

MINISTRY OF HEALTH OF UKRAINE  
ZAPORIZHZHIA STATE MEDICAL AND PHARMACEUTICAL UNIVERSITY  
DEPARTMENT OF MANAGEMENT AND ECONOMICS OF PHARMACY

# **ORGANIZATION AND ECONOMICS OF PHARMACY**

## **CHAPTER 2 "FUNDAMENTALS OF ECONOMICS AND ACCOUNTING SYSTEMS IN PHARMACY"**

EDUCATIONAL AND METHODOLOGICAL GUIDE  
TO PRACTICAL CLASSES

for IV year students

specialty 226 «Pharmacy, industrial pharmacy»

Professional qualification «Pharmacist»

Zaporizhzhia

2025

*Approved by the Central Methodological Council of ZSMPhU  
and recommended for implementation in the educational process  
(Protocol No.3 dated 28.02.2025 )*

**Compilers:**

*N. O. Tkachenko*, Head of the Department of Management and Economics of Pharmacy, Doctor of Pharmaceutical Sciences, Professor;

*O. V. Lytvynenko*, Ph.D. of Pharmaceutical Sciences, Associate Professor;

*V. O. Demchenko*, Ph.D. of Pharmaceutical Sciences, Associate Professor;

*T. V. Mahanova*, Ph.D. of Pharmaceutical Sciences.

**Reviewers:**

*Inna Bushuieva*, Professor, Dr.SC. in Pharmacy, Head of Department of Management and Economics in Pharmacy, and Pharmaceutical Technology, ZSMPhU;

*Vira Odyntsova*, Professor, Dr.Sc. in Pharmacy, Department of Pharmacognosy, Pharmacology, and Botany, ZSMPhU.

- O64      **Organization and Economics of Pharmacy. Chap. 2 "Fundamentals of economics and accounting systems in pharmacy"**: educational and methodological guide to practical classes for IV year students specialty 226 «Pharmacy, industrial pharmacy» Professional qualification «Pharmacist» / comp. : N. O. Tkachenko, O. V. Lytvynenko, V. O. Demchenko, T V. Mahanova ; ed. N. O. Tkachenko. – Zaporizhzhia : ZSMPhU, 2025. – 174 p.

The study guide presents educational materials for Section 2 «Fundamentals of economics and accounting systems in pharmacy» Organizational principles of pharmaceutical activities» in the discipline «Organization and Economics of Pharmacy» (questions for discussion, self-check questions, overview, practical assignments, guidelines for studying the topics of the discipline, self-check tests and a list of references).

For training of Masters of Pharmacy in the field 22 «Health care», specialty 226 «Pharmacy, industrial pharmacy», professional qualification «Pharmacist»

**UDC 615.12(075.8)**

## Contents

INTRODUCTION.....	Ошибка! Закладка не определена.
CONTENT SECTION 4 .....	5
ORGANIZATION OF ACCOUNTING AND REPORTING SYSTEM IN PHARMACIES .....	5
TOPIC 1 ACCOUNTING AND REPORTING SYSTEM IN PHARMACIES OF UKRAINE.	5
TOPIC 2 BASIC PRINCIPLES AND METHODS OF FORMATION OF THE SYSTEM OF PRICES FOR MEDICINES .....	18
TOPIC 3 STOCK MOVEMENT ACCOUNTING. ACCOUNTING OF MOVEMENT OF FIXED ASSETS AND INTANGIBLE ASSETS IN PHARMACY .....	27
TOPIC 4 ACCOUNTING OF INCOME AND EXPENSES, RESULTS OF ACTIVITIES OF PHARMACIES .....	46
CONTENT SECTION 5 ACCOUNTING FOR THE MOVEMENT OF ASSETS AND LIABILITIES .....	61
TOPIC 5 ACCOUNTING FOR CASH FLOWS .....	61
TOPIC 6 ACCOUNTING FOR NON-CASH PAYMENTS .....	73
TOPIC 7 FORMS AND PAYMENT SYSTEMS. ACCOUNTING OF WORK PAYMENT IN PHARMACY INSTITUTIONS .....	84
CONTENTS SECTION 6 FINANCIAL STATEMENTS. ANALYSIS OF FINANCIAL AND ECONOMIC ACTIVITIES OF PHARMACY INSTITUTIONS.....	105
TOPIC 8 ORGANIZING AND CONDUCTING AN INVENTORY OF ASSETS AND LIABILITIES IN PHARMACIES.....	105
TOPIC 9 FINANCIAL REPORTING OF BUSINESS ENTITIES IN PHARMACY .....	118
TOPIC 10 ANALYSIS OF FINANCIAL AND ECONOMIC ACTIVITIES OF PHARMACIES .....	135
TOPIC 11 AUDIT OF THE ACTIVITIES OF PHARMACY .....	146
TOPIC 12 TAXATION OF PHARMACIES .....	160
RECOMMENDED LITERATURE .....	170

## **INTRODUCTION**

This manual is designed for students to study the basic provisions of the theory and practice of the organization of accounting and reporting in pharmacy institutions in accordance with the program of the educational discipline "Organization and Economics of Pharmacy".

10 hours of lectures and 30 hours of practical classes are allocated for classroom work.

This manual contains methodical instructions for studying the topics of the discipline, discussion questions, questions for self-control, tasks for practical work, a list of recommended literature, short informational material and examples of situational test tasks for self-control.

Preparation for practical classes is carried out by students on the basis of educational, educational and methodological materials of the discipline and lecture materials listed in the list of recommended literature.

## **CONTENT SECTION 4**

### **ORGANIZATION OF ACCOUNTING AND REPORTING SYSTEM IN PHARMACIES**

#### **TOPIC 1 ACCOUNTING AND REPORTING SYSTEM IN PHARMACIES OF UKRAINE**

**The student should know:** peculiarities of the national system of accounting and reporting, the procedure for keeping accounting records, the main provisions (standards) of accounting, the balance sheet, the procedure for keeping accounting accounts, the organization of reporting in software automated systems.

**Basic terms and concepts:** accounting, accounting policy, financial reporting, primary document, summary accounting document, chart of accounts, accounting system, accounting organization, accounting method, accounting forms, pharmacy assets, pharmacy liabilities, balance sheet, equity, liabilities accounts, active accounts, passive accounts.

#### **QUESTIONS**

1. Normative and legal framework regulating the procedure for organizing accounting and reporting in pharmacy establishments.
2. The purpose, tasks and significance of the accounting and reporting system of the pharmacy enterprise.
3. Basic National provisions (standards) of accounting.
4. Types of accounting and reporting in pharmacies. Principles of accounting.
5. Accounting accounts, classification, structure. Correspondence of accounting accounts.

#### **SELF-CHECK QUESTIONS**

1. Characteristics of economic accounting. Internal economic (management) accounting.
2. Principles on which accounting and financial reporting are based.

3. Purpose of accounting and financial reporting.
4. Subject and method of accounting. The main tasks of accounting.
5. Legislative and normative regulation in the system of accounting and reporting in Ukraine.
6. Stages and components of quality assurance of accounting in pharmacy establishments.
7. The essence of the chart of accounts and its relationship with financial reporting. Classification of accounting accounts.
8. The essence of the method of double entry of economic transactions in accounting.
9. The relationship between accounting accounts and the balance sheet.
10. Automation of accounting in pharmacies.

## **OVERVIEW**

Accounting is a system of continuous, interconnected, continuous and document-based display of economic assets by composition, placement and sources of their formation and economic processes in monetary, labor and kind measures for the formation of information flows at the request of users.

### **Regulatory and legal basis of accounting**

The main regulatory framework that regulates the organization and methodology of accounting is:

- National accounting standards;
- Law of Ukraine "On Accounting and Financial Reporting in Ukraine" No. 996-XIV of July 16, 1999;
- Regulation on documentary support of records in accounting, approved by Order No. 88 of the Ministry of Finance of Ukraine dated May 24, 1995;

Other typical regulations on planning, accounting and cost calculation of relevant branches of the economy of Ukraine.

- The chart of accounts for the accounting of assets, capital, liabilities and business operations of enterprises and organizations, approved by Order No. 291 of the Ministry of Finance of Ukraine dated November 30, 1999.

- The chart of accounts defines the accounting methodology in all spheres of economic activity of enterprises and its structure is organically connected with the structure of forms of financial (accounting) reporting (balance sheet, report on

financial results and others).

Internal economic (management) accounting is a system of collecting, processing and preparing information about the company's activities for internal users in the process of managing the company.

#### Principles of accounting and financial reporting

Accounting and financial reporting are based on the following principles:

- full coverage - financial reporting must contain all information about the actual and potential consequences of business operations and events that can affect decisions made on its basis;
- autonomy - each enterprise is considered as a legal entity, separate from its owners, in connection with which the personal property and liabilities of the owners should not be reflected in the financial statements of the enterprise;
- consistency – constant (from year to year) application of the chosen accounting policy by the enterprise. A change in accounting policy is possible only in cases provided for by national accounting regulations (standards), international financial reporting standards and national accounting regulations (standards) in the public sector, and must be justified and disclosed in financial reporting;
- continuity - the assessment of the company's assets and liabilities is carried out based on the assumption that its activities will continue in the future;
- accrual – income and expenses are reflected in accounting and financial statements at the time of their occurrence, regardless of the date of receipt or payment of funds;
- substance prevails over form – transactions are accounted for according to their substance, and not only based on the legal form;
- a single monetary unit – measurement and summarization of all economic transactions of the enterprise in its financial statements are carried out in a single monetary unit.

Accounting records at the enterprise are kept continuously from the date of registration of the enterprise until its liquidation.

The purpose of accounting and financial reporting is to provide users with complete, true and unbiased information about the financial condition and results of the enterprise's activities for decision-making.

Accounting is a mandatory type of accounting that is kept by the enterprise. Financial, tax, statistical and other types of reporting that use a monetary measure are based on accounting data.

Enterprises that have the right to keep simplified records of income and expenses and are not registered as value added tax payers can summarize information in the accounting registers without using double entry.

The main tasks of accounting are:

- implementation of continuous, continuous, interconnected and documentary monitoring of economic processes and phenomena at the enterprise;
- providing internal and external users of accounting information with reliable and timely information about economic processes and phenomena that took place at the enterprise, about the availability and condition of economic assets and their sources;
- formation of an information base for planning, stimulation, organization, regulation, analysis and control of the enterprise's economic activity.

The subject of accounting is economic assets, sources of their formation, expenses, income, financial results of the enterprise and economic processes that are reflected in the course of its ordinary and extraordinary activities.

The objects of accounting are economic assets and economic processes. Accounting objects are expressed in a single monetary unit and reflect the constituent elements of the circulation of funds and funds of that part of the reproduction process that is reflected in system accounting.

Economic means are the resources that the enterprise possesses for carrying out its economic activity.

Business assets, as an accounting object, are traditionally classified according to two characteristics:

- 1) by composition and placement;
- 2) according to the sources of formation and purpose.

The importance of this classification lies in the fact that the grouping of funds by composition and location is used to fill the left part of the balance sheet (assets), and the grouping by sources of formation and purpose is used to fill the right part of the balance sheet (liabilities).

According to the composition and use, the economic assets of the enterprise are grouped according to the following areas:

- 1) by forms of functioning: tangible assets (assets), intangible assets (assets), financial assets;
- 2) on a monetary basis: monetary and non-monetary assets;

Non-monetary assets are all assets except cash, cash equivalents and

receivables in a fixed (or specified) amount of money.

The monetary assets of the enterprise include cash, their equivalents and receivables in a fixed (or determined) amount of money.

The issue of dividing assets into monetary and non-monetary assets is controversial and debatable, because it is difficult to clearly determine which assets should be attributed to a specific feature. The introduction of the above division into the accounting practice of Ukraine is associated with a number of problems, but the main factor was the consolidation of the monetary-non-monetary valuation method in the International Financial Reporting Standards, and according to Art. 1 of the Law of Ukraine "On Accounting and Financial Reporting in Ukraine" should not contradict international ones.

3) according to the nature of participation in the economic process, speed of their circulation: negotiable and non-negotiable;

4) by level of liquidity: liquid and illiquid;

5) with participation in the production process: means in the sphere of production (production means), means in the sphere of circulation, non-production means;

6) by type of activity: means used in the operational and financial activities of the enterprise and means used in the investment activity of the enterprise;

7) according to depreciation (amortization): economic means (assets) that are subject to depreciation, and economic means that are not subject to depreciation.

The meanings of "current assets" and "working capital" are often equated, although current assets are processed and consumed in the production activities of the enterprise, to the advantage of working capital, which is only advanced. It should be noted that not the entire amount of advanced funds is transformed into capital, but only that which provides an economic, social or environmental result. Therefore, it can be concluded that current assets and working capital are two categories that characterize the same objects: receivables, cash, short-term financial investments and reserves, but at the same time they differ.

The next accounting object is economic processes

Economic processes are separate stages of the movement of funds, consisting of economic operations - actions and events that cause changes in the structure of assets, liabilities, and the company's own capital.

They are divided into

- supply process;

- production process;
- implementation process.

While performing tasks, manufacturing enterprises carry out many operations that form the content of certain business processes. During the work of enterprises, there is a continuous movement of funds, during which they change from one form to another. The movement of funds takes place in the form of a continuous cycle. This means that the working capital of the enterprise is at every given moment in all its stages. These stages are:

- the supply process (the first phase of circulation) – the purchase of labor items for the production of finished products;
- production process – creation of finished products;
- the implementation process – the transfer of finished products to consumers through purchase and sale, as a result of which the company receives money from the buyer.

Business operations that do not affect the change in the state and availability of economic assets, funds and sources of their formation are not reflected in accounting.

The national regulation (standard) of accounting is a regulatory legal act, which defines the principles and methods of accounting and preparation of financial statements by enterprises (except for enterprises that, in accordance with the law, prepare financial statements according to international standards of financial reporting and national regulations (standards) of accounting in the public sector), developed on the basis of international standards of financial reporting and legislation of the European Union in the field of accounting and approved by the central body of executive power, which ensures the formation and implementation of state policy in the field of accounting.

The accounting method consists of separate specific methodological techniques.

Methodical methods of accounting include:

- documentation; accounts;
- inventory; double entry;
- assessment; balance sheet;
- tracing; accounting reporting.

Documentation is a method of primary display of accounting objects (assets, funds, sources of their formation and economic processes) in primary accounting

documents (invoices, invoices, checks, orders, etc.).

Inventory is a method of identifying the actual availability and condition of economic assets, company funds and the sources of their formation on a certain date. The inventory of accounting objects is carried out through measurement, weighing, recalculation, reconciliation. On the basis of the inventory data, adjustments are made to the accounting data on the availability and condition of the accounting objects, since natural drying, partial deterioration and theft of the company's property are possible in the course of economic activity.

Valuation is a method of monetary measurement of accounting objects. With the help of evaluation, natural and labor characteristics (meters) of economic assets are transferred to value. In accounting, the assessment of accounting objects is based mainly on the indicator of actual costs for their creation or acquisition (historical cost).

Costing is a method of calculating the cost of manufacturing a unit of goods and material values or a unit of performed work. The essence of the method is to substantiate, determine and distribute costs that belong to one or another tracing object (product, process, order, etc.).

The balance sheet is a method of grouping and displaying the availability and state of the company's economic assets by composition and use and sources of formation on a certain date in a generalized cost meter. The balance sheet is one of the main forms of accounting and financial reporting.

Accounting reporting is a set of methods and techniques for summarizing current accounting data and an ordered system of interrelated economic indicators of the enterprise's production and economic activity for the reporting period.

Accounting reports are filled out on the basis of accounting account data with a certain system of their grouping.

Methodical methods of accounting are interconnected, complement each other and together form a single whole - the method of accounting.

Accounting accounts are a method of current accounting, control and grouping by economically homogeneous types of economic assets, their sources and operations. A separate account is used to record the balance and movement of a certain type of economic assets.

According to the form of accounts, they are tables in which entries are made during the accounting period. The table of any account is divided into 2 parts:

The sum of the sums of the debit transactions of the account is called the debit

turnover, and the sum of the sums of the transactions on the credit of the account is called the credit turnover. The final balance of funds on the account is called the final balance, or the balance at the end of the period.

Conventionally, all accounting accounts are divided into active and passive. Accounts intended for accounting of the company's assets are called active. Accounts reflecting the accounting of sources of asset formation are called passive. When calculating the final balance of active and passive accounts, the following rules should be followed:

- in active accounts, the initial balance (balance) and all increases are registered as a debit to the account, and all decreases as a credit;
- in passive accounts - on the contrary. The initial balance (balance) and all increases are shown as a credit to the account, and all decreases are shown as a debit.

The essence of double entry and its control value

A double entry is a double reflection in the accounting of each economic transaction: in the debit of one or more accounts and at the same time in the credit of one or more accounts for the same amount.

Double entry makes it possible to carry out balance control of accounting information, that is, to control the correctness and legality of the use of economic assets and the sources of their formation.

Changes in the composition of the company's assets and the sources of their formation are due to continuously performed business operations and entail the same changes in the amounts on the corresponding accounting accounts.

For example: the receipt of raw materials and materials at enterprises leads to an increase in the balance of such assets as materials. At the same time, the debt to suppliers increases by the same amount, so the accounting business operation has a double reflection of this amount in the accounts.

The recording of each business transaction in the debit and credit of the corresponding accounts in the same amounts is called a double entry. With the help of double entry in accounting, the reflection of these economic transactions in their relationship and interdependence is ensured. This approach provides control over the correctness of execution and ensures equality of turnover for debit and credit accounts.

The relationship between accounting accounts, which is established by the double entry of each economic transaction, is called the correspondence of accounts, and the accounts, on the debit and credit of which this transaction is registered, are

corresponding accounts.

A record that reveals the name of debited and credited accounts, the amount of a business transaction is called an accounting entry.

## **PRACTICAL ASSIGNMENTS**

**Task 1.** Name the main legal framework that regulates the issue of accounting

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

**Task 2.** Describe accounting accounts

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

### **Task 3. Relationship between accounting accounts and the balance sheet**

---

---

---

---

---

---

---

---

---

---

### **SELF CHECK TESTS**

1

**In the process of trade and production activities, economic activities are carried out in pharmacies operations displayed on accounting accounts. Accounts which characterize the availability and movement of enterprise property according to its composition, and the balance they are debited, they are called:**

- A. Active**
- B. Passive
- C. Active-passive
- D. Banking
- E. Accounting

2

**Users of accounting information in accounting are divided into external and internal. Among the listed users, specify the internal ones:**

- A. Management staff**
- B. Existing and potential investors
- C. Market partners
- D. Public organizations
- E. Bodies of state management and control

3

**The journal-order form of accounting involves the use of principles of systematization and data accumulation of primary documents management accounting. At the end of each month, credit turnover from the warrant journal is transferred to:**

- A. General ledger**
- B. Journal of retail turnover
- C. Register of invoices
- D. Computer system
- E. News

4

**The accountant of the pharmacy registers business transactions. What an operation is reflected in the debit of the "Goods" account?**

- A. The amount of the goods received**
- B. Retail sale of goods
- C. Wholesale sale of goods
- D. Write-off of the goods on account of the need
- E. Write-off of goods for the provision of medical assistance

5

**Pharmacy establishments in their financial and economic accounting activities use synthetic accounts of nine classes of the Chart of Accounts accounting. What accounting objects are displayed on accounts 4-6 classes?**

- A. Sources of formation of economic means**
- B. Pharmacy products
- C. Costs by elements
- D. Material costs
- E. Income and results of activity

6

**At the end of the reporting period, the accountant summarizes the balance, which consists of assets and liabilities. Sources of formation of economic assets, which consist of own capital, loan (bank loans) and liabilities to legal and natural persons are:**

- A. Balance sheet liability**
- B. Redistributable profit
- C. Wholesale trade
- D. Reserves
- E. Cost level

7

**They are used to record the business operations performed in the pharmacy synthetic accounts, the list of which is given in the Chart of accounts. To fill which document uses the balances on the first, second and third account classes?**

- A. Balance sheet asset**
- B. Report on the financial results of the enterprise
- C. Balance sheet liability
- D. The first part of the liabilities of the balance sheet
- E. The fourth section of the liabilities of the balance sheet

8

**What is a balance sheet?**

- A. A report on the financial condition of the enterprise, which reflects on a certain date its assets, liabilities and equity**
- B. Resources controlled by the enterprise as a result of past events, the use of which is expected to lead to increased economic benefits in the future
- C. Debts of the enterprise that arose as a result of past events and the repayment of which is expected to lead to a decrease in the company's resources

- D. The part in the company's assets that remains after deducting its obligations
- E. Indicators reflecting the state of individual species on the relevant date economic means and sources of their formation

9

**Ledger accounts that account for source changes formation of fixed and working capital are called:**

- A. Active
- B. Passive**
- C. Active-passive
- D. Off-balance sheet
- E. Analytical

10

**What is the name of the left side of the balance sheet account?**

- A. Balance
- B. Credit
- C. Debit**
- D. Assets
- E. Passive

**After completing the practical task, the student should acquire practical skills and abilities regarding:**

- organization and management of intra-economic (management), statistical and accounting records in pharmacy establishments;
- formation of the accounting policy and drawing up an order on the accounting policy for the pharmacy establishment;
- practical application of the main provisions of the Law of Ukraine "On Accounting and Financial Reporting in Ukraine".

