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**INFORMATION BASIS FOR AUDIT EFFECTIVENESS OF FORMATION FINANCIAL RESERVES**

Researched necessity of formation financial reserves enterprises, their relevance and effectiveness. Proved the necessity of forming financial reserves of trade enterprises, and the mechanism of their calculation. Formed stages of audit effectiveness of formation financial reserves of trade enterprises. Researched existent scientific and theoretical propositions and defined information base of audit effectiveness of formation financial reserves of trade enterprises. Improving information base of audit effectiveness of formation financial reserves of trade enterprises will lead to improving the management of financial flows and auditor, in its turn, allows to provide more accurate conclusions about the enterprise in general and recommendations for improvement.

**Keywords:** audit, effectiveness, financial reserves, information base, trade enterprises.

**Formulation of the problem.** Trade enterprise in the course of business may suffer some temporary difficulties and problems caused by the negative impact of external and internal factors. Therefore trade enterprise has to protect themselves by creating adequate financial reserves. For more efficiency financial reserves, but established under certain specific objectives implies the need to assess the effectiveness of their formation through audit. Effectiveness of audit effectiveness of formation financial reserves largely depends on the quality of information used by the audit. As a result, the latter must be deeply appreciated and scientifically proven.

**Analysis of recent research and publications.** Problems associated with the audit effectiveness of formation financial reservesis relevant, however, still poorly understood. Some questions about the way the reserves revealed in works of scientists like Iu.A. Veryha, Zh.V. Zahoruiko, M.M. Oryshchenko. Research on the effectiveness audit content devoted to individual publications Ie.I. Ivanovoi, Ie.V. Mnykha, A.M. Saunyna.

At the same time, requires further investigation informational basis for audit effectiveness of formation financial reserves and determine the relevance of this study.

**The aims of the article** are develop scientific and theoretical propositions and recommendations for improving the information base for audit effectiveness of formation financial reserves of trade enterprises.

**The main material of the research.** Audit effectiveness of formation financial reserves is the task of assurance than audits or review of historical financial information [8], but such an audit should be viewed in terms of internal problem which assess the risk and expected to reduce to a minimum the possible negative consequences [3, p. 41]. Audit effectiveness of formation financial reserves is the only source of complete, accurate and unbiased information about the accuracy and efficiency of formation of financial reserves.

We consider prolific use of the proposed Hutsalenko L. V. [2] provisions suggest that the audit effectiveness of formation financial reserves to trade enterprises is recommended as follows:

* familiarization with the organization of accounting;
* familiarization with the sequence mapping on accounts transactions forming financial reserves and comparison with the established methodology of accounting operations;
* checking correctness, timeliness or completeness of reflection on accounts of transactions with formation of financial reserves by checking data between analytical and synthetic accounting, general ledger between these indicators and financial reporting;
* checking completeness and timeliness of inventories, correctness dimensioning losses shortages, damage property, cause the cancellation of the balance of the debt.

Audit effectiveness of formation financial reserves of trade enterprises involves the following steps:

1) separation of financial reserves by sources formation;

2) analysis of the documentation for the detection and measurement of financial reserves accuracy and efficiency of their formation;

3) preparing a report showing how much confidence auditor effectively formed financial reserves. If financial reserves formed ineffective or non-existent, the auditor has appropriate recommendations for management actions with regard to existing risks for the trade enterprise.

For the purpose of audit effectiveness of formation financial reserves necessary to identify possible sources of formation financial reserves and how they create, because they are the basis of the audit information.

Financial reserves are formed and used within the tax reporting period. To the sources of financial reserves include funds to cover the costs (associated with transportation, attrition, material incentives, dividends, reserves for doubtful debts, capital reserve, positive exchange rate differences, including the procurement of taking into account seasonality, warranty repairs) and earning potential (associated with additional emissions; revaluation and sale of fixed assets; negative exchange rate differences, implementation, taking into account seasonality).

Transportation, attrition. Norm of financial reserve related to covering the costs of attrition in the current legislation [5] established for each group of products, and depending on the size of commercial enterprises. For example, for shops covering more than 400 square meters, the rate of attrition ice is 3%. Standards loss, for example, building ceramics battle during transportation by rail, water and road transport [7], namely ceramic tubes is 2.3%. Financial reserves associated with covering the costs of attrition and transportation should be formed starting from the sales. Provision for property insurance and commercial risks than standard (within 2% of sales) comes from own funds.

Financial incentives for employees, wages, vacation. As a trade enterprise accounting policies prescribed how formed financial reserves (Σ or %), which amount will be paid and who received funds from appropriate financial reserves. Financial reserves for the payment of compensation for retirement are formed in enterprises where such payments are provided by law or regulation on remuneration. Financial reserves created out of profits and paid early next year together with the payment of wages for December of the year. Accrual of financial reserves is in accordance with the regulations as the ratio of the planned amount of financial reserves (based on seniority and length of the annual salary) for payroll.

Reserve for payment of leave is established for trade enterprises, where the bulk of workers goes on vacation at the same time. To relieve financial stress deductions made monthly or quarterly by Regulation (actually spent on payroll). Upon completion, the unused balances of financial provision for payment of leave are directed to increasing balance profits. With a shortage of funds accrued vacation directly on the profits.

Financial reserve for the payment of income (dividends) founders and shareholders. Dividends paid out of profits, the disposal of commercial enterprises after the tax liability to the state. In the annual financial plan set standard deductions for financial reserves for the payment of income (dividends) to the founders and shareholders of the company. Under the law [4] Income from participation in the venture should be paid to joint stock companies: ordinary shares - a term not exceeding 6 months from the date of the general meeting decision to pay; on preferred shares - less than 6 months after the end of the year. As for other trade enterprises, the dividends paid by the statute or decision of the general meeting.

