract (direct);
- total expenditures.

The classification of expenditure items in construction has a generalized, complex nature. Some articles summarize various costs in economic terms. This classification of costs does not provide reliable information about the cost structure of construction works and management decisions.

In order to improve the accounting of construction costs and form the production cost of construction works, we offer a more detailed classification of construction costs in terms of sub-accounts opened under account 23 "Main production" (Fig. 1).



**Figure 1. Proposed additional sub-accounts to account 23 "Main production" for accounting of construction production**

Source: developed by the authors

Such an improvement will strengthen the analytical and information function of accounting, establish a direct connection between costs and the volume of construction work, and provide analytical information for the analysis and control of construction production costs

We will consider the peculiarities of accounting of the income of construction enterprises with the help of table 2.

**Table 2. Peculiarities of the accounting display of income under a construction contract**

The content of the business transaction	Debit	Credit	Amount, UAH	Accounting registers
1 stage				
1. The income of the construction organization and the debt of the customer at the first stage are displayed	361	703	12800	Accounting help
2. The tax liability for value added tax is displayed	703	641	2133	Accounting help
3. The amount of the interim account is displayed	238	239	8300	Accounting help
4. Adjustment of interim account	361	239	1200	Accounting help
5. Value added tax on the amount of the adjustment is reflected	361	641	200	Accounting help
2 stage				
1. The income of the construction organization and the debt of the customer at the first stage are displayed	361	703	8300	Accounting help
2. The tax liability for value added tax is displayed	703	641	1383	Accounting help
3. The amount of the interim account is displayed	238	239	6500	Accounting help
4. Adjustment of interim account	361	239	-600	Accounting help
5. Value added tax on the amount of the adjustment is reflected	361	641	-100	Accounting help
6. Income is credited to the financial results account	703	791	6917	Accounting help
7. Closing of interim accounts	239	238	7700	Accounting help

Source: compiled by the author based on data [9]

Features of accounting in construction enterprises are the use of specific accounts. In table 2., to display the income of the construction organization, accounts 238 "Unfinished construction contracts", 239 "Interim accounts" are used and they are widely used in the accounting practice of many construction companies, but there are companies that use these accounts, but under other codes, because their use is not provided for by the standard Chart of Accounts and the Instructions for the Application of the Chart of Accounts for Accounting of Assets, Capital, Liabilities and Business Operations of Enterprises and Organizations.

The plan of accounting accounts is aimed at ensuring the unity of the display of economic transactions that are homogeneous in content on the corresponding synthetic accounts and sub-accounts, but it does not take into account all the industry-specific features of production processes. Therefore, one of the ways to improve accounting in the construction industry is the introduction of accounts 238 "Unfinished construction contracts", 239 "Interim accounts" into the standard Chart of accounting accounts, which will ensure uniform requirements for accounting in construction and a reliable reflection of the technology of the construction process in accounting and financial reporting.

**Conclusions.** Therefore, the use of a more detailed classification of construction costs in terms of subaccounts opened to account 23 "Main production" significantly increases the information quality of the cost accounting system at the construction enterprise, creates the necessary conditions for the analysis and control of costs, increases the analytical value of the received information, which is necessary for the adoption justified management decisions.

The introduction of accounts 238 "Unfinished construction contracts", 239 "Interim accounts" into the standard Plan of accounting accounts will ensure uniform requirements for accounting in construction and a reliable reflection of the technology of the construction process in accounting and financial reporting

**Author contributions.** The authors contributed equally.

**Disclosure statement.** The authors do not have any conflict of interest.

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