## **TOPIC 2 BASIC PRINCIPLES AND METHODS OF FORMATION OF THE SYSTEM OF PRICES FOR MEDICINES**

**The student should know** price characteristics, price functions, classification, types and structure of prices for finished and extemporaneous medicines, basic principles of pricing in pharmacy, reference pricing.

**Basic terms and concepts:** price, price functions, price classification, types and structure of prices, cost, pricing, reference pricing.

### **QUESTIONS**

1. Pricing of medicines as a national and international problem.
2. The concept of cost and price of medicines. Types of prices, their functions.
3. Basic principles of pricing for medicines. Mechanisms of state regulation of prices and tariffs.
4. Analysis of economic mechanisms for increasing the availability of medicines for different segments of the population. Price monitoring.
5. Methodology for calculating trade margins and formation of retail prices for finished medicines and medical devices. Reference pricing.

### **SELF-CHECK QUESTIONS**

1. Pricing features.
2. Price classification.
3. Price incentive function.
4. Accounting function of price.
5. Distributive price function.
6. Factors that affect prices.
7. What is the concept of pricing for medicines?
8. State regulation of prices and tariffs for medicines?
9. The main mechanisms for increasing the availability of medicines for different segments of the population.

10. Components of the price structure for industrially produced medicines.
11. Reference pricing, examples.
12. Price structure for extemporaneous dosage form.

## **OVERVIEW**

The price is the monetary expression of the value of the goods.

The price performs essential functions, which are not only to receive income from sales, but also to inform the manufacturer about the volume of demand for medicines, and the consumer about the possibility of meeting the need. Ultimately, the achieved commercial results depend on the price, as well as the chosen pricing strategy affects the increase in competitiveness and efficiency of production and sales activities of a pharmaceutical company.

Prices are classified according to the following principles:

According to the method of fixation:

- movable (prices fixed on the date of signing the contract).
- Solid.
- sliding (the price may be revised to take into account changes in production costs).

Depending on government influence, regulation, degree of competition:

- free prices.
- Regulated prices.

By the nature of circulation servicing:

- stock exchange retail prices.
- wholesale purchase and sale prices.

Depending on the type of market:

- the price of commodity auctions.
- stock exchange quotes.
- Bidding price.

Pricing factors are divided into two groups: internal and external.

Internal factors: pricing goals, costs of production and sale of medicines.

External factors: the level of demand, the state of the competitive environment, participants in the product movement, state regulation of pricing for medicines.

The following factors are included in the formation of prices for medicines:

- demand factors.
- supply factors.
- environmental factors.

Demand factors:

- properties of the medicinal product (side effects, efficacy).
- therapeutic properties of drugs in relation to other drugs.
- categories of doctors who can write prescriptions for this drug.
- daily dose, frequency of use of the drug, duration of the course of treatment.
- characteristics and size of the segment of possible consumers (income level,

age group).

- possible duration of the life cycle of drugs.

Supply factors include:

- the number of drugs analogues.
- the number of pharmaceutical companies on the market.
- patent protection of medicines.
- the possibility of modifying drugs.
- government procedures for registration of medicines.
- quality control and control of the production process.
- the duration of the shelf life of the drug.
- source of raw materials or substance for the production of medicines.
- location of production and warehouses.
- research and development expenditures.
- development of distribution channels for medicines.
- development by competitors of promising drugs for the treatment of disease

or symptoms.

Environmental factors:

- the size of the gross domestic product and its growth rate.
- health care expenditure as a percentage of GDP (nature of GDP distribution).
- drug costs as a percentage of health care costs.
- standard of living of the population (average wage).
- the nature of drug consumption.
- political and economic stability.

- the role of government in paying for health care costs.
- state regulation of prices for medicines.
- regulation of export and import of medicines.

Business entities in Ukraine.in the course of business use the following:

- free prices.
- government-regulated prices.

Price regulation shall be carried out by the Cabinet of Ministers of Ukraine, bodies of executive power, state collegial bodies and bodies of local self-government in accordance with their powers by:

1) establishment of mandatory for use by business entities:

- fixed prices.
- price caps.
- marginal levels of trade markup (markup) and supply and sale markup (supplier's remuneration).
- marginal standards of profitability.
- the amount of the supplier's remuneration.
- the number of surcharges, discounts (discount coefficients).

2) introduction of the procedure for declaring price changes and/or price registration.

For medicines included in the National List of Essential Medicines (except for narcotic, psychotropic medicines, precursors and medical gases), the maximum supply and sale markups are not more than 10 percent, which are charged to the wholesale price including taxes and fees, and the maximum trade (retail) markups, based on the purchase price including taxes, not exceeding the following amounts:

Purchase price, UAH	Trade (retail) markup to the purchase price, interest
Up to 100 (inclusive)	25
More than 100 to 500 (inclusive)	20
More than 500 to 1000 (inclusive)	15
More than 1000	10

2) for medicinal products (except for narcotic, psychotropic medicines,

precursors and medical gases, as well as medicines to be procured in accordance with managed access agreements), which are purchased in whole or in part at the expense of the state and local budgets, the maximum supply and sale markups are not more than 10 percent accrued to the wholesale price including taxes and fees, and the maximum trade (retail) markups are not more than 10 percent interest accrued to the purchase price, including taxes;

3) for medicinal products (except for insulin preparations), the cost of which is subject to reimbursement in accordance with the legislation, the maximum supply and sale markups in the amount of 10 percent, accrued to the wholesale price including taxes, and the maximum trade (retail) markups in the amount of 15 percent, accrued to the purchase price including taxes;

4) for insulin preparations, the cost of which is subject to reimbursement in accordance with the legislation, marginal supply and sale markups in the amount of 10 percent, accrued to the wholesale price including taxes, and marginal trade (retail) markups in the amount of 10 percent, accrued to the purchase price including taxes.

The requirements do not apply to the procurement of medicines manufactured in pharmacies, medicines to be procured in accordance with agreements concluded by the Ministry of Health with specialized procurement organizations, medicines and medical devices to be procured by the State Enterprise "Medical Procurement of Ukraine" as a recipient of budget funds for the implementation of programs and centralized health care measures. The requirements of this resolution also do not apply to the procurement of medicines to be procured by the health care units of regional and Kyiv city state administrations for the implementation of regional target programs approved in accordance with the established procedure, and for which the state assessment of medical technologies has been carried out.

The requirements do not apply to the purchase of vaccines against influenza and acute respiratory disease COVID-19 caused by coronavirus SARS-CoV-2.

The requirements do not apply to the procurement of medicines for the treatment of acute respiratory disease COVID-19 caused by coronavirus SARS-CoV-2, which are included in the list.

The requirements do not apply to the procurement of medicinal products to be procured under managed access agreements.

Reference pricing is a comparison of the prices of a manufacturer's products in the country of origin and several other countries, carried out by a regulatory body. All manufacturers register the price of the drug in Ukraine, and the state regulator,

having compared the price levels in other countries, can choose the threshold of the entry price to the market, prohibiting sellers from exceeding it.

## **PRACTICAL ASSIGNMENTS**

**Task 1.** Name the main legal framework that regulates the issue of accounting

## **SELF CHECK TESTS**

1

**The head of the pharmacy was approached by a student-intern with a request to explain the structure of the retail price of individual medicines. This price consists of:**

- A. Cost of ingredients, packaging and tariff**
- B. Cost of ingredients and packaging
- C. Cost of ingredients and profit
- D. Packaging costs and tariff
- E. Cost of ingredients and trade margin

2

**The pharmacy prepares extemporaneous medicinal forms. Could you please indicate who sets the prices and tariffs for manufactured medicines?**

- A. Pharmacy on your own**
- B. Regional State Administration

C. Price Inspection

D. Inspectorate for Quality Control of Medicines

E. Ministry of Health

3

**At what level(s) of government in Ukraine is the regulation of prices for medicines and medical devices carried out?**

**A. National level**

B. National and regional levels

C. Regional level

D. Local level and enterprise level

E. Enterprise Level

4

**The pharmacy received the goods, among which is "Ftivazid" in tablets of 0.1 No. 100. What is the maximum level of trade margin to be set by a pharmacy?**

**A. Not more than 25% of the manufacturer's wholesale price**

B. Not more than 40% of the manufacturer's wholesale price

C. Not more than 45% of the manufacturer's wholesale price

D. Not more than 50% of the manufacturer's wholesale price

E. Not installable

5

**In accordance with the current legislation, state regulation of prices has been introduced for some medicines and medical devices in Ukraine. What is the marginal trade markup (mark-up) established for medicines procured by state and municipal health care institutions for budget funds?**

**A. Not more than 10% of the manufacturer's wholesale price**

B. Not more than 15% of the manufacturer's wholesale price

C. Not more than 30% of the manufacturer's wholesale price

- D. Not more than 35% of the manufacturer's wholesale price
- E. Not more than 25% of the manufacturer's wholesale price

6

**The pharmacy received an anticancer drug cyclophosphamide from the supplier. What type of prices does the retail price set for this drug by the pharmacy belong to?**

- A. Adjustable**
- B. Free
- C. Fixed
- D. Negotiable
- E. Indicative

7

**The retail price for factory-made medicines is formed as follows:**

- A. Establishment of trade (retail) markup on the purchase price**
- B. Establishment of trade (retail) markup on the manufacturer's wholesale price
- C. Establishment of the supply and sale margin on the wholesale and selling price of the manufacturer
- D. Installation      Supply-Sales margin for customs value
- E. Setting a single retail price

8

**When posting the goods received by the pharmacy, the amount of the trade margin is reflected. How is the trade margin calculated?**

- A. The difference between the retail and purchase prices of goods**
- B. The difference between the split price and the trade margin
- C. The difference between the retail price and the customs price
- D. The difference between the purchase price and the wholesale price
- E. Difference between inventory balances

9

**The pharmacist accepted medicinal plant raw materials from the procurer. At what prices and in relation to the product is the accepted medicinal plant raw material accounted for?**

- A. In procurement prices, separately from the goods**
- B. At wholesale prices, separately from the product
- C. In procurement prices, as a commodity
- D. At retail prices, separately from the product
- E. At wholesale prices, as a commodity

10

**Among the countries that are included for reference pricing of medicines in the "Affordable Medicines" program, these are all of the following, except:**

- A. Spain and Italy**
- B. Republic of Poland
- C. Slovak and Czech Republic
- D. Republic of Latvia and Hungary
- E. Ukraine

**After completing the practical task, the student should acquire the following practical skills and abilities:**

- Understanding and applying pricing principles in pharmacy establishments, including the classification of prices by method of fixation (fixed, movable, sliding) and regulation (free, regulated).
- Analyzing and utilizing internal and external factors affecting medicine pricing, such as production costs, demand levels, competition, and government regulations to develop effective pricing strategies.

### **TOPIC 3 STOCK MOVEMENT ACCOUNTING. ACCOUNTING OF MOVEMENT OF FIXED ASSETS AND INTANGIBLE ASSETS IN PHARMACY**

**The purpose of the lesson:** to acquaint students with the main aspects of accounting of stock and assets in pharmacy.

**The student should know:** primary accounting of the receipt and sale of goods, peculiarities of accounting for the receipt and sale of poisonous, potent, narcotic, psychotropic drugs and precursors, the procedure for accounting for other operations that increase and decrease the balance of goods in the pharmacy assortment, display of receipt and sale of goods on accounting accounts; organization of accounting for the movement of fixed assets and intangible assets in a pharmacy and a perfumery and cosmetic establishment.

**Basic terms and concepts:** product group assortment, incoming control, mandate, material responsibility, accounting groups of commodity and material values, tax invoice, commodity stocks, expiration date of medicines, commodity and material values, trade markup, forms of payment for goods, pricing of medicines, fixed assets, intangibles assets, original cost, depreciation.

#### **QUESTIONS**

1. Procedure for receiving and selling goods in a pharmacy.
2. Implementation of incoming quality control by an authorized person.
3. Peculiarities of obtaining medicines that are subject of accounting.
4. Concept and classification of fixed assets.
5. Concept and accounting of intangible assets.

#### **SELF-CHECK QUESTIONS**

1. The product as a component of pharmacy stocks.
2. Terms of delivery of the product to the pharmacy.

3. Types of business operations that lead to an increase in inventory and their accounting.
4. The procedure for accounting for the sale of goods for cash payment.
5. The procedure for accounting for the free and subsidized supply of medicinal products.
6. Methodology for calculating the realized trade margin for the month.
7. Fixed assets of the enterprise: concept, classification and accounting.
8. Intangible assets of the enterprise: concepts, classification and accounting.
9. The procedure for determining the initial cost of fixed assets and intangible assets in pharmacies.

## OVERVIEW

**Enterprise assets** -resources controlled by the enterprise as a result of past events, the use of which is expected to lead to economic benefits in the future (Article 1 of the Law of Ukraine "On Accounting and Financial Reporting in Ukraine").

**Stocks in the pharmacy** *are tangible non-monetary assets*, which according to N(S)RS 9:

- are held for further sale in the ordinary course of business and can be converted into cash within a year or one operating cycle;
- are in the process of production for the purpose of further sale of the production product;
- are held for consumption during the production of products, performance of work and provision of services, as well as management of the enterprise.

According to clause 62 of Art. 2 of the Law of Ukraine "On Medicinal Products" the circulation of medicinal products (stocks) refers to activities related to the production, manufacture, storage, transportation, forwarding, wholesale and retail sale (trade), acquisition, use of medicinal products.

In pharmacies, drug stocks include drugs (in accordance with Article 2Art. 2 of the Law of Ukraine "On Medicinal Products"):

- medicinal products;
- products "in bulk";
- medical cosmetics;
- medicinal herbal raw;

- dishes and other low-value inventory.

In addition to medicinal products, pharmacies can purchase and sell related products according to the list approved by the Ministry of Health (Order of the Ministry of Health No. 498 "On Approval of the List of Goods that Pharmacy Institutions and Their Structural Subdivisions Have the Right to Purchase and Sell").

Medicinal products and medical products in pharmacies are recorded in the accounting department and by the place of storage (use).

### **Terms of delivery of the product to the pharmacy**

Delivery to pharmacies is carried out by suppliers (counterparts):

- drug manufacturers;
- wholesale firms;
- pharmacy warehouses.

The basis is a concluded agreement or contract. The contract defines the subject of the agreement; calculation procedure; rights and obligations of the parties; execution terms; procedure for consideration of claims; force majeure circumstances; terms of contract termination. The list of delivered goods, their quantity and prices are given in the specification to the contract.

In accordance with the current legislation, pharmacies can purchase only drugs and medical devices registered in Ukraine from business entities that have a license to conducting economic activities for the production of medicinal products, wholesale trade of medicinal products, import of medicinal products in accordance with the entry in the license register. Copies of licenses, a certificate of state registration of the enterprise-supplier of goods, and a tax payer's certificate must be attached to the sales contract.

Acceptance of medicines is carried out depending on the method of delivery, mode of transport, characteristics of the companies of sellers-suppliers, their distance, etc. The following methods of reception are distinguished:

- by number of seats and gross weight;
- by the number of commodity units and the quality of goods.

Accompanying documents to the product:

- waybill;
- invoice;
- tax bill;
- manufacturer's quality certificate with the seal of the last supplier (mandatory indication of the name, dosage, dosage form, series number, expiration

date, quantity, name of the manufacturer) (electronic form);

- conclusion on the quality of medicinal products imported into Ukraine (for medicinal products of foreign production) (electronic form);

- conclusion on the compliance of MIBP with the requirements of state and state and international standards (for medical immunobiological drugs)(electronic form);

- certificate of conformity for the supply of medical products and dietary supplements (which are not recognized as medicinal products) (electronic form);

- hygiene certificate for cosmetic products and baby food (electronic form).

- the medicinal products listed below must additionally be accompanied by a certificate of analysis issued by a laboratory subordinate to the territorial State Service for medicinal products.

**The list of medicines that are subject to mandatory laboratory testing:**

- substances used in pharmacies for the manufacture of parenteral dosage forms and drugs used in ophthalmic practice;

- narcotic drugs, psychotropic substances and precursors, which are subject to special control in accordance with the current legislation;

- drugs used for anesthesia, in particular inhalation (with the exception of oxygen and nitrous oxide)

- radiopaque agents, including barium sulfate;

anti-tuberculosis drugs (in particular, combined), which contain rimphamycin, isoniazid, ethambutol, pyrazinamide.

A written contract, a power of attorney, an act of a body of a legal entity (for example, a director's order) is a mandatory document for receiving goods.

When interacting with counterparties, the business entity concludes contracts where it prescribes in advance information about a person or several persons who have the right to receive material assets. The advantage of this method is the possibility to specify the list of persons authorized to represent the business entity.

In the event that the product arrives at the pharmacy without accompanying documents, an act of acceptance of the product is also drawn up, the product is taken into responsible storage (its accounting is carried out on an off-balance sheet account), and this product is stored separately.

If a discrepancy is detected in the process of receiving the goods, an "Act on established discrepancy in quantity and quality upon receiving the goods" is drawn up, which the supplier should be informed about on the day of receiving the goods

or no later than the next day.

The authorized person draws up in paper or electronic form (if there is an appropriate electronic accounting system with user authentication and access delimitation) the conclusion of the incoming quality control of medicinal products by marking on the income documents the result positive/negative, allowed/not allowed for implementation, with the identification of the date of its implementation and an authorized person.

In the event of a negative result, the authorized person draws up a report on the detected non-conformities, which is the basis for returning the batch to the supplier.

In case of doubt regarding the quality of medicinal products during visual control, the authorized person shall select samples of questionable medicinal products and send them to the territorial body of the central executive authority. At the time of conducting such studies, until the issue of their quality is finally resolved, a series of dubious medicinal products are kept in a specially designated, clearly defined, marked quarantine zone (room), separate from other products, marked "Quarantine" with the reasons for removal from circulation and the date of removal.

### **Primary accounting of receipt of goods and material values**

After the goods have been accepted in terms of quantity and quality, they are recorded in the relevant accounting documents.

All invoices received together with the goods are entered in the Register of invoices. As a result of the acceptance of the goods, the "Register of medicinal products received by the subject of economic activity" is drawn up.

In the "Journal of accounting for the receipt of goods by groups" in the pharmacy, the goods that have arrived at the pharmacy are displayed according to the classification groups at retail and wholesale prices.

Receipts of poisonous, narcotic and psychotropic drugs are displayed in a special journal (Form No. 129-8/o), which are documents of strict reporting.

### **Product report of the pharmacy.**

The subject part of the commodity report reveals the structure of the commodity balance:

$$\begin{aligned} &\text{Balance of goods at the beginning of the reporting period} + \text{receipt of} \\ &\text{goods for the reporting period} = \text{disposal of goods for the reporting period} + \\ &\text{balance of goods at the end of the reporting period} \end{aligned}$$

In the revenue part of the commodity report, the materially responsible person in chronological order displays the receipt of all commodity and material values during the month. The supplier's accompanying documents are the basis for the records.

Data on the balance of goods at the beginning of the reporting period are taken from the previous report of the line "Balance at the end of..." or the inventory description.

In the profitable part, the costs of commodity operations are reflected.