Reserves of doubtful debts. Doubtful debt under the laws of [6] recognized receivables enterprises to non longer than the period established by the contract, but not more than four months. This debt is taken into account at the beginning of year inventory. Reserve created by the balance sheet profit enterprise, ie within tax payments. When a payment by hopeless (dubious) debt in the amount of the reserve is reduced fees and increased retained earnings. The remains of reserve balances represent free funding purpose; working capital immobilized in a hopeless receivables are derived from the balance sheet profits. Under the terms of the agreement, specific trade enterprise determines the amount of bad debts, which formed a quarterly or monthly financial reserves.

Reserve capital. Business entity and stock companies under the law [1, 4] necessarily generate capital reserve. I think it appropriate that all trade enterprises to cover their form of force majeure, such as natural disasters, acts of war, blockades, embargoes, epidemics, strikes, industrial accident at the factory, accidents, innovation in the current legislation. Under the law every company must create a reserve fund. In business entity [1] as well as in joint stock [4] established a reserve fund in the amount established by the constituent documents, and not less than 15% of the share capital. The amount of annual contributions to the reserve fund is supposed founding documents, but can not be less than five percent of the profits of the company. If the company receives damage, in this period of financial provision therefore not formed. The law provides that contributions to capital reserve reduce taxable income, ie the state in the amount of the value of tax payments involved in the formation of the financial reserves of the company. This is the most important part of financial reserves as statutory minimum size hard, and yet its use is limited directions. Reserve capital can be used to cover the damages, repayment of bonds and repurchase its own shares.

The warranty repairs. There are different types and product groups covered by the warranty. Warranties vary. Warranty may provide a manufacturer, but there are those who give their own trade enterprises, to attract more customers and raising the status trade enterprise. This warranty is more durable and extends to a greater range of warranty cases. Based on the complexity of possible guarantee for any trade enterprise can protect yourself by creating a financial reserve, the amount of which is % of the sale of goods.

Revaluation and sale of fixed assets. The appraiser estimates the primary means, so defining a financial reserve. Increase in share capital of trading on the revaluation surplus is inflationary for return. Revaluation recognized in the accounting on the account «Additional capital» and can be included in the share capital, increasing its size.

Exchange difference. Given the unstable economy, trade enterprises suffer from fluctuations in the foreign exchange market, especially when there are settlements in foreign currencies. This can be both positive and negative exchange differences.

Purchase and sale, taking into account seasonality. The funds for the purpose of preparation of seasonal sales are derived from the cost of regular contributions throughout the year and the expenditure of financial reserves to short periods of season. The ratio of financial allocations to the provision for the cost estimate is calculated by dividing the preparations for the total cost. Actual payments are defined as the product of actual cost calculated on a standard plan. The balance of funds used during the reporting period as financial reserves. At the end of the year, these residues are closed and in profit.

Issue. This type can be source of financial reserves as may be due to issue any amount of financial reserves. Additional shares provides another source of inflationary revenue when the amount of shares issued now exceeds its net assets. Share premium as a source of financial reserves appears in the enterprises in which the market price of shares above their nominal price. This option is possible if these quotes shares on the stock market. The excess of market value over par in the sale is the amount of free cash flow and source of financial reserves trade enterprise.

Inflation income of the company is additional income that is due to rising prices. Inflation is a permanent part of any economy in market conditions. Depending on the situation, it may be creeping, galloping or hyperinflation, but there always. If no trade enterprise working capital, the reason is not inflation. Depending on the time of turnover of capital inflation more or less gives additional (albeit always depreciate) financial resources. Moreover, with reasonable pricing and well organized system of financial management company it can be a source of additional financial resources.

Trade company can show financial reserves in the current account and monitor its effectiveness through the development and use of analytical accounting. However, the possible option of opening a second checking account. With the accumulation of free cash flow in the main current account, these funds are transferred to another account. This separation can improve operational work, organize accounting sources, the amount of funds and their expenditure. It allows financial service trade enterprise create and use financial reserves in full and to establish a clear operational control at all stages of the cash flow. To open a second account are additional charges (monthly service costs for payment), but the advantages are: convenient and profitable allocation of resources of trade enterprise; able to quickly direct funds to certain investments; possibility of optimal combination of investment trends in profitability, reliability, speed conversion. At the end of the period with no use of financial reserve funds included in profit enterprise and taxed accordingly.

**Conclusions.** Thus, for the provision of consumer sustainable, development possibilities to withstand external factors, timely neutralize the possible negative effects trade to companies in need of financial reserves. The formation of financial reserves is one of the most effective tools to ensure the sustainability trade enterprise and self-insurance against risk. The author emphasized that financial reserves, which are sources of funds to cover the costs and potential revenue are the informational base formation efficiency audit of financial reserves serve as a key aspect in this review. Audit efficiency of formation financial reserves provides for maximum transparency and predictability of commercial enterprise. Implementation efficiency audit formation of financial reserves trade enterprises will help to monitor how use the funds, identify weaknesses in their use and suggest ways to improve the efficiency of formation and use of financial reserves trade enterprises. Improving information base of audit effectiveness of formation financial reserves of trade enterprises will lead to improving the management of financial flows and auditor, in its turn, allows to provide more accurate conclusions about the enterprise in general and recommendations for improvement.

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