

**Міністерство освіти і науки України**

**Національний університет харчових технологій**

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**80 МІЖНАРОДНА НАУКОВА  
КОНФЕРЕНЦІЯ  
МОЛОДИХ УЧЕНИХ,  
АСПІРАНТІВ І СТУДЕНТІВ**

*“Наукові здобутки молоді –  
вирішенню проблем харчування людства  
у XXI столітті”*

*Частина 4*

*10–11 квітня 2014 р.*

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**Київ НУХТ 2014**

## 25. Provisions for current assets as security for business

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**Introduction:** Information about the financial condition and results of enterprises that use a wide range of users, is important for investors who are primarily interested in the presence of a sufficient level of economic enterprise, and as the size of its liabilities and equity, and current business financial results. This information can help to evaluate the effectiveness of methods of property management companies and management decisions. Accuracy of the information of financial position and results of its conception of proper and accurate picture of the company, which creates a clear and accurate representation of reality, without deviation, shadowing and suppression of certain aspects of the state or entity. It should consider the fact that every business transaction of the current leads to certain results in the future, and that is always in a market economy characterized by these operations is incomplete and inaccurate. Even companies with an ideal control system subjected to threats to the collapse of global capital markets, the impact of political, economic and social changes in the state and other factors. Thus, we can define risk as the incompleteness of information in making management decisions.

**Resources and methods:** The risk of economic activities needs to match the following criteria: likelihood of economic consequences of the operation (high probability of its occurrence) and the possibility to change its size (change risk). A variety of causes redundancy in accounting difficult to determine. Overall, the reserves can be defined as an instrument of self-insurance businesses from the impact on future financial condition to the expected negative consequences of the risks of economic activity. Reserves must meet the cost of assets produced in this reporting period to cover the foreseen (expected) losses, damages, liabilities, reductions in asset risks caused by the enterprise. Based on the foregoing, provisions, revealing the possible independent factors of influence on company financial results of enterprises, ensure preservation of equity, retain the rights and interests of owners of capital, and ensure implementation of the principle of continuity of the entity.

**Results:** Assets attributed to the formation of reserves may not be the basis of their Clothing essence, reduce the current proprietary tools businesses serving its operating, investing and financing activities. Otherwise, one would assume that all assets used in the current period would have "preserved" and defined as a means to cover commitments envisaged reserves, causes decrease in assets of a company (i.e. the effects of economic risks). This means that such assets have been used at the time the reserve, or detection of risk with a high probability of its implementation. Assets allocated to reserves to cover the expected effects of current decisions of economic risk. In practice, reserves may be created

during a period in time of an authentic reason for their formation; there is an economic risk with a high probability of occurrence. At the time the reserve is determined by its size, which is known to be formally documented, as the business transaction, to cover the consequences of which provision has been made, only come in the future. Moreover, it may be that the expected risk (the corresponding operation) did not come, which means a reserve unreasonableness and omissions of management and information system.

**Conclusions:** So we can conclude that the reserves must be formed in the case where it is safe to talk about the reality of the risk of economic activities and relevant existing reasonable causes. Reserves are expected to guarantee the enterprise in the future weighting of losses, damages and losses, which makes a real financial performance of the entity. Understanding accounting reserve covers: as a reserve estimate of future costs of assets; use of reserves as a real physical attrition (decrease) in assets; recognition of the reserve in full or part as inappropriate (i.e., provided economic phenomenon has not happened yet or reserve value exceeds its true value).

Thus, we can conclude that the reserves created by a clear purpose (according to the type of economic risk and its consequences) for short or tentatively determined period, after which the provision or use of, or determining the expediency of its creation, in other words, the effectiveness of this method of business.

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