**"Journal of accounting for drugs according to expiration dates."** Medicines with a limited shelf life are registered in this journal.

At the end of the month, on the basis of the product report, a report of the pharmacy on financial and economic activity (monthly report) is drawn up.

**Types of business operations that lead to an increase in inventory and their accounting.**

Domestic operations that increase the balance of goods in the pharmacy:

- transfer of inventory items from other accounting groups to goods (containers, herbal raw, auxiliary materials, etc.);
- the amount of tariffs for the manufacture of extemporaneous medicinal products according to individual prescriptions and for laboratory and packaging work;
- the cost of purified water for individual and serial production;
- additional assessment of laboratory and packaging works;
- posting surplus goods discovered during the inventory.

An increase in the value of merchandise stocks must be documented by appropriate supporting documents.

The conversion of goods from other accounting groups (containers, LRS) into goods is formalized by the "Act on the conversion of medicinal plant raw materials into goods". Additional assessment for laboratory and packaging works is displayed on the basis of the "Reference on additional assessment and markdown for laboratory and packaging works". Purified water is sold on the basis of certificates that are drawn up at the end of the month. The posting of excess goods discovered during the inventory is carried out on the basis of the "Inventory Results Act".

All these operations are reflected in the profit part of the commodity report at retail prices and are included in the monthly report. The amount of the markup for laboratory and packaging works is entered in the expense part of the report.

Structural subdivisions of pharmacies receive goods from the pharmacy to which they belong. The goods that the pharmacy transfers to the structural divisions are not excluded from the general stocks of the pharmacy.

Materially - the responsible person who heads the pharmacy receives the goods for reporting on the basis of the issued invoice-requirement, which is drawn up in 3 copies: the first copy is added to the goods report, the second is given to the person who receives the goods, the third remains with the materially responsible person, which released the goods.

The release of goods to other departments of the pharmacy is carried out on their behalf **bill of lading requirements** and is accompanied by invoices **internal displacement**.

For the release of pharmaceutical products, a demand is drawn up - a bill of lading.

#### *Inventory accounting*

The inventory accounting unit is their name or homogeneous group. Such a unit can be a species, variety, stock brand, that is, each nomenclature number.

The methodological principles of the formation of information about stocks in accounting and its disclosure in financial reporting are determined by Regulation (standard) of accounting 9 "Stocks".

#### *Accounting of received medicinal products*

The assessment of receipts of goods to the pharmacy is carried out on the basis of the supplier's invoices and acts of acceptance and transfer of transport services for the importation of goods.

Upon receipt of pharmacy products, it is necessary to determine their original cost (actual cost). According to NP(S)BO No. 9 "Inventories", the following costs are included in the initial cost of goods:

- amounts paid to the supplier of goods in accordance with the agreement (contract);
- amounts of import duty on imported goods;
- amounts of indirect taxes that are not reimbursed to the enterprise;
- procurement costs, transportation of goods, loading and unloading works, including insurance and interest costs for suppliers' commercial credit; and
- other costs that are directly related to the purchase of goods.

Accounting for such transactions is carried out on the following accounts active account 282 "Goods in trade", the debit of which shows the receipt of

goods, the credit - disposal

passive account 285 "Trade markup", the credit of which shows an increase in the amount, the debit shows a decrease in the amount.

Simultaneously with accounting VAT

active account 641 "Tax settlements", the debit of which shows the occurrence of the tax credit, which actually arises together with the posting of the receipt of the goods from the supplier, according to the credit - tax obligations that actually arise with the registration of the fact of sale, that is, with the transfer of assets to the buyer.

passive account 631 "Settlements with suppliers and contractors", on the credit of which in Debt for goods received from suppliers and contractors is shown, and for credit - its repayment, write-off.

### **The procedure for accounting for the sale of goods for cash payment**

The sale of medicinal products is the main direction of disposal of goods from the pharmacy.

According to the technological indicator, the recipe is divided into extemporaneous (individual preparation of drugs) and ready-made drugs (drugs of industrial and intra-pharmacy production). Depending on the status of the medical and preventive institution where the prescriptions were issued, prescriptions are divided into outpatient and inpatient.

Accounting for accepted outpatient extemporaneous prescriptions in the relevant documents, namely in the receipt book or in the prescription journal (cost of medicines, VAT, water, tariff, discount/surcharge, total cost of extemporaneous form and VAT).

Data for the day (the total volume of retail sales, the number and value of extemporaneous dosage forms, the number and value of ready-made forms sold, the number and value of internal procurement, tariffs and purified water) are entered into the Recipe Accounting Journal and are displayed in an accumulated document containing data for each day of the month - the register of retail sales (part 7 of the merchandise report) and the cash book. In the expenditure part of the goods report (section 2, for cash) the amount of the sold recipe is displayed. The monthly amount from the cost of realized tariffs and water is displayed in the profit part of the product report (only sold goods can be sold). The funds received from the sale are reflected in the income part of the monthly report - the cash flow register (section 1).

The retail turnover of a retail pharmacy chain is determined by the actual revenue, which is daily (or periodically) delivered in cash to the pharmacy's cash register and posted according to profitable cash orders and displayed in the cash book. It is entered in the retail turnover register, the expenditure part of the commodity report and the income part of the money flow register of the monthly report.

### **The procedure for accounting for the free and subsidized supply of medicinal products.**

Medicinal products subject to free or subsidized dispensing are additionally entered into the register or journal of registration of prescriptions for free and subsidized dispensing of medicinal products.

Payment of the full cost or part of the cost of medicinal products is carried out by health care institutions or local authorities on the basis of consolidated registers. Such registers are made, as a rule, in 2 copies: the first is presented by the pharmacy for payment, and the second with prescriptions is kept in the pharmacy.

Thus, the pharmacist, when receiving discounted prescriptions, first of all charges them at full cost, and then displays data about them in the following accounting documents:

- prescription journal;
- recipe accounting log;
- a consolidated register of prescriptions separately for each category of patients and each hospital in duplicate (the number of the prescription, the name of the patient, the full cost of the medication, as well as the amount paid by the patient (50%) and the amount to be paid to the hospital are recorded);
- the bill for payment, which together with one copy of the consolidated register and preferential prescriptions is transferred to local management bodies or the pharmacy (the second copy of the consolidated register together with the prescriptions remains in the pharmacy);
- register of issued accounts;
- the register of retail turnover (section of the monthly report), the amount paid in cash is indicated.

### **Accounting for the sale of medicinal products**

Pharmacies can sell ready-made medicinal products and their own individual production.

Accounting for the sale of medicinal products is kept on account 282 "Goods

in trade" in compliance with the requirements of Accounting Regulation (standard) 9 "Inventories". At the same time, the methodology of accounting records, which is used in trade organizations, is used to record finished medicines.

When dispensing individually manufactured drugs in pharmacies, their cost includes the cost of drugs received from suppliers and the cost of work (tariffs) for their manufacture and packaging. The amount of the revaluation is recorded in the profit part of the report. When medicines are dispensed to customers through the cash register, the tariff amount is not separately allocated, as it is included in the retail price of the finished product (medicine) and is debited to the goods and cash report in the form of surrendered trade revenue.

An entry is made in accounting:

By debiting account 282 "Goods in trade" and crediting 2852 "Trade markup (tariff posting)".

For certain medicines, sold free of charge or on preferential terms, compensation for the under-received revenue is provided at the expense of the budget.

The following billing correspondence applies to the amount of benefits to be reimbursed:

Income from budget compensation was accrued: Debit 48 from Credit 702.

Received amount of budget compensation: Debit 31 from Credit 48.

The VAT tax liability is reflected: Debit 702 from Credit 641

### **Methodology for calculating the realized trade margin for the month.**

During the posting of goods at retail enterprises, a percentage of the trade mark-up is set, which is recorded on subaccount 285 "Trade mark-up". On the basis of the report on the circulation of goods, entries are made in the accounting registers for the calculation of the trade mark-up:

At the end of the reporting period, they calculate the distribution of the trade markup between sold and unsold goods.

The amount of the trade mark-up on sold goods is defined as the product of the selling (retail) value of the goods sold and the average percentage of the trade mark-up.

*Average percentage of trade margin* determined by dividing the amount of the balance of trade mark-ups at the beginning of the reporting month and trade mark-ups in the sales value of goods received in the reporting month by the amount of the sales (retail) value of the balance of goods at the beginning of the reporting month

and the sales (retail) value of goods received in the reporting month.

Calculation of the average percentage of trade margin:

$$W_{tn} = (TH_p + TH_{3B}) : (T_{\Pi} + T_{3B}),$$

where  $V_{tn}$  is the average percentage of trade margin;

$TN_p$  — balance of trade mark-ups at the beginning of the reporting month;

$TH_{3B}$  — the amount of trade mark-ups for the reporting month;

$T_p$  — sales value of the remaining goods at the beginning of the reporting month;

So-called - sales value of goods received in the reporting month.

Calculation of trade markup attributable to sold goods:

$$Tn_{real} = T_{real} \times W_{tn},$$

where  $Tn_{real}$  is the amount of trade markup on sold goods;

Real is the selling price of sold goods.

**Fixed assets** are tangible assets that the enterprise owns for the purpose of using them in the process of production or supply of goods, provision of services, leasing to other persons or for the implementation of administrative and socio-cultural functions, the expected period of useful use (exploitation) of which is more than one year (or operating cycle if it is longer than a year).

Methodological principles of formation in accounting of information about fixed assets are determined by NP(S)BO 7 "Fixed assets".

**Unit of accounting for fixed assets**- an object of fixed assets as a finished device with all its accessories and accessories, or a separate structurally separated object designed to perform certain independent functions, or a separate complex of structurally connected objects of the same or different purpose, which have common devices for their maintenance, accessories, control and a single foundation, as a result of which each item can perform its functions, and the complex - a certain work as part of the complex, and not independently.

**Fixed assets**- tangible assets designated by the taxpayer for use in economic activity, the value of which exceeds UAH 20,000. and gradually decreases due to physical or moral wear and tear, and the expected period of useful use (exploitation) of which is more than a year from the date of commissioning.

**Intangible asset**- a non-monetary asset that does not have a material form and can be identified.

Methodological principles of formation in accounting of information about intangible assets are determined by NP(S)BO 8 "Intangible assets".

Intangible assets are accounted for by object with generalization of information by homogeneous groups.

A group of intangible assets is a set of intangible assets of the same type in purpose and terms of use (rights to use natural resources, rights to use property, rights to commercial designations, rights to objects of industrial property, copyright and related rights, etc.).

**Fixed assets and intangible assets are valued** by cost: initial, fair, residual, amortization, liquidation.

Synthetic account 10 "Fixed assets" is provided to summarize information on the availability and movement of fixed assets. Account 12 "Intangible assets" is intended for recording and summarizing information on the presence and movement of intangible assets.

Depending on the nature, condition of fixed assets and intangible assets, and the time of evaluation, the following types of value are distinguished: original cost, residual value, fair value, depreciable value, liquidation value.

**Initial value**- historical (actual) cost of non-current assets in the amount of cash or fair value of other assets paid (transferred), spent for acquisition (creation) of non-current assets.

**Overestimated value**- the value of non-current assets after their revaluation.

**Residual value**- the difference between the original (revalued) cost and the amount of depreciation of fixed assets, intangible assets.

**Fair value** - the market value, determined by expert evaluation, which is usually determined by professional appraisers.

**Depreciable value**, - the original or revalued value of non-current assets after deducting their liquidation value.

**Liquidation cost** - the amount of money or the value of other assets that the enterprise expects to receive from the sale (liquidation) of non-current assets after the end of their useful life (exploitation), after deducting the costs associated with the sale (liquidation).

Purchased (created) fixed assets are credited to the balance sheet of the enterprise at their original cost. The unit of accounting for fixed assets is the object of fixed assets.

**The initial cost of an object of fixed assets consists of the following costs:**

amounts paid to suppliers of the asset (without indirect taxes);  
registration fees, state duty and similar payments made in connection with the acquisition (receipt) of rights to an object of fixed assets;  
import duty amounts;  
amounts of indirect taxes in connection with the acquisition of fixed assets (if they are not reimbursed by the enterprise);  
· costs of insurance of the risks of delivery of fixed assets;  
expenses for installation, assembly, adjustment of the main means;  
Other costs directly related to bringing fixed assets to a condition in which they are suitable for use;

Costs for paying interest for using credit are not included in the initial cost of fixed assets purchased in full or in part at the expense of loan capital.

**Depreciation of fixed assets**- this is a systematic distribution of the value of non-current assets, which is amortized during the term of their useful use (exploitation). Land and other fixed assets that have an unlimited useful life are not subject to depreciation.

The term of useful use of the asset may be shorter than the technical term of this use. The method of depreciation of fixed assets is chosen by the enterprise independently, taking into account the expected method of obtaining economic benefits from its use. The useful life of the asset may change:

in the event of a change in the production technology or market demand for products produced using this asset;

· in case of capitalization of the following expenses related to the use of the asset, which improve its condition.

According to the provisions of the standard, depreciation is calculated during the period of useful use (operation) of the object, which is established by the enterprise when recognizing this object as an asset (when it is entered on the balance sheet), and is suspended for the period of its reconstruction, modernization, completion, retrofitting and conservation.

Depreciation of fixed assets is calculated using the following methods:

• **rectilinear**, according to which the annual amount of depreciation is determined by dividing the amortized value by the expected period of use of the fixed assets object:

- **decrease in residual value**, according to which the annual amount of depreciation is determined as the product of the residual value of the object at the beginning of the reporting period or the original value on the date of the start of depreciation and the annual rate of depreciation.

- **accelerated reduction of residual value**, according to which the annual amount of depreciation is determined by the product of the residual value of the object at the beginning of the reporting period or the original value at the date of the start of depreciation and the annual rate of depreciation, which is calculated based on the period of useful use of the object, and is doubled;

- **cumulative**, according to which the annual amount is determined as the product of the depreciable value and the cumulative coefficient.

- **Cumulative coefficient** is calculated by dividing the number of years remaining until the end of the expected period of use of the object of fixed assets by the sum of the number of years of its useful use.

- **production**, according to which the monthly amount of depreciation is determined as the product of the actual monthly volume of production and the production rate of depreciation.

Depreciation is calculated monthly. The monthly rate of depreciation when applying the methods mentioned earlier is determined by dividing the annual amount of depreciation by 12. Depreciation starts from the month following the month in which the object of fixed assets was put into useful use. Depreciation is suspended. Starting from the month following the month of disposal of the fixed asset object.

To generate information about the availability and movement of fixed assets, use the inventory card for accounting for the movement of fixed assets (OZ - 6) and the description of inventory cards for accounting for fixed assets (OZ - 7), which allow you to generate information in accordance with the requirements of synthetic accounting of fixed assets in terms of subaccounts .

### **Accounting for intangible assets**

**Intangible assets**- these are non-monetary assets that do not have a material form and are controlled by the enterprise for the purpose of use during a period of more than one year (or one operating cycle, if it exceeds one year) for production, trade, for administrative needs or for leasing to other legal entities.

An intangible asset is defined as an asset if:

there is a possibility that the enterprise will receive economic benefits in the future as a result of its use;

its assessment can be reliably determined.

**Intangible assets include:**

### A. Objects of intellectual property rights:

B. Objects of economic right of use, organizational and other benefits, such as the right to use economic and other privileges, monopoly positions on the market for the production of goods and the provision of services, gulvids, etc. Rights are confirmed by relevant documents.

Analytical accounting is conducted by types of individual objects of intangible assets

## PRACTICAL ASSIGNMENTS

**Task 1.** Present the classification of fixed assets in the form of a scheme.  
Draw up the scheme yourself

**Task 2.** Provide a comprehensive list of business transactions with movement of goods in a pharmacy (operations on their receipt and disposal)

[illegible]

## SELF-CHECK TESTS

1

**What is the name of the document according to which the supplier undertakes to deliver goods, and the buyer - to receive and pay for them within the specified terms?**

- A. Invoice
- B. Bill of lading is a demand
- C. Trade obligation
- D. Supply contract**
- E. Bill of lading

2

**How is the product delivered to the pharmacy by the transport of the pharmacy warehouse received?**

- A. By number of seats and net weight
- B. By gross weight
- C. By net weight
- D. By number of seats and gross weight**
- E. By the number of seats

3

**With what remaining expiration date should be shipped bacterial preparations pharmacy composition?**

- A. At least 25%
- B. At least 30%
- C. At least 35%
- D. At least 40%**
- E. At least 50%

4

**With what remaining expiration date should be shipped medicines in a pharmacy?**

- A. At least 50%
- B. At least 60%**
- C. At least 40%
- D. At least 55%
- E. At least 45%

5

**When should the final acceptance of the product be carried out at the pharmacy?**

- A. During 3 days
- B. During 5 days
- C. During 7 days
- D. During 10 days**
- E. Within a month

6

**In how many copies is the "Act on establishment of differences in quantity and quality"?**

- A. In 1 copy
- B. In 2 copies**
- C. In 3 copies
- D. In 4 copies
- E. In 5 copies

7

**How many copies are made of the "Deed of acceptance of goods without an invoice supplier"?**

- A. In 1 copy
- B. In 2 copies**
- C. In 3 copies
- D. In 4 copies
- E. In 5 copies

8

**What document is used to register the receipt of goods by transfer from one pharmacies to another?**

- A. Bill of lading requirement
- B. Goods and transport invoice**
- C. The goods are delivered without documents
- D. Journal of accounting for consumption of goods for economic needs
- E. Bill of exchange for personal accounts of buyers and other calculations

9

**In which documentation is the receipt of stock in the pharmacy registered?**

- A. In the "Journal of registration of goods received by groups" and "Register of medicinal products received by the subject of economic activity"**
- B. In "Journal of accounting for narcotic, psychotropic drugs and precursors"
- C. In "Journal of accounting for poisonous, potent drugs and alcohol ethyl"
- D. In "Information on the accounting of material balances in the warehouse"
- E. In the "Acceptance Receipt"

10

**In which documentation is the receipt of narcotic drugs registered in the pharmacy?**

- A. In "Journal of accounting for poisonous, potent drugs and alcohol ethyl"
- B. In the "Journal of registration of goods received by groups"
- C. In "Journal of accounting for narcotic, psychotropic drugs"**

## **and precursors"**

D. In "Information on the accounting of material balances in the warehouse"

E. In "Admission Receipt"

**After completing the practical task, the student should acquire practical skills and abilities:**

- organize reception of goods in the pharmacy and other valuables;
- document receipt of the goods at the pharmacy;
- know the peculiarities of accounting for the receipt of poisonous, potent, narcotic and psychotropic drugs;
- keep track of the sale of goods for cash and non-cash settlement, unpaid and reduced leave;
- perform the calculation of the realized trade allowance;
- application of normative and legislative documents that regulate organization of accounting of fixed assets and intangible assets in the pharmacy;
- application of primary documents on the accounting of fixed assets and intangible assets;
- the procedure for accounting for fixed assets and intangible assets

## **TOPIC 4 ACCOUNTING OF INCOME AND EXPENSES, RESULTS OF ACTIVITIES OF PHARMACIES**

**The student should know:** the national system of accounting and reporting, accounting policy, accounting regulations (standards), the concept of income and expenses as an economic category, classification of income and expenses, composition of costs by economic elements, nomenclature of cost items, methods for determining the cost.

**Basic terms and concepts:** income, expenses, operating activities, ordinary activities, extraordinary activities, cost, financial results.

### **QUESTIONS**

1. Concept and Costs as Economic Categories.
2. Classification of income and expenses.
3. Accounting for income and expenses.
4. Determination of the cost of products sold.
5. Procedure for determining and accounting for financial results.

### **SELF CHECK QUESTIONS**

1. Composition of economic indicators of trade and financial activity of pharmacies.
2. Determination of income and expenses.
3. Classification of income and expenses.
4. Methods for determining the cost of products sold.
5. Nomenclature of cost items.
6. Composition of costs by economic elements.
7. The procedure for writing off spent inventory.
8. Procedure for accounting for income.
9. Methods for determining the cost of products sold.

## OVERVIEW

To determine the financial result of the pharmacy's activities for the reporting period, it is necessary to compare the income of the reporting period and the expenses incurred to obtain these incomes. The general rules for the formation of information on income in accounting are established by the National Accounting Regulation (Standard) 15 "Income", which is used by enterprises, organizations and other legal entities, regardless of ownership. The procedure for the formation of information on expenses in accounting is determined by the National Accounting Regulation (Standard) 16 "Expenses".

