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CHIEF EDITOR

Bila S.O., Professor, Doctor of Public Administration, PhD in economics, Honored economist of Ukraine, Academician of the Academy of Economic Sciences, Professor of the Department of Accounting and Auditing of the Faculty of Economics and Business Administration of the National Aviation University.

RESPONSIBLE FOR REALEASE

Popovich O.V., Ph.D. in Economics, associate professor of accounting and audit department of the Faculty of Economics and Business Administration of the National Aviation University.

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THE ESSENCE AND COMPONENTS OF THE DUE DILIGENCE'S PROCEDURE

Due Diligence is a procedure of formation of objective idea of subject to investment that includes investment risks, independent assessment of a subject to investment and a set of other factors. First of all Due Diligence is directed to comprehensive check of legality and commercial appeal of the planned operation or the investment project. However, the completeness of the information provided in this type of audit is also important. It allows investors or business partners to estimate more deeply all advantages and shortcomings of cooperation.

Originally the term of Due diligence came to consulting business from the bank sphere. Its essence was a comprehensive system for collecting and analyzing information about potential or existing clients and partners. It intended banks for protection of property against possible damage. However, today this concept ceased being a prerogative of the banking sector. Now, the Due Diligence process usually means conducting a comprehensive analysis of the business from the point of view of financial analysts, auditors and lawyers. At the same time each group of experts prepares for the customer a detailed report about a condition of the enterprise.

The Due Diligence's procedure begins with the moment when the buyer plans possible acquisition (absorption) of the investment object. Studying of activity of the company and search of any information on the company begins. As a rule, this is done through official sources (the websites, publications in the press). Search and analysis of information is conducted to determine the value of the company in order to acquire it.

The Due Diligence's working process is consists of three interrelated parts (tab. 1):

Table 1

The components of the Due Diligence's process

Process's tasks	Performers	Procedures	Results
An estimation of a block of shares	Financial analysts	Determine the fair value of an investment object and give the buyer the range of value of the enterprise under various variants of its future use.	Company Business Valuation Report
An estimation of the accounting system and the	Auditors	Analysis of the structure of income and expenses of the company, an estimation of the internal control	Report on the financial

reliability of the financial statements		system, analysis of financial investments, Credit agreements and liabilities, contingent liabilities, completeness and reliability of assets and liabilities are also analyzed. Selecting potential tax risks and benefits, as well as identify and digitally identify potential tax liabilities that the company has.	expertise of the company.
Providing expertise of the company's activities in order to maximize the risks associated with its purchase.	Lawyers	Review founding documents, legal status, corporate governance documents, decisions of collegial governing bodies. The basic operations with the shares, information on the shareholders, their property and non-property rights are analyzed. The state regulation of company activity, basic contracts and property rights of the company, labor relations and claim-claim activity are studied.	Report on legal expertise of the company.

Also the important measures are:

- Estimation of the value of the block of shares (the value of the property complex, the value of the business).
- Evaluation of accounting system and reliability of reporting and financial analysis; assessment of tax risks.
- Legal assessment of the risks of commitments and perfect operations.

In doing so, appraisers, auditors and lawyers work in close collaboration, since complete information on the operation is the result of working together.

Kravchenko O.V.,

PhD in Economics, Associate Professor of the Department of Accounting and Taxation,
Educational and Research Institute of Business Technologies "UABS"
Sumy State University, Sumy

CURRENT APPROACHES TO ACCOUNTING OF BUDGET INSTITUTIONS

For budgetary institutions, revenue is generated through budgeting on a regular basis to achieve social impact. Financial activity consists in obtaining, organizing the movement and using financial resources. The compensation of resources is for the purpose of their restoration for the fulfillment of the functional duties of the subject, specified in its constituent documents. Revenues (identified with budgetary allocations) and expenditures (expenditures) of budgetary institutions are determined by the budget for the next financial year, which is approved in the manner established by the current legislation. The Budget Code of Ukraine