To determine the financial result of activities for the reporting period, it is necessary to adhere to the principles of recognition of income and expenses, namely: accrual; Matching; Periodicity.

The accrual principle provides for the reflection of the results of business transactions in the reporting period when the business transaction takes place, without taking into account the moment of receipt or payment of funds, since the payment of funds does not always coincide in reporting periods with the moment of the business transaction.

The accrual principle is applied in conjunction with the matching principle, which consists of comparing income and expenses of the reporting period, i.e. the expenses incurred to generate income must be reconciled with this income. For example, if a pharmacy recognizes income from the sale of goods at the time of shipment to customers, then at the same time it is necessary to recognize the cost of goods sold. In this case, income is recognized at the time of an increase in an asset - receivables, and expenses - simultaneously with a decrease in assets (goods).

To determine the financial result based on the principle of periodicity, the company's income and expenses are distributed by reporting periods. According to NAS 1 "General Requirements for Financial Reporting", the reporting period is a calendar year, but for the availability of operational information for making management decisions, intermediate reporting periods are established: month, quarter. For a newly established company, the first reporting period may be less than 12 months but may not be more than 15 months. The reporting period of the company in liquidation is the period from the beginning of the year to the moment of liquidation. Income, expenses and financial result of the enterprise are determined by the cumulative total for the reporting period.

Accounting should provide complete, reliable information about the income, expenses, profits (losses) of the enterprise for the reporting period. Such information is the basis for analysis and management decision-making, and therefore it is appropriate to reflect the results by type of activity of the enterprise. According to the National Accounting Standards, it is necessary to reflect separately the results of ordinary activities and the results of extraordinary events.

Ordinary activity is any of the main activities of a pharmacy, as well as operations that provide the main activity or arise from its conduct.

An emergency event is an event or transaction that differs from the normal activities of a pharmacy and is not expected to be repeated periodically or in each subsequent accounting period. Income and expenses from extraordinary events should be reflected separately from the results of ordinary activities, taking into account the possible significant impact of these events on the final result of the pharmacy's activities.

For separate accounting of income and expenses, as well as the preparation of the Income Statement, the Chart of Accounts provides for the appropriate classes of accounts. Thus, in order to summarize information on the company's income, class 7 "Income and results of activity" is provided, on expenses - class 8 "Expenses by elements" and class 9 "Expenses of activity". Class 9 accounts account for expenses that reduce the income of the reporting period, and class 8 accounts are designed to reflect the operating expenses of the enterprise by economic elements.

Cost accounting in pharmacies can be done in three ways:

- using Class 8 "Item Costs" accounts.
- using Class 9 "Operating Expenses" accounts.
- with the help of class 8 and 9 accounts.

At the end of the reporting period, the balances of class 7, 8 or 9 accounts are debited to account 79 "Financial results", according to which the profit or loss from the financial and economic activities of the pharmacy is reflected. The defined profit or loss is debited to the "Retained earnings (uncovered losses)" account.

Income from economic activity is classified in accounting and financial statements by type of activity. This makes it possible to recognize income, taking into account the peculiarity and essence of each transaction, and to provide a basis for further analysis of the company's activities and control over it for making management decisions.

The composition of income related to each group is established by NAS 15

"Income".

However, this standard does not apply to some pharmacy revenues related to:

- lease agreements.
- dividends attributable as a result of financial investments accounted for by the equity method (i.e. dividends from investments in joint ventures, subsidiaries and associates).
- insurance activities.
- changes in the fair value of financial assets and financial liabilities, as well as liquidation (sale, redemption) of these assets and liabilities.
- changes in the value of other current assets.

Income from the activities of pharmacies is recognized when, as a result of a business transaction:

- assets are increasing, or
- liabilities decrease and, as a result, equity increases.

Therefore, if assets increase (or liabilities decrease) but do not result in an increase in equity, income is not recognized.

Amounts received from other parties are not recognized as pharmacy income, i.e.:

- the amount of VAT, excise duty, other taxes and mandatory payments to be transferred to the budget and extra-budgetary funds.
- the amount of revenues from commission agreements and other similar agreements in favor of the committer, etc.
- the amount of prepayment for products (goods, works, services).
- advance amount.
- the amount of the deposit secured or repaid the loan.

In order to summarize in accounting information on income from the sale of finished products, goods, works and services, as well as on the number of discounts provided to customers, and other deductions from income, the Chart of Accounts provides for account 70 "Income from sales", which has several sub-accounts.

Recognition of income (revenue) from the sale of goods is associated with the fulfillment of certain conditions of NAS 15 "Income", in particular:

1. Transfer to the buyer of the risks and benefits associated with the ownership of the products.

For the most part, the transfer of the risks and rewards of ownership coincides with the transfer of legal ownership or the transfer of management to the buyer.

2. The seller does not manage and control the goods sold. If the entity retains further management or control of the goods sold, then income from such sales is not recognised.

3. The amount of income is reliably determined. Income, which cannot be reliably assessed, is not reflected in the financial statements, which corresponds to one of the basic principles of accounting and financial reporting - prudence, which provides for the reflection in the financial statements of all elements (assets, liabilities, etc.) at cost, which should prevent understatement of liabilities and expenses and overestimation of assets and income of the enterprise.

4. Confidence that the transaction will result in an increase in economic benefits and that the costs associated with the sale of products are reliably determined. If there is uncertainty about the receipt of sales revenues, then until this uncertainty is resolved, income should not be recognised.

When selling goods for cash, the recognition of income coincides with the fact of receipt of money. In the case of non-cash sale of goods, the recognition of income in accounting is identified by the fact of sale of goods, and not by the receipt of money.

Other operating income includes all income not related to the sale of goods, works, services, which, in particular, include:

- income from the sale of other current assets (inventories, low-value and wear-and-tear items, etc.).
- income from operating leases of assets.
- income from operating foreign exchange differences.
- penalties, fines, forfeits, which are recognized by the debtor or in respect of which a decision of the judicial authorities on recovery has been obtained.
- income from reimbursement of previously written-off assets.
- income from the write-off of accounts payable that arose during the operating cycle, after the expiration of the limitation period.
- grants, appropriations and subsidies received.
- Other income from operating activities.

In accounting, the amounts of other income from the operating activities of pharmacies are reflected in account 71 "Other operating income" on the relevant sub-accounts.

To account for the amounts of compensation for losses from extraordinary events, in particular the reimbursement of insurance organizations, as well as to

account for other extraordinary income, account 75 "Extraordinary income" is assigned. The credit of the account reflects the recognized amount of compensation, in particular from insurance organizations, losses from extraordinary events, by debit - write-off in the order of closing to account 79 "Financial results".

According to NAS 1 "General Requirements for Financial Reporting", expenses are a decrease in economic benefits during the accounting period in the form of disposal of assets or an increase in liabilities that lead to a decrease in equity (except for a decrease in capital due to its withdrawal or distribution by owners).

Expenses arising from a decrease in assets include:

- write-off of materials for production, for repair of fixed assets, for administrative needs.
- accrual of depreciation (depreciation).
- write-off of fixed assets, intangible assets and other non-current assets that have become unusable and are not used.
- losses from inventory impairment.
- shortage of stocks (raw materials, goods, finished products).
- accrual of allowance for doubtful debts or write-off of receivables that may not be repaid.
- charitable contributions.
- recognized economic sanctions - fines and penalties paid.

Expenses that increase liabilities are accruals:

- salaries, taxes, fees, mandatory payments.
- deductions for compulsory and voluntary insurance.
- transportation costs.
- rent, utilities, communication costs, advertising services.
- services of third-party organizations (audit, legal, consulting, medical, etc.).
- Other accruals of expenses related to increased liabilities.

Accounting of pharmacy expenses is carried out in accordance with NP(S)A 16 "Costs". As already mentioned, an expense is recognised as an expense of a certain period at the same time as the revenue for which it is made is recognised. That is, expenses are recognized on the basis of the principle of correspondence of income and expenses (for example, material costs, labor costs and the purchase of goods are recognized as expenses at the time of recognition of income from the sale of goods).

Expenses that cannot be related to the income of a certain period are reflected

in the expenses of the reporting period in which they were incurred.

Another prerequisite for the recognition of expenses, as well as other assets or liabilities, is their reliable valuation.

It should be noted that the following transactions are not recognized as expenses and are not included in the income statement:

- 1) repayment of received loans.
- 2) advance payment for stocks, works and services.
- 3) payments under commission agreements, agency agreements and other similar agreements in favor of the committer or principal.
- 4) expenses that are reflected by a decrease in equity in accordance with the Accounting Regulations (Standards).

To account for expenses, the Chart of Accounts provides for accounts of class 8 "Expenses by elements" and accounts of class 9 "Expenses of activities".

Cost elements are a set of economically homogeneous operations. In accordance with the Instruction on the use of the Chart of Accounts, Class 8 accounts are provided for the following to reflect expenses by elements:

1. Operating Expenses:

- Account 80 "Material costs".
- Account 81 "Labor costs".
- Account 82 "Deductions for social activities".
- Account 83 "Depreciation".
- Account 84 "Other operating expenses".

2. Expenses related to investment and financial activities, as well as expenses from extraordinary events:

- Account 85 "Other expenses".

In cost accounting, it is allowed to use accounts of class 9 "Activity costs", with the help of which it is possible to carry out a more detailed accounting of the expenses incurred. In parallel, Class 8 accounts can also be used to display information about costs by item. This option is considered the best and, on its basis, the "Income Statement" is drawn up.

Since all pharmacy activities can be divided into emergency and ordinary (which, in turn, combines operational, financial and investment), the Chart of Accounts provides for separate accounts to account for the costs of these activities. Thus, accounts 90 "Cost of sales", "Administrative expenses", 93 "Sales expenses" and 94 "Other operating expenses" are used to account for operating expenses, and

account 99 of the same name is used to account for extraordinary expenses.

**Account 92, Administrative Expenses,** reflects general business expenses related to the management and maintenance of the pharmacy. These include, but are not limited to:

- expenses for the maintenance of administrative and managerial personnel.
- business trip expenses.
- expenses for the maintenance of fixed assets, other tangible non-current assets of general economic purpose (rent, depreciation, repairs, utilities).
- security costs.
- expenses for legal, auditing, transport services.
- postal, telegraph, office expenses.
- the amount of taxes, fees (mandatory payments).

It should be borne in mind that according to the accounting system, administrative expenses are written off at the end of the reporting period for financial results.

**Account 93 "Sales expenses"** is intended to account for expenses related to the sale of goods, works and services. Sales costs include, but are not limited to:

- consumption of packaging materials.
- marketing and advertising costs.
- labor costs for employees.
- expenses for depreciation, repair and maintenance of fixed assets, other tangible non-current assets used to ensure the sale of goods, works and services.
- other expenses necessary to ensure the sale of goods.

**Account 94 "Other operating expenses"** keeps records of operating expenses of the pharmacy, except for expenses that are reflected in accounts 90 "Cost of sales", 91 "General production costs", 92 "Administrative expenses", 93 "Sales expenses". These costs include:

- R&D costs.
- cost of inventories sold.
- bad and doubtful debts.
- losses from inventory impairment.
- shortages and losses from damage to valuables.
- recognized fines, penalties, penalties for non-compliance with the legislation and terms of contracts by the pharmacy.
- Other operating expenses, including the cost of creating a vacation reserve,

a guaranteed reserve, and the cost of maintaining social and cultural facilities.

Accounting on this account is carried out in the same way as on accounts 92 and 93, that is, the amount of recognized expenses is reflected on the debit of the account, and the write-off to account 79 "Financial results" is reflected on the credit.

The expenses of the financial activities of pharmacies are the costs of interest (on loans received, bonds issued, financial leases, etc.) and other expenses related to the attraction of borrowed capital.

The costs of extraordinary events include both direct losses as a result of these events and the costs of implementing measures related to the prevention and elimination of such consequences (reimbursement, payment to third-party organizations, wages of employees engaged in restoration work, cost of raw materials used, etc.). These expenses are recorded in account 99 "Extraordinary expenses". The amount of recognized expenses is reflected on the debit of the account, and the write-off to account 79 "Financial results" is reflected on the credit.

Extraordinary expenses are included in the financial statements, less the amount by which the pharmacy income tax is reduced, as a result of losses from extraordinary events.

In the process of functioning of a pharmacy, the financial result of its activities is profit or loss. The income statement provides data on diverse types of profits, namely:

- gross profit, which is the difference between net income and the cost of goods sold.
- profit from operating activities, which is defined as the difference between the amount of gross profit, other operating income and the amount of administrative, sales and other expenses.
- profit from ordinary activities before tax, which is calculated as the difference between the amount of profit from operating activities, other income and financial and other expenses.
- ordinary income, which is the difference between ordinary business income before tax and the amount of tax.
- net profit, which is calculated as the difference between the amount of profit from ordinary activities, extraordinary profit and the amount of extraordinary loss, extraordinary profit tax

Generalization of information on the profit of pharmacies from ordinary activities and extraordinary events is maintained on account 79 "Financial results",

which has the characteristics of a passive account.

On the credit of account 79, on the basis of certificates and calculations of the accounting department, the amounts in the order of closing the accounts of income are reflected on the debit - the amounts in the order of closing the accounts of expenses, as well as the amount of accrued income tax. The balance of the account when it is closed is debited to account 44 "Retained earnings (uncovered losses)".

Accounting of financial results is carried out separately for the results of each type of activity, for which the corresponding sub-account is opened.

Account 79, like most synthetic accounts, has sub-accounts:

- 791 "Result of the main activity».
- 792 "Result of financial transactions"
- 793 "Result of other ordinary activities.
- 794 "Result of extraordinary events"

When compiling quarterly reports, the debit and credit turnovers of account 791 are compared, and if the credit turnover of the account is greater than the debit turnover of the same account, then the pharmacy has retained earnings of the current year for the amount of the difference. If the debit turnover on account 791 is greater than the credit turnover of this account, it means that the pharmacy has made more expenses than it received in income.

The financial result of pharmacies is established on the basis of entries in the relevant operating accounts using the double-entry method. The amounts of turnover in these accounts are the basis for the preparation of the turnover statement and income statement. All effective accounts are off-balance and are closed at the end of the reporting period.

## PRACTICAL ASSIGNMENTS

**Task 1.** Below is a table with one example transaction provided. Fill in the remaining rows using the conditions outlined after the table.

Use double-entry bookkeeping principles to record transactions.

For each transaction:

- Determine if it is **Income** or **Expense**.
- Identify the accounts involved and classify them as **Debit** or **Credit**.

Ensure the table balances for each transaction (total debits equal total credits).

Transaction	Type (Income/Expense)	Account	Debit	Credit
Sale of medicine (cash)	Income	Sales Revenue	\$500	\$500
Purchase of inventory				
Payment for inventory				
Discount provided to customer				
Salary payment to employees				
Rental payment for the premises				
Received loan from the bank				
Repaid part of the loan				
Electricity bill payment				
Sale of expired goods for scrap				

Conditions:

1. Purchase of inventory: Inventory was purchased for \$300.
2. Payment for inventory: Paid \$300 in cash for the purchased inventory.
3. Discount provided to customer: A \$50 discount was given on a sale.
4. Salary payment to employees: Employees were paid \$1,000 as salaries.
5. Rental payment: \$700 was paid for renting the pharmacy premises.
6. Loan received: A \$10,000 loan was received from the bank.
7. Loan repayment: Repaid \$2,000 of the loan principal.
8. Electricity bill: Paid \$200 for electricity.
9. Sale of expired goods: Sold expired goods for scrap value of \$50.

For this table, use the following accounts. Each account will appear once, except for the accounts that will appear twice, which are indicated:

1. **Sales Revenue** – will be used once (for the sale of medicine and sale of expired goods for scrap).
2. **Inventory** – will be used once (for the purchase of inventory).
3. **Cash** – will be used twice (for payment for inventory and other cash payments such as salaries or bills).
4. **Discounts Given** – will be used once (for the discount provided to the customer).
5. **Salaries Expense** – will be used once (for salary payments to employees).
6. **Rent Expense** – will be used once (for rental payment for the premises).

- 7. **Loan Payable** – will be used twice (for receiving and repaying the loan).
- 8. **Electricity Expense** – will be used once (for payment of electricity bill).
- 9. **Scrap Revenue** – will be used once (for sale of expired goods for scrap).

### **SELF-CHECK TESTS**

1

**The patient bought medicines at the pharmacy, the pharmacist saw the receipt. An hour later, he returned and demanded the money back. As should the pharmacist act in this situation?**

- A. Current legislation prohibits the return of drugs to the pharmacy. The pharmacist is to blame refuse to return the money**
- B. Return the money to the buyer from the cash register
- C. Replace these drugs with others that the patient chooses
- D. Return your personal funds
- E. Promote the head of the pharmacy

2

**In the event of a technical malfunction of the PRO and a power outage for posting money for sold goods, the cashier must issue:**

- A. Income cash order
- B. Disbursement cash order
- C. Cash on delivery
- D. Copy of the check
- E. Settlement receipt**

3

**Transfer from the account and credit to it by the bank is carried out on on the basis of settlement and payment documents. When handing over the proceeds of the pharmacy the bank collector is issued:**

**A. Accompanying information to the bag with the proceeds**

B. Disbursement cash order

C. Cash check

D. Cash deposit announcement

E. Payroll

4

**The cashier of the pharmacy is obliged to reflect all revenue and expenditure transactions. To post cash at the pharmacy cash register, the cashier must issue:**

**A. Income cash order**

B. Disbursement cash order

C. Profit invoice

D. Disbursement invoice

E. Acceptance receipt

5

**In pharmacies, when selling goods, you must use a register settlement operations. Where must it be registered?**

**A. In the State Fiscal Service (SFS)**

B. In the district state administration

C. In the regional state administration

D. In the State Service of Medicinal Products and Drug Control

E. In the city health department

6

**The patient paid for medicines at the pharmacy with worn banknotes. Action pharmacist?**

**A. Accept and then hand over worn banknotes with cash proceeds to servicing bank**

B. Issue such banknotes for surrender

- C. Write off banknotes
- D. Return the banknotes to the patient
- E. Contact the exchange point for help

7

**The subject of entrepreneurial activity has run out of the accounting book of settlement operations. Specify the term of its storage:**

- A. Three years**
- B. Two years
- C. One year
- D. One month
- E. Five years

8

**In order to carry out settlements with the population, it is mandatory to have it in the pharmacy registrars of settlement operations. What cash transaction is processed by RSO as "official contribution"?**

- A. Cash balance in RSO at the beginning of the day**
- B. Revenue from sale
- C. Collection amount
- D. Amount of expenses per day
- E. The amount issued when the product is returned

9

**When providing services to the public in the pharmacy, it must be observed cash discipline. Entries in the cash book must be made by the cashier:**

- A. Immediately after receiving or issuing cash**
- B. Monthly
- C. Quarterly
- D. Weekly

E. At the end of the day

10

**The accountant will register the pharmacy's business transactions. What operation is displayed under the credit of the "Cash" account?**

**A.Payment of wages**

B.Revenue of the pharmacy

C.Retail network revenue

D.Receipt of money for salary

Return of money by certified mail

**After completing the practical task, the student will acquire the following skills and abilities:**

- Organize the receipt and storage of goods in a pharmacy, including controlled substances (poisonous, potent, narcotic, and psychotropic drugs).
- Document and account for the transactions related to goods movement, including sales and disposal.
- Apply accounting principles and legislative standards in managing financial results and operational activities/

## **CONTENT SECTION 5**

### **ACCOUNTING FOR THE MOVEMENT OF ASSETS AND LIABILITIES**

#### **TOPIC 5 ACCOUNTING FOR CASH FLOWS**

**The student should know:** the procedure for documenting the flow of cash, the rules for working with settlement transaction registrars (STR), the display of business transactions on the flow of cash in internal business (management) and accounting documents.

**Basic terms and concepts:** cash funds, registrar of settlement operations, cash register, operating cash register, income cash order, expenditure cash order, cash book, collection, account book of settlement operations, balance limit.

#### **QUESTIONS**

1. The task of accounting for cash and settlement transactions.
2. Procedure for conducting cash operations.
3. Registers of settlement operations, their types.
4. Types of cash transactions and their documentation.
5. Audit of the cash register and control over compliance with cash register discipline.

#### **SELF-CHECK QUESTIONS**

1. The procedure for conducting cash transactions in accordance with current legislation.
2. Rules and procedure for registration of registrars of settlement operations and accounting books of settlement operations in branches of the state fiscal service at the place of registration.
3. Types of STR, which of them are used in pharmacies.
4. The procedure for carrying out calculations through the STR.
5. Application of settlement receipts. Characteristics of economic accounting. Internal economic (management) accounting.
6. Types of liability for violation of cash discipline.

7. Sources of receipt of cash in the cash register and their accounting. Types and accounting of cash transactions.
8. Procedure for keeping a cash book.
9. The concept of the cash balance limit in the pharmacy cash register and its purpose.
10. Display of business transactions with cash on accounting accounts.

## **OVERVIEW**

Economic operations, during which the pharmacy company spends or receives cash, are called settlement operations. Cash is divided into cash and non-cash, and their accounting is carried out separately.

With the help of cash, the pharmacy makes calculations with the population for the goods sold, with employees for wages, and calculations with suppliers, buyers, the budget, other organizations and enterprises, the pharmacy performs, as a rule, by transferring money through the bank system from its current account invoices to the client's account, i.e. by non-cash settlement.

Cash means (cash) belong to normalized working capital of enterprises, organizations and other legal entities, and non-cash money means non-normalized.

The main tasks of cash accounting are:

1. Daily monitoring of the availability, storage and movement of cash.
2. Compliance with the cash limit at the cash desk.
3. Correct and timely preparation of cash and financial documents.
4. Compliance with the rules of conducting cash operations.
5. Timely transfer of proceeds to the account.
6. Compliance with cash and financial discipline.
7. Cash register audit.

In more detail, we will focus on accounting for the movement of cash, that is, on accounting for cash operations.

At present, the main regulatory document regulating the procedure for conducting cash operations is Resolution of the National Bank of Ukraine dated 29.12.2017 No. 148 "On approval of the Regulation on conducting cash operations in the national currency of Ukraine".

In accordance with Decree 148, cash - monetary signs of the national currency

of Ukraine - banknotes and coins, including exchangeable, negotiable, commemorative coins, which are considered means of payment.

According to Regulation No. 148, every enterprise, including a pharmacy, must have a cash register to make payments in cash.

Cash desk - a room or place for making cash payments, as well as receiving, issuing, storing cash, other valuables, and cash documents.

### **The concept of payment transaction registrars**

In accordance with the Law of Ukraine dated 07/06/1995. No. 265/95-VR "On the use of payment transaction registrars in the field of trade, public catering and services" enterprises and organizations of all forms of ownership that conduct settlements with consumers in cash must have payment transaction registrars.

A settlement transaction registrars (STR) is a device that implements fiscal (financial) functions and is designed to register settlement transactions for the sale of goods (services), as well as register the number of goods sold (services provided).

Payment transaction registrars include: electronic cash register, electronic cash register, built-in electronic cash register, computer cash register system, electronic taximeter, vending machine for goods (services).

The procedure for registration and use of settlement transaction registrars, which are used to register settlement transactions for goods (services), was approved by the Order of the Ministry of Finance of Ukraine dated June 14, 2016 No. 547 "On approval of procedures for registration of registrars of settlement transactions and books of accounting transactions".

Initial registration is permitted only for registrars of settlement operations who create a control tape in electronic form.

Economic entities using settlement operations registrars submit to the state tax service authorities via wired or wireless communication channels electronic copies of settlement documents and fiscal reporting checks, which are contained on the control tape in the memory of settlement operations registrars or in the memory of modems connected to them.

In addition to the concept of "cash register", there is also the concept of "operational cash register". The main difference is that the "operational cash desk" is intended for the collection of sales and is located directly in the trading hall. In the "operating cash register" of the pharmacy there is a recorder of payment transactions.

The Settlement operations registrars must ensure the issuance of a payment document (cash receipt).

The Settlement operations registrars also has a protective block of fiscal (financial) memory.

Fiscal memory is a storage device designed for one-time entry, storage and repeated reading of final information about the volume of settlement transactions, which cannot be changed or destroyed without damaging the device itself.

### **The procedure for registration of PRO in the bodies of the state tax administration**

Business entities that carry out settlement transactions in cash and/or non-cash forms (using payment cards, payment checks, tokens, among others) when selling goods (providing services) in the field of trade, public catering and services and in accordance with legal requirements must apply recorder of payment transactions, are obliged to register the recorder of payment transactions in accordance with this Procedure, personalize the recorder of payment transactions, seal the recorder of payment transactions and transfer the recorder of payment transactions to the fiscal mode of operation.

Registration of payment transactions registers takes place at the revenue and duties authority at the main place of registration of the business entity as a tax payer.

Simultaneously with the registration of the registrar of settlement transactions, the registration of the “Book of Accounting of Settlement Transactions” is carried out. A book of accounting for settlement transactions is registered for each cash register or, if settlements are carried out without using a cash register, for a separate business unit.

The registrar of settlement transactions and the book of accounting of settlement transactions can be re-registered and also de-registered in accordance with current legislation.

The software registrar of bank transactions is a digital analogue of cash registers, or classic cash registers. Instead of adding expensive ownership and spending on your money, the entrepreneur can buy a much cheaper license for the software. You can quickly use a cost-free software registrar as a subscription.

### **Sequence of operation on an electronic cash register**

Before starting work, the cashier is obliged to check the serviceability of the cash register, the presence of receipt and control tapes, check that the date and time are set correctly, check the clarity of the characters, for this purpose several zero checks are knocked out. These checks are pasted into the “Book of Settlement Transactions” and confirm the serviceability of the cash register at the beginning of

the day.

At the end of the working day, daily reports (Z-reports) are printed, clearing the information in RAM and entering it into the fiscal memory.

X and Z-reports are the main fiscal documents. They contain the same information, but fundamentally different in meaning.

The X-report is a report that shows the number of sales and amounts of cash and non-cash transactions since the opening of the cash shift at the fiscal register. It is also called a non-redemption report, and you can print it an unlimited number of times to check the amount of money in the cash register.

The Z-report or settlement report shows the sales totals for the shift and resets them to zero by entering the recorder of payment transactions fiscal memory. This is also the most important report for a work shift without which it is not considered closed. Therefore, it can and should be done once a day during the closing of the cashier shift before midnight. There is no such thing as an interim Z-report. The Z-report is pasted into the “book of settlement transactions”.

During the day, at the request of inspectors or the head of the pharmacy, the cashier has the right to print the current X-report without resetting the RAM, which contains more abbreviated information at the time of printing the report.

The location of the cash register itself should provide the buyer with the opportunity to read information about the cost of the purchase on the indicator. It is forbidden to work without a control tape, which must be of standard length. The used control tape is certified by the cashier's signature with the time and date stamped, and is stored for 3 years.

### **Use of pass books**

The procedure for registering and maintaining “Payment books” is also approved by Order No. 547.

Registration of payment books is carried out at the revenue and fees authority at the place of registration of the book of accounting of settlement transactions

The paybook must be bound and consist of blocks of sequentially numbered paystubs or simplified paystubs.

An example of maintaining paybooks could be a power outage or failure of the recorder of payment transactions.

### **Responsibility for violation of cash discipline**

Cash discipline is the rules for collection, saving and preparation, established by the internal documents of the enterprise, the Regulations and other regulatory acts

of the National Bank of Ukraine.

In accordance with current legislation, in case of violation by legal entities or individuals who are entrepreneurs of the norms for regulating cash accounting, penalties in the form of a fine are applied to them.

The cash balance limit in the cash register (cash register limit) is the maximum amount of cash that can remain in the cash register during non-working hours and ensure work at the beginning of the next working day.

### **Types of cash transactions and their documentation**

In the process of production, trading and financial activities of a pharmacy, various incoming and outgoing cash transactions are carried out through the cash register.

Receipt of money to the cash desk (Receipt cash transactions) are formalized by a cash receipt order according, which consists of two parts: the order itself and a receipt, which is handed to the person who deposited the money into the cash register. The cash receipt order and receipt are signed by the chief accountant when writing the order and by the cashier when accepting money, and the receipt is additionally certified by a seal (cashier's stamp) or a cash register imprint.

The issuance of money from the cash register is formalized by an expense cash order according or an expense sheet, which is signed by the head of the pharmacy, the chief accountant, the cashier and the person who received the money.

Incoming cash orders and receipts for them, as well as outgoing cash orders and documents replacing them must be filled out by the accounting department clearly and clearly in ink or ballpoint pen paste; no erasures, erasures or corrections are allowed in these documents.

Incoming and outgoing cash orders indicate the reasons for their preparation and the documents attached to them. Acceptance and issuance of money under cash orders can only be made on the day they are drawn up.

All cash orders are registered by the accounting department in a special journal according.

Receipt and expense cash orders, or documents replacing them, are immediately signed by the cashier after receiving or issuing money on them, and the documents attached to them are canceled with a stamp or signature "paid" indicating the date (day, month, year)

The issuance of money from the cash register, which is not confirmed by the recipient's receipt in the cash receipt order or other document replacing it, is

considered a shortage and is collected from the cashier. Cash not justified by cash receipts is considered a cash surplus and is credited to the income of the enterprise.

## Display of cash transactions on accounting accounts

Synthetic accounting of cash transactions is kept on account 30 "Cash". The account is active. The debit of this account shows the receipt of cash funds, the credit shows the issuance of cash amounts. The debit balance shows the cash balance in the cash register.

## PRACTICAL ASSIGNMENTS

**Task 1.** Give the concept of settlement operations

This image shows a single sheet of white paper with horizontal blue or grey ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

**Task 2.** What are the main tasks of cash accounting?

---

---

---

---

---

---

---

---

---

---

**Task 3.** Give the concept of payment transaction registrars. Their characteristics

---

---

---

---

---

---

---

---

---

---

## **SELF-CHECK TESTS**

1

**Transfer of funds from a current account and crediting to it by the bank is carried out based on settlement and payment documents. Which term matches the definition: "an order from the bank to transfer the specified amount from the current account to the recipient's account"?**

**A. Payment order**

B. Cash check

C. Settlement check

D. Cash deposit slip

E. -

2

**In addition to cash transactions, pharmacies also conduct non-cash transactions. Who acts as the financial intermediary in these transactions?**

**A. Bank**

B. Central district pharmacy

C. City authorities

D. City pharmacy department

E. Regional control and analytical laboratory

3

**The pharmacy received goods from the pharmacy warehouse. Which settlement document should the pharmacy issue to transfer the specified amount from its account (payer) to the recipient's account (warehouse)?**

**A. Payment order**

B. Payment demand

C. Collection order

D. Promissory note

E. Payment demand-order

4

**The pharmacy received goods from the pharmacy warehouse on credit. Which form of non-cash settlement should be used to formalize the debt for the goods actually received?**

**A. Settlements using promissory notes**

B. Settlements using payment demand-orders

C. Settlements using payment orders

D. Settlements using collection orders

E. Settlements using letters of credit

5

**The bank acts as a financial intermediary in the pharmacy's transactions. Which document is used to remit tax amounts withheld from employees' salaries to the budget?**

- A. Payment order**
- B. Settlement check
- C. Settlement receipt
- D. Fiscal check
- E. Cash order

6

**Pharmacies keep their funds in bank accounts. Which document allows for verification of the pharmacy's current account status in the bank?**

- A. Bank statement**
- B. Cash order
- C. Checkbook
- D. Cash book
- E. Monthly report

7

**According to legislation, all enterprises must keep funds in banks. The account from which the bank, upon the client's instructions, makes payments to third parties for delivered goods is called:**

- A. Letter of credit**
- B. Current account
- C. Loan account
- D. Deposit account
- E. Budget account

8

**Transfers and credits to the account are carried out by the bank based on settlement and payment documents. Which document is used for the bank to issue cash from a current account?**

- A. Cash check**
- B. Settlement check
- C. Payment order
- D. Cash disbursement order
- E. Payment demand

9

**The pharmacy opens a bank account to store funds and conduct current business operations. What type of account should be opened?**

- A. Current account**
- B. Temporary account
- C. Deposit account
- D. Letter of credit
- E. Investment account

10

**To open a current account in a bank, the pharmacy prepares a package of required documents. Which of the following is mandatory?**

- A. Income statement
- B. Cash flow statement
- C. Balance sheet
- D. Statement of business and financial activities of the pharmacy
- E. Notarized copy of the pharmacy's charter**

**After completing the practical task, the student should acquire practical skills and abilities regarding:**

- prepare primary documents for accounting of cash transactions;
- apply knowledge of cashier's duties in practice;
- make settlements with consumers;
- have the skills to work on the registrars of settlement operations;
- prepare reports of the STR operator;
- transfer proceeds to the bank;
- set the cash register limit.

## TOPIC 6 ACCOUNTING FOR NON-CASH PAYMENTS

**The student should know:** types of bank accounts and the procedure for opening accounts in bank institutions, settlement and payment documents, accounting of non-cash payments, electronic money circulation, processing of settlements with individuals and legal entities, the concept of receivables and payables, reflection of business transactions with non-cash funds on accounting accounts.

**Basic terms and concepts:** non-cash settlements, payment order, payment request, payment request-order, collection order, promissory note, letter of credit, settlement checks, bank payment cards, debtor, creditor, receivable-creditor debt.

### QUESTIONS:

1. Procedure for opening accounts in bank institutions.
2. The main forms of non-cash payments and their types.
3. Making settlements with individuals and legal entities.
4. Accounts receivable and payable.
5. Display of business transactions with non-cash funds on accounting accounts.

### SELF-CHECK QUESTIONS

1. Organization of work with the bank. The procedure for opening and closing accounts in bank institutions.
2. Procedure for payments by payment orders.
3. The principle of calculations using payment orders-orders.
4. The procedure for making payments by checks.
5. Principle of letter of credit form of payments.
6. Procedure for payments by promissory notes.
7. The principle of payment claims settlement.
8. Procedure and rules for payments by bank payment cards.
9. Rules for settlements by direct debit orders.
10. The principle of mutual settlements.
11. Concept of electronic payments.

12. Determination of current and long-term receivables.
13. Procedure for synthetic accounting of non-cash payments.

## **OVERVIEW**

Pharmacy companies use non-cash transactions in their business activities. The financial intermediary in these settlements is the bank, which provides its services to client enterprises. The procedure for conducting non-cash payments is regulated by the Civil Code of Ukraine, the Law of Ukraine “On Banks and Banking Activities” dated 2001 No. 2121-III and the Law of Ukraine “On Payment Services” dated 2021 No. 1591-IX.

The undeniable advantages of non-cash payments include the absence of restrictions on the minimum and maximum amounts of payment. It is also often possible to make one or another payment in non-cash form without leaving the office, using an electronic payment system.

So, what are non-cash payments? According to the current legislation, non-cash payments are the transfer of a certain amount of funds from the accounts of payers to the accounts of recipients of funds, as well as the transfer by banks, on behalf of enterprises and individuals, of funds deposited in cash at the bank's cash desk to cash accounts.

These calculations are carried out by the bank on the basis of settlement documents on paper or electronically.

Having assumed the obligation to make payments, the bank opens a special account, with the help of which it records the receipt and movement of non-cash funds.

Legal relations between banks and legal entities and individuals are regulated by the Law of Ukraine “On Banks and Banking Activities” dated 2001. No. 2121-III.

This Law regulates the legal relations that arise during the opening by banks, their structural divisions performing banking activities on behalf of the bank, of current and deposit accounts in national and foreign currencies by business entities, individuals, foreign representatives, non-resident investors, and elected blocs of political parties.

All clients have the right to open accounts to support their business activities in any banks of Ukraine in accordance with their own choice, except in cases where

the bank is not able to accept the client for banking services in accordance with the law or banking rules.

The procedure for banks to open customer accounts, the use of funds and the procedure for closing accounts is regulated by the Resolution of the BOARD OF THE NATIONAL BANK OF UKRAINE dated April 15, 2022 No. 74 “On approval of the Instructions on the procedure for opening and closing customer accounts by the National Bank of Ukraine”.

Banks open bank accounts for their clients under a bank account agreement - current accounts; under a bank deposit agreement – savings accounts.

**A current account** is an account that is opened by a bank to a client on a contractual basis for storing funds and performing cash and settlement operations using payment instruments, in accordance with the terms of the agreement and the legislation of Ukraine.

**A savings account** is an account that is opened by the client's bank on a contractual basis for storing funds that are transferred by the client for management for a certain period or without setting a period at a certain percentage and is subject to return to the client in accordance with the legislation of Ukraine and the terms of the agreement.

A savings account allows you to save money and earn interest. A deposit is the storage of both money and valuable items: things, shares, metals, documents.

For opening a deposit, the contract specifies a fixed rate that does not change during the period of validity of the contractual relationship. When opening a savings account, the rate may change — the bank changes it unilaterally.

When withdrawing an amount from a savings account, the bank client does not lose interest. During the closing of the deposit, accrued interest is most often burned. Or the bank returns part of the interest as compensation. Next, we will talk in more detail about the difference between a savings account and a deposit.

Accumulation accounts involve investing only money. You can keep them in a bank account for as long as you like - from a month to several years. You can top up any amount at least every day. You can not top up at all. The main advantage is the ability to withdraw money without loss. In essence, it is a regular checking account with a small passive income from interest.

This type of account is more popular than long-term deposits because it allows you to withdraw money at any time without losing the amount of interest paid.

For those who want to withdraw and replenish their account at any time. This

is convenient if you want the money to generate passive income. This is not the best option for investment because the rate is small. However, this is the best option if you want to protect your money against inflation.

For those who are planning a big purchase in the coming months, but do not want the money to lie idle in the account. You will be able to withdraw part of the deposit without losing interest income, because you are not tied to terms.

### **Account opening procedure**

To formalize the opening of accounts, pharmacies submit different documents to banking institutions, depending on the type of account and to whom it is opened.

Basics:

- Application for the creation of a flow rack
- Perelik
- A copy of the passport or other document identifying the person

Accounts are maintained by the bank in two copies: the first - for the bank, the second is issued to the pharmacy as an extract (copy of records) from the account.

in Art. 34 of the Law of Ukraine "On Payment Services", entered into force on August 1, 2022, defines the following types of payment instruments:

Credit transfer (using which the order of the payer to transfer funds from his account is executed);

Direct debit (using which funds are debited from the payer's account based on the order of the recipient of the funds);

Electronic means of payment (mainly payment cards we are used to).

Article 1088 of the Civil Code of Ukraine stipulates that when making non-cash payments, it is permissible to use payment instructions provided for by the legislation of Ukraine, business practices and banking rules.

In the contract, the parties can choose the type of non-cash payments acceptable to them.

According to the current legislation, there are the following forms of non-cash payments:

- memorial order
- payment order
- payment request-order
- payment request
- settlement check
- letter of credit

collection order

In addition, payments by bills of exchange and payment cards can be used. The rules for conducting these forms of payments are regulated by the legislation of Ukraine, including regulations of the National Bank of Ukraine.

Now briefly about each of the payment instruments.

**Memorial order** is a settlement document that is drawn up at the initiative of the bank to formalize transactions to write off money from the payer's account and intra-bank transactions.

The memorial order is a cumulative list and is used more often by budgetary organizations.

**Payment order** is a settlement document, which is a written order from the payer to the servicing bank to write off a certain amount of funds from his account and transfer it to the recipient's account.

The order is drawn up in a certain form.

The bank, in an agreement with the payer, has the right to provide for the possibility of submitting a payment order given by the payer in any form.

**A payment request-order** is a settlement document consisting of 2 parts:

- top – the recipient's demands directly to the buyer to pay a certain amount of money;
- lower – the payer's instructions to the servicing bank to write off a certain amount of money from his account and transfer it to the supplier's account.

If he agrees to pay the request-order, the payer fills out the lower part of this document and submits it to the bank that services it.

In this case, the amount indicated by the payer in the lower part of the request-order cannot exceed the amount indicated in its upper part. Payment requests and orders are accepted by banks within 20 calendar days from the date of issue. The day the request is filled out is not taken into account.

If there are insufficient funds in the payer's account, the request-order is returned by the bank without execution.

**A payment claim** is a settlement document containing the request of the collector (or the recipient in the case of a contractual write-off) to the bank servicing the payer to transfer, without agreement with the payer, a certain amount of money from the payer's account to the recipient's account. In this regard, one should refer to Art. 1071 of the Civil Code, according to which funds can be debited from the client's account without his order based on a court decision, as well as in cases

provided for in the agreement between the bank and the client.

**A settlement check** is a document that contains a written order from the account owner to the bank institution that maintains his account to pay the amount of funds specified in the check to the check holder.

Check holder is an enterprise that is the recipient of funds under a check.

The drawer is the owner of the account.

Issuing bank – payer bank.

Paybooks are bound into checkbooks.

Check books (payment checks) are produced on special paper at the banknote factory of the National Bank of Ukraine according to the following model:

Checkbooks are bound in 10, 20, 25 sheets.

Check books (settlement checks) are documents of strict accountability.

Payment checks, which are used by individuals when carrying out one-time transactions, are prepared in separate forms (sample). Their records are kept separately from check books.

The checkbook is valid for 1 year; settlement check, which is issued for a one-time payment to an individual – 3 months. By agreement with the bank institution, the validity period of an unused check book may be extended. The check must be filled out by hand (with a ballpoint pen, ink) or using technical means.

**A letter of credit** is a form of payment in which the issuing bank, on behalf of its client (the applicant for the letter of credit), is obliged to:

- make a payment to a third party (beneficiary) for goods supplied, work performed and services provided;
- grant authority to another (executing) bank to make a payment.

### **Settlements using bills of exchange**

This form of payment is used when the buyer cannot pay for the goods at the time of purchase. In this case, the seller receives a bill of exchange instead of money.

A promissory note is a documented obligation of the buyer to make a payment in a certain amount within a certain period.

According to current legislation, a bill of exchange is a security that certifies the unconditional monetary obligation of the drawer to pay a certain amount to the owner of the bill upon maturity.

Bills of exchange can be simple and transferable (such bills have a second name - “draft”).

### **Settlements using bank payment cards**

A payment card is a special means of payment in the form of an issued plastic or other card, which is used to transfer funds from the payer's account or from a bank account in order to pay for the cost of goods (work, services), transfer funds from one's accounts to the accounts of third parties, and also receiving funds at bank cash desks, foreign currency exchange offices and through ATMs. This list of transactions is not exhaustive and can be supplemented in an agreement between the bank that issued the card and its holder.

All transactions on a payment card are accounted for on a card account, the opening procedure and terms of use of which are stipulated in the agreement between the issuing bank and the payment card holder.

### **Settlements using collection orders**

The general procedure for making payments using collection orders is established by the Civil Code. The essence of calculations using collection orders is the provision by the issuing bank of the service of demanding a certain amount of payment from the payer.

### **Settlement settlements**

Settlements that are made as a set-off of mutual debt include settlements in which the mutual obligations of debtors and creditors are repaid in equal amounts, and only for their difference payment is made on a general basis.

## **PRACTICAL ASSIGNMENTS**

### **Task 1. Define non-cash payments:**

---

---

---

---

---

---

---

---

---

---

---

---

**Task 2.** What types of payment instruments are there?

---

---

---

---

---

---

---

---

---

---

**Task 3.** List the forms of non-cash payments. Give characteristics of settlements with payment requirements:

---

---

---

---

---

---

---

---

---

---

### **SELF-CHECK TESTS**

1

**What fund is used to pay for annual leave?**

- A. Basic salary fund**
- B. Additional salary fund
- C. Social insurance fund
- D. Company reserve fund
- E. Material incentive fund

2

**In which case is temporary disability benefit calculated from actual earnings without limitations?**

- A. In case of injury at work until full recovery or transition to disability**
- B. With over 5 years of continuous work experience
- C. If the employee combines work with study at a university without leaving work
- D. Under special working conditions
- E. Not calculated

3

**What is the maximum surcharge for a pharmacist combining professions?**

- A. 30% of the basic salary
- B. 50% of the basic salary**
- C. 80% of the basic salary
- D. 25% of the basic salary
- E. 10% of the basic salary

4

**What form of payment is used for employees of paramedic-obstetric stations?**

- A. Hourly with bonuses
- B. Direct piece rate**
- C. Contract-based
- D. Piecework by task
- E. Straight hourly

5

**Indicate the primary deductions from wages:**

- A. Personal income tax**
- B. Contributions to the Chernobyl Fund
- C. Tax on single and childless individuals

- D. Deductions on writs of execution
- E. Deductions of unreimbursed advances

6

**What type of payment is predominantly used in pharmacies?**

- A. Hourly with bonuses**
- B. Piece rate
- C. Task-based
- D. Progressive piece rate
- E. Piece rate with bonuses

7

**What is the source of funds for paying temporary disability benefits starting from the 6th day?**

- A. Basic salary fund
- B. Additional salary fund
- C. Social insurance fund**
- D. Company reserve fund
- E. Budgetary allocations

8

**Which of the following is not a type of piece-rate wage system?**

- A. Straight piece rate
- B. Piece rate with bonuses
- C. Progressive piece rate
- D. Task-based
- E. Hourly**

9

**What is understood by the term "labor standardization"?**

A. Standard number of working days per calendar year

**B. Time standard for completing specific work and production rate per unit of time**

C. Monthly standard of working days

D. Annual fund of working hours

E. Work restrictions

10

**Indicate the source of payment for work on weekends and holidays:**

A. Basic salary fund

**B. Additional salary fund**

C. Social insurance fund

D. Company reserve fund

E. Budgetary allocations

**After completing the practical task, the student should acquire practical skills and abilities regarding:**

- consider organizing work with the bank;
- keep in mind the storage and payment documents;
- analyze the optimization of debtor-creditor collection.

## **TOPIC 7 FORMS AND PAYMENT SYSTEMS. ACCOUNTING OF WORK PAYMENT IN PHARMACY INSTITUTIONS**

**The purpose of the lesson:** study the principles of payment system and work payment in accordance with the requirements of international and national standards and regulations.

**The student should know:** the procedure for recording wages in pharmacies, forms and systems of wages.

**Basic terms and concepts:** collective agreement, employment contract, wages, minimum wages, basic wages, additional wages.

### **QUESTIONS**

1. Salary. Forms and payment systems.
2. Procedure for payment of wages. Types of deductions from wages.
3. Procedure for keeping work books.
4. Duration working hours of pharmacy employees.
5. Deductions from wages.

### **SELF-CHECK QUESTIONS**

1. Accounting personal composition and using working time pharmacy employees.
2. Procedure and documentation of salary calculation and payment.
3. Display of payroll calculations on accounting accounts.
4. Procedure for payment of wages. Vacation pay.
5. Procedure for accrual and payment of temporary disability benefits.
6. Calculation of average earnings when accruing temporary disability benefits.
7. Mandatory taxes and fees charged to labor costs.
8. The procedure for withholding tax on the income of individuals.
9. Accounting calculations on social insurance and deduction to Pension fund.

## 10. Basic payroll accounting transactions.

### OVERVIEW

On wages: Law of Ukraine dated March 24, 1995 No. 108\95-VR.

Salary is a reward, calculated, as a rule, in monetary terms, which the employer pays to the employee for the work performed by him under the employment contract.

**Accounting of the personnel of employees** is one of the information sources for maintaining accounting records of wages and corresponding calculations. The specified type of accounting is under the responsibility of the personnel department and includes the accounting of persons who are hired, the accounting of current personnel and the accounting of persons who are dismissed from the corresponding position.

The timeliness of providing information on personnel changes and movements directly affects the quality of accrual accounting and payroll calculations. At the same time, the clarity of the accounting of the specified direction is the result of a well-thought-out classification system of personnel accounting. So, it is worth talking about the organization of personnel accounting of employees of an institution or organization as a component of the organization of payroll accounting.

Standard forms of primary accounting documentation for personnel records

Typical form	Name of the accounting document
No. P-1	Employment order
No. P-2	Personal card of the employee
No. P-3	Order on granting leave
No. P-4	Order on termination of employment contract
No. P-5	Usage record sheet working time

To record personnel, a personal card is used - a document that contains information about each individual employee and helps to solve any organizational

issues, including and personnel. For all employees hired by the enterprise under an employment contract (contract), including part-time, keep personal cards.

If we are talking about a non-internal part-time employee, then personal cards are issued separately - for each of his positions (jobs). The personnel department or an authorized person draws up an identity card when hiring an employee. The document is approved by an employee of the personnel service or an authorized person and signed by the employee.

#### Structure of the employee's personal card

The personal card contains the following sections, each of which has certain rules to fill out.

I. GENERAL INFORMATION: fill in the data in accordance with the documents provided by the employee. In particular, they note:

INFORMATION ON MILITARY REGISTRATION: intended for filling in information about the employee's military registration.

PROFESSIONAL EDUCATION IN PRODUCTION (AT THE ACCOUNT OF THE ENTERPRISE-EMPLOYER): indicate, in particular, the period, type, form of education, name of the document certifying the professional education, issued by whom.

APPOINTMENT AND TRANSFER: enter information, in particular, about the profession, position, grade (salary) of the employee, the grounds for appointment or transfer.

HOLIDAYS: indicate all types of vacations granted to the employee during his employment at the enterprise (for example, annual basic leave, leave for employees with children, etc. Also indicate the number of days of leave and the period for which it was granted.

**Work time table**— the basis for charging wages to employees. At the same time, the law does not regulate the procedure for drawing up and issuing a timesheet for accounting for the use of working time.

Errors in the report card are a violation Article 30 of the Law on wages. Both the employer and the employee who caused the violation will have to be responsible for such a violation (Article 265, Art. 31 of the Criminal Procedure Code).

Currently, the only regulatory act that directly concerns the time sheet is the Order of the State Committee of Statistics of Ukraine dated December 5, 2008 No. 489. This document approved and entered into force on January 1, 2009 standard form No. P-5 "Time Sheet" .

Order No. 489 determined that form No. P-5 is of a recommendatory nature and consists of the minimum number of indicators required to fill out the forms of state statistical observations. If necessary, the form can be supplemented with other indicators necessary for accounting of working hours in a specific organization.

Thus, on the basis of standard form No. P-5, each organization must develop and approve its own report card form, which will take into account the specifics of the organization's work. However, approving only the report card form is not enough. The organization must also determine the procedure for maintaining and processing time sheets, the terms and procedure for their submission to the accounting department of the organization. To do this, it is necessary to develop and approve a separate internal normative act of the organization, for example, Regulations on timesheet accounting or Regulations on accounting for the use of working time.

Each organization develops the system of assigning and using roll numbers independently and enshrines them in the Regulations. In particular, the report numbers may coincide with the serial numbers in the Journal of registration of hired employees or be assigned according to the system developed under other principles. Some organizations use identification numbers of persons as their registration numbers.

Keeping records of working hours should be entrusted only to persons who have the ability to regularly monitor employees' stay at work. This is due to the fact that the time sheet must reflect the actual use of working time. As a rule, heads of structural divisions or their deputies are the persons who have the opportunity to regularly monitor the presence of employees at work.

**Staff list** is a universal document, which in one form or another should be at any enterprise. No current legislative act of Ukraine explicitly states that the company is obliged to draw up a staffing schedule.

As a rule, users of the staff schedule at the enterprise are several divisions, among them the accounting department and the personnel department.

The staff list is a document of an organizational and administrative nature, in which the company records the following information about itself:

- the structure of the enterprise: departments, other structural units;
- enterprise staff: a list of positions that form departments and other divisions of the company and the number of staff units provided for each position;
- position salaries: a position salary is set for each position, which is recorded

in the staff schedule;

the total number of personnel at the enterprise and the total monthly wage fund.

Based on the staffing schedule at the enterprise:

the planned number of personnel of the enterprise is calculated;

the number of vacant positions is taken into account and monitored;

the recruitment process for vacant positions is carried out;

salaries are determined depending on the positions, allowances and additional payments are established;

the volume of labor costs is planned and calculated (labor fund);

changes in the structure of the enterprise are planned (departments are added or canceled, positions are added or reduced, the number of staff units changes).

Order and documentary design calculation and payments salary.

*On wages: Law of Ukraine dated March 24, 1995 No. 108\95-VR.*

Salary is a reward, calculated, as a rule, in monetary terms, which the employer pays to the employee for the work performed by him under the employment contract.

The size of the salary depends on the complexity and conditions of the work performed, the professional and business qualities of the employee, the results of his work and the economic activity of the enterprise. According to the legislation for the salary structure consists of the basic salary, additional salary and other incentive and compensatory payments.

#### **Article 2. Salary structure.**

*Basic salary.* This is a reward for the work performed in accordance with established labor standards (time standards, production, service, job duties). It is established in the form of tariff rates (salaries) and piece rates for workers and official salaries for employees.

*Additional salary.* This is a reward for work beyond the established norms, for labor successes and ingenuity, and for special working conditions. It includes surcharges, allowances, guarantee and compensation payments provided for by current legislation; bonuses related to the performance of production tasks and functions.

*Other incentive and compensation payments.* These include payments in the form of rewards based on the results of work for the year, bonuses according to special systems and provisions, payments within the framework of grants,

compensatory and other monetary and material payments that are not provided for by acts of current legislation or that are carried out in excess of the norms established by said acts.

Enterprises all forms of ownership that use the labor of hired workers, under any wage system, must fulfill the state social guarantee regarding the minimum wage.

Minimum wage is the legally established minimum wage for the monthly (hourly) rate of work performed by the employee.

*The documentation of the calculation of wages depends on the forms and systems of labor payment adopted by the enterprise.*

#### **Article 6.** Payroll systems.

**Pay system** is a defined interrelationship between indicators characterizing the measure (norm) of work and the measure of its payment within and above the work norm, which guarantee the employee's receipt of wages in accordance with the actually achieved results of work (relative to the norm), at the price agreed between the employee and the employer its workforce.

Depending on which basic indicator is used to determine the measure of work, all wage systems are divided into two large groups, called wage forms.

The form of payment means one or another type of payment system, grouped according to the characteristics of the main indicator of the accounting of labor results when evaluating the work performed by the employee for the purpose of payment.

Two forms of payment are used at pharmaceutical enterprises - hourly and piecework.

The main difference between one form and another is the indicators that are used to measure labor when determining wages. The hourly form of labor payment is used when the amount of time worked is used as a measure of labor results. If the measure of labor results is the number of manufactured products (executed works, provided services), then use a piecemeal form of payment.

The basis for charging wages to employees with an hourly form of payment is the staff list and the record of the use of working time. Accounting for production is important for accrual of earnings to freelancers.

### Structural diagram of labor payment systems

Forms of payment	
Hourly	Detached
Pay system	
tariff grids, tariff rates, salary schemes, professional standards and qualification characteristics (in the absence of professional standards) (Article 96 of the Code of Criminal Procedure)	
Hourly simple Hourly premium	Direct unitary Detached-premium Indirect individual Detachment-progressive Collective-detachment Chord

The tariff system of labor payment is used in the distribution of works depending on their complexity, and employees - depending on qualifications and according to the categories of the tariff grid. It is the basis for the formation and differentiation of wages.

The hourly wage is based on the tariff system, with its main elements:

the tariff grid, which is a table with qualification categories of employees, based on which the tariff category is determined;

by the tariff rate or wage rate, where the tariff rate of the first category is the wage rate for the least qualified labor. It can be determined both per month (position salary), and per hour or day, week;

salary scheme - a list of job salaries and a coefficient for each of them, based on the coefficient, the salary (tariff rate) for a specific position is determined. The minimum official salary (tariff rate) is set at an amount not less than the living wage established for able-bodied persons on January 1 of the calendar year;

tariff and qualification guide – a document describing the requirements for positions, skills and qualifications of an employee;

staff list - reflects the set of positions in the enterprise and the salaries set for them, which are determined on the basis of the salary scheme and the tariff rate.

In case of detection of incorrect or inaccurate recording of information about work, transfer, as well as about awards and incentives, etc.,

correction is carried out by the owner or the body authorized by him, where it was made.

Procedure for payment of wages. Vacation pay.

Wages are paid to employees regularly on working days in the terms established in the collective agreement, but not less than twice a month after a period of time not exceeding sixteen calendar days. If the day of payment of wages coincides with a weekend, holiday or non-working day, wages are paid the day before.

The duration of working hours should not exceed 40 hours per week, for employees employed in jobs with harmful working conditions - 36 hours per week (pharmacist, pharmacist-analyst, pharmacist, packer). With the hourly wage system, the worker's wages are calculated on the basis of the official salary, which cannot be lower than the minimum wage.

*Now during the war for Law No. 2136 "On the organization of labor relations under martial law" the duration of working hours during the period of martial law may be increased to 60 hours per week for employees employed at critical infrastructure facilities (in the defense sector, the sphere of ensuring the livelihood of the population, etc.). Please note that this rule does not apply to the work of minors, the basic pre-war rules apply to them.*

**Article 23.** Forms of salary payment.

The wages of employees of enterprises on the territory of Ukraine are paid in currency signs that have legal circulation on the territory of Ukraine. Payment of wages in the form of promissory notes and receipts or in any other form is prohibited.

Wages can be paid by bank checks in accordance with the procedure established by the Cabinet of Ministers of Ukraine in agreement with the National Bank of Ukraine.

The collective agreement, as an exception, may provide for partial payment of wages in kind (at prices not higher than the cost price) in an amount not exceeding 30 percent of the accrued per month, in those industries or professions where such payment is equivalent to the cost of labor in monetary terms, is usual or desirable for employees, except for goods, the list of which is established by the Cabinet of Ministers of Ukraine.

**Article 74.** Annual vacations

Citizens who are in labor relations with enterprises, institutions, organizations, regardless of the forms of ownership, type of activity and industry affiliation, as well

as work under an employment contract with a natural person, are granted annual (main and additional) vacations with retention of their place of work for their period ( positions) and wages.

**Article 75.**Duration of annual basic leave

Annual basic leave is granted to employees with a duration of at least 24 calendar days for the completed working year, which is counted from the date of conclusion of the employment contract.

Persons under the age of eighteen are granted annual basic leave of 31 calendar days.

Persons with disabilities of groups I and II are granted an annual basic vacation of 30 calendar days, and persons with disabilities of group III - 26 calendar days.

Seasonal employees, as well as temporary employees, are granted leave in proportion to the time they have worked. The list of seasonal jobs and seasonal industries is approved by the Cabinet of Ministers of Ukraine.

**Article 76.**Annual additional vacations and their duration Annual additional vacations are granted to employees:

- for work with harmful and difficult working conditions;
- for the special nature of work;
- in other cases provided by law.

**Article 79.**The procedure and conditions for granting annual leave.  
Withdrawal from leave

Annual basic and additional full-time vacations in the first year of work are granted to employees after six months of continuous work at this enterprise, institution, or organization.

In the case of granting the specified vacations before the end of the six-month period of continuous work, their duration is determined in proportion to the time worked, except for the cases specified by law, when these vacations are granted for the full duration at the request of the employee.

Annual leave for the second and subsequent years of work may be granted to an employee at any time of the relevant work year.

**Article 83.**Monetary compensation for unused annual leave

In case of dismissal of an employee, he is paid monetary compensation for all unused days of annual leave, as well as additional leave for employees who have children or an adult child with disabilities since childhood of subgroup A of group

## I.

### **Article 84.**Leave without pay

In the cases provided for by Article 25 of the Law of Ukraine "On Vacations", an employee is granted mandatory vacation without salary at his request.

Due to family circumstances and other reasons, an employee may be granted leave without pay for a period stipulated by the agreement between the employee and the employer, but no more than 15 calendar days per year.

We calculate vacation pay according to the formula:

Vacation pay = duration of vacation × average daily salary  
Average daily salary for vacation pay = payments of the calculation period ÷ length of the calculation period

When calculating these indicators, pay attention to the following:

the duration of the vacation is calendar days, but holidays and non-working days are not counted as a general rule (New Year, Christmas, March 8, Easter, from 2022 - Ukrainian Statehood Day, etc.). If it wasn't

*martial law, there are currently 12 public holidays per year (a full list of them is in Article 73 of the Labor Code). However, all holidays and non-working days, starting from 03.24.2022 during the period of martial law, became ordinary working days on the basis of part 6 of Art. 6 of the Law "On the Organization of Labor Relations in the Conditions of Martial Law".*

weekends, such as ordinary Saturdays and Sundays, do not need to be deducted, as they are paid;

the average daily salary is calculated according to its own rules, which are determined by the Procedure for calculating the average salary, approved by the Resolution of the Central Military Commission of February 8, 1995 No. 100.

Vacation pay calculated according to the above formula is paid now for the entire vacation period until the vacation itself begins, unless otherwise provided by law, labor or collective agreement.

*In addition, during the period of martial law under Art. 12 of Law No. 2136, special rules apply, namely:*

*the provision of annual basic leave by the employer's decision may be limited to 24 days for the current working year. At the same time, unused days are transferred to the period of cessation of martial law;*

*during martial law, the employer may refuse to grant unused days of annual leave (compensation for unused days is paid upon dismissal);*

*the employer can refuse an employee even annual leave if such an employee is involved in performing work on critical infrastructure facilities.*

Procedure for accrual and payment of temporary disability benefits

Conditions and procedure for obtaining temporary incapacity for work Insurance in connection with temporary loss of incapacity for work

are subject to persons who work under the terms of an employment contract (contract), other civil law contract at enterprises, institutions, organizations, regardless of the form of ownership and management.

On mandatory state social insurance: Law of Ukraine dated September 23, 1999 No. 1105-XIV.

**Article 17.** The amount of temporary disability benefits

1. Allowance for temporary incapacity for work is paid to insured persons depending on the length of insurance in the amount of:

50 percent of the average salary (income) - to insured persons with up to three years of insurance experience;

60 percent of the average salary (income) - to insured persons with three to five years of insurance experience;

70 percent of the average salary (income) - to insured persons who have five to eight years of insurance experience;

100 percent of the average salary (income) - to insured persons who have more than eight years of insurance experience;

**Article 21.** Insurance length of service - the period (term) during which a person was subject to insurance in connection with a temporary loss of working capacity and for which monthly insurance premiums were paid by him and his employer in an amount not less than the minimum insurance premium, except for the cases provided for in the second paragraph of this parts of....

**Article 22** it is provided that the payment of the first five days of temporary incapacity due to illness or injury, not related to an accident at work, is carried out at the expense of the employer.

Starting from the 6th day - at the expense of the Fund (from 01.01.2023 - this is the Pension Fund of Ukraine (PFU).

Calculation of average earnings when accruing temporary disability benefits

The procedure for calculating the average salary (income, cash provision) for calculating payments according to the mandatory state social insurance: Resolution of the CMU of September 26, 2001 No. 1266.

Article 3. The average daily wage (income, financial support) is calculated by dividing the wage accrued for the calculation period (12 calendar months), on which the single contribution and / or insurance contributions for the relevant types of mandatory state social insurance are calculated, by the number of calendar days of employment ( according to the types of insurance - period of stay in labor relations, performance of work, in calculation period without consideration calendar days who have not worked for valid reasons, - temporary incapacity for work, leave due to pregnancy and childbirth, leave to care for a child until the child reaches three years of age and six years of age according to a medical opinion, leave without salary, suspension of the employment contract in connection with the military aggression of the Russian Federation against Ukraine.

Mandatory taxes and fees charged to labor costs.

Salary accruals include a mandatory payment (contribution) that is paid by the employer and that belongs to the employer's expenses. Accruals in accounting do not reduce the employee's income.

**Deduction** from wages are payments that are made at the expense of the employee's salary. This means that the employee's salary has already been accrued, and then instead of paying it in full, a part of it is first taken.

Salary deductions are the reason for the existence of "dirty" or "gross" (accrued) and "clean" or "net" salaries (actually paid to the employee).

The difference between accruals and deductions is purely accounting. From an economic point of view, deductions are actually also part of the institution's expenses, because the salary, which is their source, is also the institution's expenses. Accruals and deductions from the salary are inevitable payments if there are employees.

Deduction from the employee's salary includes:

personal income tax (PIT);

military collection;

other maintenance: alimony, debts under executive letters, average earnings in case of compensation for damages, damages from materially responsible persons, etc. It can also be a payment made at the employee's request, such as trade union dues, contributions to charitable funds, contributions to public organizations, repayment of bank loans, various loans, etc.

The procedure for withholding tax on the income of individuals.

*Tax Code of Ukraine: Code of 02.12.2010 No. 2755-VI*

**Article 164.**The tax base is the total taxable income, taking into account specifics.

Total taxable income - any taxable income accrued (paid, provided) in favor of the taxpayer during the reporting tax period.

In the case of using the right to a tax discount, the tax base is the net annual taxable income, which is determined by reducing the total taxable income by the amount of the tax discount of such reporting year.

**Article 165.**Incomes that are not included in the calculation of the total monthly (annual) taxable income

The total monthly (annual) taxable income of the taxpayer does not include the following income: the amount of state and social material assistance, state assistance, compensations, the cost of social services and rehabilitation assistance (including monetary compensations for persons with disabilities, for children with disabilities during the implementation of individual rehabilitation programs persons with disabilities, amounts of pregnancy and childbirth benefits), rewards and insurance benefits that the taxpayer receives from the budgets and funds of mandatory state social insurance and in the form of financial assistance to persons with disabilities from the Social Protection Fund for Persons with Disabilities in accordance with the law, decrees of the President of Ukraine and acts of the Cabinet of Ministers of Ukraine, as well as the cost of social assistance in kind to low-income families.

**Article 167.**Tax rates

The tax rate is 18 percent of the tax base for income accrued (paid, provided), including, but not exclusively, in the form of: wages, other incentive and compensation payments or other payments and rewards that are accrued (paid, provided) to the payer in connection with labor relations and civil law contracts.

Accounting for social insurance payments and deductions to the Pension Fund.

There is only one tax for calculating wages — a single contribution to the mandatory state social insurance (SSI). He is a social worker.

About the collection and accounting of a single contribution to the mandatory state social insurance: Law dated 07.08.2010 2464-VI

**Article 1.**The single contribution to the mandatory state social insurance (hereinafter - the single contribution) is a consolidated insurance contribution, the collection of which is made to the system of mandatory state social insurance on a

mandatory basis and on a regular basis for the purpose of providing protection in cases provided for by law, the rights of insured persons to receive insurance payments (services) under the current types of mandatory state social insurance.

**Article 7.** The base for calculating the single contribution

A single contribution is calculated: for payers, on the amount of wages charged to each insured person by types of payments, which include basic and additional wages, other incentive and compensatory payments, including in kind, determined in accordance with Law of Ukraine "On remuneration", and the amount of compensation to natural persons for the performance of work (provision of services) under civil law contracts.

**Article 8.** The single contribution for payers is set at 22 percent to the specified amount Article 7 of this Law, the basis for calculating the single contribution. If the basis for calculating the single contribution does not exceed the amount of the minimum wage established by law for the month for which the income is received, the amount of the single contribution is calculated as the product of the amount of the minimum wage established by law for the month for which the income (profit) is received and rates a single contribution.

Its amount is not deducted from the employee's earnings, but is added to this earnings "from above" and is paid entirely from the employer's pocket. 22% is not the only EUV rate. Budget institutions may also have a rate of 8.41% - for the wage fund for persons with disabilities. Of course, persons with disabilities must provide a supporting document so that the accountant can apply a lower social security rate.

In addition to these two rates, there are also 5.3% and 5.5% - for enterprises created by public organizations of persons with disabilities.

**Limiting the amount of deductions from wages**

When paying wages, the employer, among other things, is obliged to inform the employee about the amount and grounds for deductions from his wages (Article 110 of the Labor Code). All payroll deductions can be divided into:

**mandatory**— those carried out according to executive documents. That is, this deduction is carried out according to executive letters, court decisions, court orders, executive inscriptions of notaries, decisions of bodies authorized to consider cases of administrative offenses, etc.;

**at the initiative of the employer.** This includes deductions carried out on the basis of Art. 127 and 136 of the Criminal Code for:

return of the advance issued on account of wages;

return of overpaid sums as a result of calculation errors;

coverage of damage caused by the fault of the employee, in an amount not exceeding the average monthly earnings;

return of excess vacation pay for days not worked when the employee is dismissed before the end of the working year for which he has already received annual paid vacation;

**voluntary**— those carried out based on the employee's application submitted in writing to the accounting department of the enterprise. These can be deductions for voluntary insurance, payment of utility bills, payment of goods purchased on credit, withholding of union dues, etc.

When making mandatory deductions from the employee's wages and/or deductions at the initiative of the employer, you must take into account the restrictions established by Art. 127 — 129 of the Criminal Code. Thus, the total amount of all deductions for each payment of wages cannot exceed 20%, and in cases separately provided for by the legislation of Ukraine (for example, when deductions are made according to several executive documents), 50% of the wages due to be paid to the employee (art. 128 of the Criminal Code).

The established restrictions do not apply to deductions from wages when performing corrective work and when collecting alimony for minor children. In these cases, the amount of salary deductions cannot exceed 70%.

*Instructions on the procedure for keeping employee work books, approved by order of the Ministry of Labor of Ukraine, Ministry of Justice of Ukraine, Ministry of Social Protection of the Population of Ukraine dated July 29 1993 No. 58*

Labor books are kept for all employees who work at an enterprise, institution, organization of all forms of ownership or with an individual for more than five days, including persons who are co-owners (owners) of enterprises, peasant (farm) farms, seasonal and temporary employees, as well as freelancers, provided that they are subject to state social insurance. For persons working part-time, employment books are kept only at the place of main work.

Thus, filling in the work book for the first time is carried out by the owner or the body authorized by him no later than a week from the day of employment.

At the same time, when issuing an employment book, or an insert to it, or a duplicate of an employment book, the owner or the body authorized by him shall charge the amount of its value from the employee. In case of incorrect initial filling of the work book or its insert, as well as damage to their forms due to careless

storage, the cost of the damaged forms is paid by the company.

Records are performed in Arabic numbers (number and month - two-digit); accurately, with a ballpoint pen or pen, black, blue or purple ink, and the record of dismissal, as well as information about awards and incentives, is certified with a seal.

Entries in the employment book upon dismissal or transfer to another job must be made in exact accordance with the wording of the current

legislation and with reference to the relevant article of the law.

With each entry made in the labor book on the basis of an order (order) on appointment to work, transfer and dismissal, the owner or the body authorized by him is obliged to acquaint the employee with a receipt in a personal card, in which the corresponding entry from the labor book must be repeated (insert).

The owner or the body authorized by him at the new place of work is obliged to provide the employee with the necessary assistance.

It should be noted that information about work, about transfer to another job, about awards and incentives, etc., has been corrected. must fully correspond to the original order or order.

In case of loss of an order or order or their inconsistency with the work actually performed, the correction of work information is carried out on the basis of other documents confirming the performance of work not specified in the work book.

At the same time, the statements of witnesses cannot be the basis for correcting previously entered records.

It should be noted that such information as:

information about the employee: surname, first name and patronymic, date of birth;

information about work, transfer to another permanent job, dismissal;

information about awards and incentives: about awarding with state awards of Ukraine and honors of Ukraine, incentives for success in work and other incentives in accordance with the current legislation of Ukraine;

information about the discoveries for which diplomas were issued, about the used inventions and innovative proposals, and about the rewards paid in connection with this.

Charges are not entered in the labor book.

It is worth noting that information about the employee is recorded on the first

page (cover page) of the employment book. Surname, first name and patronymic (in full, without shortening or replacing the name and patronymic with initials) and date of birth are indicated on the basis of a passport or birth certificate.

After specifying the date of filling in the work book, the employee certifies the correctness of the entered information with his signature. The first page (cover page) of the work book is signed by the person responsible for issuing work books, and after that the seal of the enterprise (or the seal of the personnel department) on which the work book was filled out for the first time is placed.

*On June 10, 2021, the Law dated February 5, 2021 No. 1217-IX "On Amendments to Certain Legislative Acts of Ukraine Regarding Electronic Recording of Labor Activities of Employees" entered into force, which provides for keeping work books in electronic form:*

*Law No. 1217 provides for a 5-year transitional period.*

*After digitization or scanning of the original paper work the book is handed over to the employee as an official document.*

*At the employee's request, the paper work book can be kept parallel to the electronic one.*

*Information on labor activity can be entered both by the insured person and by the employer through the web portal of electronic services of the PFU.*

## **PRACTICAL ASSIGNMENTS**

**Task 1.** Head of pharmacy O.M. Marchenko (born in 1990, higher education, work experience 8 years) accrued monthly salary (tab. No. 8742). Basic salary UAH 4900, additional - 4300, personal income tax - 18%, deduction to the trade union - 1%, military levy - 1.5%. Determine the amount to be paid.

This image shows a single page of white paper with horizontal blue or grey ruling lines. The lines are evenly spaced and run across the width of the page, leaving small margins at the top and bottom. There are no vertical margin lines, text, or other markings on the page.

## SELF-CHECK TESTS

1

**Which inventory items are listed separately by the inventory commission during a stocktake in a pharmacy?**

- A.Narcotic and psychotropic drugs**  
B.Medical devices  
C.Medicinal herbs  
D.Bandages  
E. Alcohol-based tinctures

2

**To ensure the accuracy of accounting records and reports, pharmacies conduct an inventory. What documentation must be submitted to the commission before the inventory begins?**

- A. Receipt for inventory balances**
- B. Inventory lists
- C. Inventory results report
- D. Inventory commission conclusion
- E. List of inventory records

**3 During an inventory in the pharmacy, a shortage of 0.2 g of atropine sulfate powder was found. What is the allowable natural loss rate for this drug?**

- A. 0.95%**
- B. 1.9%
- C. 1.7%
- D. 1.6%
- E. 2.15%

4

**Whose responsibility is it to verify the accuracy of all weighing equipment and ensure they are calibrated before the inventory begins?**

- A. Inventory commission**
- B. Materially responsible persons
- C. Pharmacy manager
- D. Business owner
- E. Analyst-pharmacist

5

**The pharmacy inventory revealed a shortage within the natural loss rate. At what prices will this shortage be recorded as an expense?**

- A. Wholesale prices**

- B. Retail prices
- C. Contract prices
- D. Procurement prices
- E. Agreement prices

6

**If a discrepancy between actual and recorded balances exceeding the allowable natural loss rate is found, the pharmacy manager must conduct an internal investigation within:**

- A. 3 days**
- B. 5 days
- C. 3 weeks
- D. 10 days
- E. 30 days

7

**The pharmacy inventory revealed a shortage within the natural loss rate. At what prices will this shortage be recorded as an expense?**

- A. Purchase prices**
- B. Retail prices
- C. Contract prices
- D. Customs prices
- E. Agreement prices

8

**During an inventory in the pharmacy, surplus inventory was found. What action should the inventory commission take regarding these surpluses?**

- A. They are accounted for as assets**
- B. They are to be confiscated by the higher organization
- C. They must be destroyed

- D. They require immediate sale
- E. They are written off

9

**During a planned inventory of the cash register, a shortage was found. Who is responsible for reimbursing the shortage amount?**

- A. Cashier**
- B. Pharmacy manager
- C. Deputy pharmacy manager
- D. Department head
- E. Deputy department head

10

**To verify the condition of assets, the pharmacy periodically conducts inventories. How often is a planned inventory of fixed assets conducted?**

- A. Once every three years**
- B. Twice a year
- C. At least once a year
- D. Three times a year
- E. Every six months

**After completing the practical task, the student should acquire practical skills and abilities:**

- labor and salary accounting;
- accrual of vacation pay and state social insurance benefits;
- determination and consideration of various deductions from wages

## **CONTENTS SECTION 6**

### **FINANCIAL STATEMENTS. ANALYSIS OF FINANCIAL AND ECONOMIC ACTIVITIES OF PHARMACY INSTITUTIONS**

#### **TOPIC 8 ORGANIZING AND CONDUCTING AN INVENTORY OF ASSETS AND LIABILITIES IN PHARMACIES**

**The student should know:** normative and legal documents regulating the organization of the inventory, the procedure for carrying it out, the main tasks and types of inventory in pharmacy institutions, documentation of the results of the inventory, display of the results of the inventory on accounting accounts.

**Basic terms and concepts:** inventory, inventory commission, natural loss, primary accounting documents, planned inventory, unplanned inventory.

#### **QUESTIONS**

1. Inventory, main tasks and types of inventory.
2. The procedure for conducting an inventory of commodity values and medicinal products that are subject to subject-quantitative accounting.
3. Inventory of fixed assets, intangible assets and low-value and perishable items.
4. Checking and registration of inventory results.
5. The procedure for automating the inventory procedure in pharmacies.

#### **SELF-CHECK QUESTIONS**

1. Describe the general provisions on the procedure for conducting an inventory of assets and liabilities.
2. The order of organization and basic rules of conducting an inventory.
3. Rights and duties of the work inventory commission, its composition and functions.
4. Explain the procedure for carrying out an inventory of goods and material values.
5. Specify the peculiarities of the inventory of medicines that are subject to subject-quantitative accounting in the pharmacy.

6. What is the procedure for conducting an inventory of cash, documents and strict reporting forms?
7. Describe the method of calculating natural damage.
8. Explain the procedure for processing inventory results. Checking and registration of inventory results.
9. What is the procedure for displaying inventory results on accounting accounts?
10. Automation of data processing of inventory results.

## **OVERVIEW**

**Inventory** is a check of the actual availability of the company's property and the comparison of inventory data with accounting records.

According to the Law of Ukraine "On Accounting and Financial Reporting" No. 996-XIV of July 16, 1999 (Article 10), in order to ensure the reliability of accounting and financial reporting data, enterprises are obliged to conduct an inventory of assets and liabilities, during which their availability, condition and assessment are checked and documented.

**The main tasks of the inventory are:**

- detection of actual availability of fixed assets, tangible assets, strict reporting forms, cash in cash registers, registration, budget, currency and current accounts;
- establishment of surplus or shortage of values and their adjustment and reflection in accounting;
- detection of goods and material values that have lost their original quality, are outdated and are not used;
- compliance with the conditions of storage of material values and monetary funds, as well as rules for the maintenance and operation of material values;
- verification of the reality of the value of fixed assets, intangible assets, tangible assets, securities and financial investments, sums of money in cash registers, current, currency and other accounts in bank institutions, money in transit, receivables and payables, unfinished production, costs of future periods, provisions and reserves for subsequent costs and payments.

**It is mandatory to carry out an inventory:**

before drawing up the annual financial statements in the amount specified in clause 6 of this section, taking into account the specifics of the inventory and within

the terms specified in clause 10 of this section;

in the case of transfer of property of a state enterprise or budget institution for lease, privatization of property of a state enterprise, transformation of a state enterprise, transfer of a state enterprise (its structural units) or budget institution to the sphere of management of another management body (as of the date of transfer), except for transfers within one body management, in other cases specified by law;

in the case of a change of materially responsible persons, as well as in the case of a change of the head of the team (foreman), removal from the team (brigade) of more than half of its members or at the request of at least one member of the team (brigade) with collective (brigade) material responsibility (on the day of acceptance - transfer of cases) in the amount of assets that are in responsible custody;

in the case of establishing the facts of theft or abuse, spoiling of valuables (on the day of establishing such facts) in the amount determined by the head of the enterprise;

by a court decision or on the basis of a duly executed document of a body which, according to the law, has the right to demand such an inventory. In these cases, the inventory must begin on the date and in the amount specified in the duly executed document of these bodies, but not earlier than the day the enterprise receives the corresponding document;

in case of man-made accidents, fire or natural disaster (on the day after the end of the phenomena) in the amount determined by the head of the enterprise;

in the event of termination of the enterprise to the extent specified in Clause 6 of this section;

in the case of transition to drawing up financial statements according to international standards (on the date of such transition);

in other cases provided by law.

### **Organization and basic rules of inventory**

In order to carry out an inventory at the enterprise, the administrative document of the head of the enterprise creates an inventory commission from representatives of the enterprise's management apparatus, the accounting service and experienced employees of the enterprise who know the object of inventory, prices and primary accounting. The inventory commission is headed by the head of the enterprise (his deputy) or the head of a structural subdivision of the enterprise, authorized by the head of the enterprise.

In those cases where accounting is conducted directly by the head of the

enterprise, the inventory commission is headed by the head of the enterprise independently.

According to the decision of the head of the enterprise, the members of the audit commission of the business association may be included in the composition of the inventory commission.

In the case of conducting an inventory based on a court decision or on the basis of a duly executed document of a body that, according to the law, has the right to demand such an inventory, officials of the relevant body may be present during the inventory.

The inventory is carried out by the full composition of the inventory commission (working inventory commission) and in the presence of the materially responsible person.

In an enterprise where, due to the large volume of work, the inventory cannot be carried out by one commission, working inventory commissions are created by the executive document of the enterprise manager to directly carry out the inventory in the places of storage and production.

The composition of working inventory commissions includes representatives of the management apparatus, accounting service and experienced employees of the enterprise who know the object of inventory, prices and primary accounting.

Members of the inventory commission may be included in the working inventory commissions.

The head and composition of the working inventory commissions are approved by an administrative document of the head of the enterprise.

It is forbidden to appoint the same employee as the head of the work inventory commission for checking assets that are in responsible custody of the same materially responsible persons for two years in a row.

Materially responsible persons are not included in the composition of the working inventory commission for checking assets that are in their responsible custody.

In case of creation of working inventory commissions, the inventory commission:

- organizes inventories and instructs members of working inventory commissions;

- carries out control checks of the correctness of inventories, as well as selective inventories of assets and liabilities according to the decision of the head of the

enterprise;

verifies the correctness of the determination of inventory differences, the validity of proposals regarding offsets, re-sorting of values in all places of their storage;

in the event of serious violations of the rules for conducting the inventory and in other cases, conducts a repeated inventory according to the decision of the head of the enterprise;

examines the causes of detected shortages and losses from deterioration of assets, formulates proposals for offsetting due to re-sorting, write-off of shortages within the limits of natural loss norms, as well as overtime shortages and losses from deterioration of values, indicating the reasons and measures taken to prevent such losses and shortages, and displays relevant information in the protocol.

**Working inventory commissions:**

carry out an inventory of assets in places of storage and production;

together with the accounting service, they participate in determining the results of the inventory and develop proposals for accounting for shortages and surpluses according to re-sorting, as well as writing off shortages within the limits of natural loss norms;

draw up a protocol, which contains the information required when drawing up the protocol of the inventory commission.

The objects, periodicity and terms of the inventory in the reporting year are approved by the administrative document of the head of the enterprise.

The head and members of the inventory commission (working inventory commissions) ensure compliance with the rules for conducting inventories, the completeness and accuracy of entering data into the inventory descriptions (inventory acts) about the actual balances of assets and the completeness of the display of liabilities, the correctness and timeliness of the registration of inventory materials.

**Before starting the verification of the actual availability of assets:**

the serviceability of all weighing devices is checked;

the processing of all documents regarding the movement of assets is completed and the latest registers of income and expenditure documents or reports on the movement of assets are formed at the time of the inventory;

balances on the inventory date are determined;

assets are grouped, sorted and laid out by name, grade, size in an order

convenient for counting (in the case of sudden inventories, this is done in the presence of the inventory commission (working inventory commission)).

The head of the inventory commission (work inventory commission) signs all income and expenditure documents attached to the registers (reports) with the indication "To the inventory on (date)". For the accounting service, these documents are the basis for determining the balance of assets at the beginning of the inventory based on accounting data.

The materially responsible persons provide in the inventory description a receipt stating that, before the start of the inventory, all income and expense documents for the assets have been submitted to the accounting department, that all the values that have come under their responsibility have been registered, and those that have fallen out have been written off.

The availability of assets during the inventory is established by mandatory counting, weighing, measuring. Weighing, measuring, counting are carried out in the order of placement of assets in the premises where they are stored. Determination of the weight (volume) of bulk materials can be carried out on the basis of measurements and technical calculations. Acts of measurements and calculations are attached to inventory descriptions.

If the inventory of assets in the premises where they are stored is not completed within one day, it must be completed within the following days. After the inventory commission (working inventory commission) has left this room, the chairman of the inventory commission (working inventory commission) will seal it with a sealer. During a break in the work of the inventory commission (working inventory commission), inventory descriptions must be kept in a closed room where the inventory is conducted.

In the case of storage of assets in different isolated premises with one materially responsible person, the inventory is carried out sequentially according to the places of storage. After checking the valuables, the entrance to the premises is sealed by a sealer.

On the income documents for assets that have arrived at the places of storage of assets before their transfer into operation or use during the inventory, the materially responsible person in the presence of the members of the inventory commission (working inventory commission) makes a mark "after the inventory." On the expense documents about the assets released from the warehouse during the inventory, with the permission of the head of the enterprise in the presence of the

members of the inventory commission (working inventory commission), a mark is made "after the inventory" with reference to the date of the inventory description, where these assets are recorded, or they are entered into of a separate inventory description, if they have not yet been included in the inventory description.

Separate inventory descriptions are drawn up for assets that are in transit, products shipped by buyers that have not been paid for on time, and those assets that are in the warehouses of other enterprises.

Budget institutions for assets that do not belong to them, but are at their disposal, also make separate descriptions with the distribution: for leased, accepted for safekeeping, commission, processing, etc.

If the materially responsible persons discover errors in the inventory descriptions after the inventory, they must immediately report this to the inventory commission (working inventory commission), which, after checking the specified facts and confirming them, corrects the errors.

After the end of the inventory carried out by the working inventory commissions, the inventory commission with the participation of the members of the working inventory commissions and materially responsible persons may carry out control checks, but necessarily before the opening of the warehouse where the inventory was carried out. At the same time, the most significant assets and those that are in high demand are checked from the inventory description.

In the case of significant discrepancies between the data of the inventory description and the data of the control check, a new composition of the working inventory commission is appointed to carry out a repeated inventory.

Inventory descriptions, inventory acts, reconciliation information are drawn up in accordance with the requirements established by the Regulation on Documentary Support of Accounting Records , approved by Order No. 88 of the Ministry of Finance of Ukraine dated May 24, 1995, registered with the Ministry of Justice of Ukraine on June 5, 1995 under No. 168 /704, for primary documents, taking into account the mandatory details and requirements stipulated by this Regulation. Inventory materials can be filled in both by hand and by electronic means of information processing.

Budgetary institutions draw up information on the results of the conducted inventories according to the forms specified by the legislation.

Inventory descriptions are used to record the availability, condition and valuation of the company's assets and those assets that belong to other companies

and are accounted for off the balance sheet. The inventory record records the presence of cash, monetary documents, forms of documents for strict reporting, financial investments, as well as the completeness of the display of funds in bank accounts (registration accounts), receivables and payables, liabilities, funds for targeted financing, expenses and income of future periods, provisions (reserves), which are created in accordance with the requirements of national regulations (standards) of accounting, national regulations (standards) of accounting in the public sector, international standards and other legal acts.

In the inventory description, assets are listed by name in quantitative units of measurement accepted in accounting, separately by the location of such values and persons responsible for their storage, with possible allocation by sub-accounts and nomenclature.

On each page of the inventory description, the number of serial numbers of assets and the total amount in physical measurements of all assets recorded on this page are indicated in words, regardless of the units of measurement (pieces, meters, kilograms, etc.) in which they are displayed.

Inventory acts are filled out taking into account the inventory objects, while their identification and comparison with accounting data must be ensured.

In the inventory descriptions (inventory acts) marks and cleanings are not allowed. Errors must be corrected in all copies of the descriptions by crossing out incorrect entries and writing over them the correct ones. Corrections must be signed by all members of the inventory commission (working inventory commission) and materially responsible persons.

In inventory descriptions (inventory acts), entries are made sequentially in each line on a separate sheet (except the last), all lines must be filled. Unfilled lines are crossed out on the last sheets of the inventory description (inventory report).

Inventory descriptions (inventory acts) are signed by all members of the inventory commission (working inventory commission) and materially responsible persons. At the same time, the materially responsible persons give a receipt, which confirms that the verification of assets took place in their presence, in connection with which they have no claims against the members of the commission, and that they accept the assets listed in the inventory for safekeeping. When carrying out an inventory, in the event of a change in the materially responsible person, the person who receives the assets gives a receipt for receiving the assets, and the person who transfers - for the transfer of assets.

After the end of the inventory, the completed inventory descriptions (inventory acts) are submitted to the accounting department for verification, identification and display in the accounting of the results of the inventory. At the same time, the quantitative and price indicators according to the accounting data are compared to the corresponding data of the inventory description, and differences between the inventory data and the accounting data are revealed by comparison. Also, the company's accounting service checks all calculations in inventory descriptions (inventory records). Identified errors in prices, billing and calculations must be corrected and certified by the signatures of all members of the inventory commission (working inventory commission) and materially responsible persons.

On the last page of the inventory descriptions (inventory acts), a note is made about the verification of prices, billing and calculation of the result with the signatures of the persons who conducted this verification.

The accounting service compiles reconciliation information of assets and liabilities, which reflect discrepancies between accounting data and data of inventory descriptions (inventory acts).

The cost of excess and shortage of values in the reconciliation information is given in accordance with their assessment in the accounting registers.

For assets belonging to other enterprises, separate reconciliation information is compiled, copies of which are sent to the owner.

Enterprises can form authorized commissions for the purpose of analyzing the results of the inventory of assets and liabilities in terms of their compliance with recognition and evaluation criteria, the requirements of national accounting regulations (standards), national accounting regulations (standards) in the public sector, international standards and other acts of legislation.

Inventory materials (inventories, acts, reconciliation information, protocols) are drawn up in at least two copies.

## PRACTICAL ASSIGNMENTS

**Task 1.** The legislative framework regulating the procedure for carrying out an inventory:

---

---

---

---

---

---

---

---

---

---

**Task 2.** Definition of inventory. The purpose of its implementation:

---

---

---

---

---

---

---

---

---

---

**Task 3.** Functions of the work inventory commission:

---

---

---

---

---

---

---

---

---

---

## SELF CHECK TESTS

1

**Economic benefit is:**

- A. The potential opportunity for the enterprise to receive cash from the use of assets**
- B. The potential opportunity for the enterprise to receive cash from the use of liabilities
- C. Standards regulating the activities of the enterprise
- D. Funds of the enterprise
- E. All of the above

2

**Reports are considered reliable if:**

- A. Partially reflect information about the financial and economic activities of the pharmacy
- B. Affect the indicators of stability of the pharmacy
- C. Fully comply with the requirements of legislative and regulatory documents
- D. All of the above
- E. Increase the level of profitability of the pharmacy**

3

**Operational analysis is divided into:**

- A. Factorial, horizontal, vertical, and coefficient analysis**
- B. Stimulating and directed
- C. Probable and improbable
- D. Clarified, vertical, and stimulating
- E. All of the above

4

**The coefficient of financial independence is:**

- A. The ratio of the total balance to own funds

- B. The ratio of assets to liabilities
- C. The ratio of profit to loss
- D. The ratio of own funds to the total balance**
- E. The ratio of liabilities to assets

5

**The coefficient of financial stability is:**

- A. The sum of own funds
- B. The ratio of assets to liabilities
- C. The ratio of long-term obligations to the total amount of own funds
- D. The sum of long-term and short-term obligations
- E. The ratio of the sum of own funds to the sum of long-term and short-term obligations**

6

**The coverage ratio is:**

- A. The ratio of current assets to current liabilities**
- B. The ratio of the inflation level to the level of trade markups
- C. The ratio of obligations to the enterprise's loans
- D. The state of enterprise stability
- E. The ratio of the cost coefficient to the inflation level

7

**The quick solvency ratio is:**

- A. The ratio of liquid current assets to current liabilities**
- B. The ability of the enterprise to make payments
- C. The ability for rapid accumulation of cash
- D. Participation in trade
- E. All of the above

8

**The absolute solvency ratio is:**

- A. The ratio of borrowed funds to fixed assets
- B. The ratio of profit to loss
- C. The difference between retail and wholesale prices

**D. The ratio of cash to capital investments**

- E. The percentage expression of the cost of goods

9

**Gross income of the pharmacy is:**

- A. The difference between quality and production level

**B. The total amount of income of the pharmacy from the sale of all groups of goods**

- C. The degree of equipping the pharmacy
- D. The state of income stability of the pharmacy
- E. The level of production profitability

10

**Gross expenses of the pharmacy are defined as:**

**A. The sum of the pharmacy's expenses for the production and sale of medications**

- B. The difference between the amount of income and the amount of expenses
- C. The tax rate on profit
- D. The amount of time spent on producing one unit of product
- E. All of the above

**After completing the practical task, the student should acquire practical skills and abilities regarding:**

- labor and salary accounting;
- accrual of vacation pay and state social insurance benefits;
- determination and consideration of various deductions from wages.

## TOPIC 9 FINANCIAL REPORTING OF BUSINESS ENTITIES IN PHARMACY

**The purpose of the lesson:** to acquaint students with the legislative and regulatory acts regulating pharmaceutical financial reporting.

**The student should know:** forms of accounting and the procedure for drawing up financial statements in pharmacies, the structure of the balance sheet, the principle of double entry in accounting accounts.

**Basic terms and concepts:** assets, balance sheet, accounting statements, expenses, equity, cash, income, cash equivalents, equity statement, cash flow statement, statement of financial results, liabilities, international financial reporting standards, national provision (standard ) of accounting, non-current assets, accounting policy, current assets, operating activity, operating cycle, main activity, profit, total income, financial activity, financial reporting.

### QUESTIONS

1. Concept, species and storage financial reporting. Simplified form of accounting.
2. Structure and content of financial reporting of a pharmacy.
3. The main indicators of economic and financial activity of a pharmacy and methods of their determination. Analysis of the financial condition of a pharmacy.
4. Profit as an indicator of efficiency of pharmacy institution. Calculation of profitability.
5. Balance sheet, its structure.

### SELF-CHECK QUESTIONS

1. The structure of financial reporting of the pharmacy.
2. Content of the report form "Balance (Statement of Financial Status)". Content of the report form "Report on financial results (Report on total income)".
3. Content of the "Report on cash flow" form. Relationship of reporting forms.
4. Profit as an indicator of the efficiency of the enterprise.
5. Rules for calculating profitability.

6. Calculation of the coefficient of autonomy of the enterprise.
7. Calculation of the coefficient of financial stability and solvency (liquidity) of the enterprise.
8. Asset sections of the balance sheet. Divisions of liabilities of the balance sheet.
9. Application of a simplified form of accounting.

## OVERVIEW

The information base for conducting economic analysis is reporting, which is a system of generalized and interconnected economic indicators of economic accounting that characterize the results of the pharmacy's activity during the reporting period.

*the purpose* compilation of financial statements of pharmacies is the presentation to users for decision-making of complete, unbiased information about the financial status, results of operations and movement of funds.

**Reporting-** is a system of indicators characterizing the results of the pharmacy's work, its property and financial condition.

**Financial Statements** provides information needs of users regarding:

- participation in the capital of the enterprise;
- assessment of management quality;
- assessment of the enterprise's ability to fulfill its obligations in a timely manner;
- regulation of activity.

The composition and structure of the enterprise's reporting depends on the one hand on the types of accounting, and on the other - on the information needs of users.

Annual financial statements consist of: a balance sheet, a statement of financial results, a statement of equity, a statement of cash flows, and appendices to the statements.

**Reporting tasks:** ensuring control over the correct use of material and financial resources of the pharmacy; establishing the legality and rationality of all pharmacy expenses; identification of reserves for increasing the economic efficiency of the pharmacy; preparation of data for economic analysis.

All pharmacies - legal entities prepare financial statements in accordance with national Accounting Regulations (standards). Before by drawing up annual financial

statements, enterprises are obliged to conduct an inventory.

**Balance Sheet (Form No. 1)**- Report on the financial condition of the enterprise, which reflects its assets, liabilities and equity as of a certain date.

**Report on financial results (Form #2)**- Statement of income, expenses, financial results and total income.

**Cash flow report (Form No. 3)**- A report that reflects the inflow and outflow of funds during the reporting period as a result of operational, investment and financial activities.

**Equity report (Form #4)**- A report reflecting changes in the composition of the company's equity during the reporting period.

**Notes to financial statements (Form No. 5)**- a set of indicators and explanations that provide detail and justification of financial reporting items

**Balance** is a report on the financial condition of the enterprise, which reflects its assets, liabilities and equity as of a certain date:

$$\text{Assets} = \text{Equity} + \text{Liabilities} \text{ or } \text{Assets} = \text{Liabilities}$$

The currency of the balance sheet is the sum of the balance sheet, which is the same in assets and liabilities.

Assets— resources controlled by the enterprise as a result of past events, the use of which is expected to lead to obtaining economic benefits in the future.

Obligation- the debt of the enterprise, which arose as a result of past events and the repayment of which in the future, as expected, will lead to a decrease in the resources of the enterprise, embodying economic benefits.

Equity is the part of the company's assets that remains after deducting its liabilities

ASSETS:

intangible assets,

unfinished capital investments,

fixed assets,

Long-term biological assets,

Investment Property,

long-term financial investments,

long-term receivables,

other non-current assets:

Chapter 1 "Non-current assets" -

inventories,

final product,

goods,

receivables,

Current financial investments,

Cash and cash equivalents,

costs of future periods,

Other current assets. Chapter 2 "Current assets"

Section 3 "Non-current assets held for sale and disposal groups"

**PASSIVE:**

- registered (statutory) capital,
- capital in additional assessments,
- additional,
- reserve,
- withdrawn capital

retained earnings (uncovered loss):

Section 1 "Own capital" includes long-term obligation and security of the enterprise, the maturity of which is more than one year.

Section 2 "Long-term liabilities and collateral"

- Short-term bank credits,
  - payments for goods, works, services,
  - Payments to the budget,
  - insurance settlements,
- payroll calculations.

The purpose of drawing up report F#2 is to determine the amount of profit or loss of the enterprise from its activities. Thanks to the Report on financial results, you can link the income and expenses for the reporting period and calculate the net profit:

$\text{Profit (loss)} = \text{Revenues} - \text{Expenses}$

Income- an increase in economic benefits in the form of an inflow of assets or a decrease in liabilities, which lead to an increase in equity.

Costs- reduction of economic benefits in the form of disposal of assets or increase in liabilities, which lead to a decrease in equity.

**Statement of Cash Flows** is made to assess: the ability of the enterprise to accumulate and use cash; to ensure the possibility of making the right decisions by the head of the enterprise and the owners. The flow of funds is reflected in the Report

on the flow of funds in terms of three types of activities: operational

- receipt of funds from the sale of goods (products, services);
- receipt of funds for granting the right to use assets (lease, licenses, etc.);
- payments to suppliers, etc. investment
- payments related to the acquisition of fixed assets and intangible assets;
- income from the sale of non-current assets;
- providing loans to other enterprises;
- income from financial investments (dividends, interest). financial
- issuance of equity capital (shares);
- receiving loans and repaying them;
- repurchase of shares of own issue;
- payment of dividends.

**Characteristics of reporting form 1 "Balance".**The balance sheet is the most important source of information about the financial condition of the pharmacy as of the first day of the year, quarter or month following the reporting period. It makes it possible to determine the composition and structure of the property of the pharmacy, the liquidity and turnover of working capital, the availability of equity and liabilities, the state and dynamics of receivables and payables.

The purpose of drawing up a balance sheet is to provide users with complete, true and unbiased information about the financial condition of the pharmacy as of the reporting date. The balance is compiled on the basis of current accounting data, grouped in the General Ledger, order journals, and analytical accounting data. Most of the balance sheet items are filled in directly according to the General Ledger data on the balances (balances) of synthetic accounts on the reporting date.

The main element of the balance sheet is a balance sheet item that corresponds to the type (name) of property, liabilities, sources of property formation. A balance sheet item is an indicator (line) of an asset or liability that characterizes certain types of property, sources of its formation, and liabilities of the pharmacy. Combining balance sheet items into groups or sections is carried out based on their economic content.

The balance sheet of the pharmacy is a two-sided table, the left part of which is an asset, the right part is a liability.

The main property of the balance sheet is the equality of the sums of assets and liabilities of the balance sheet.

**General characteristics of the "Report on financial results".**The content

and form of the Report on financial results, as well as the general requirements for the disclosure of its articles, are determined by P(S)BO 3 "Report on financial results". The norms of P(S)BO apply to reports on the financial results of enterprises, organizations and other legal entities (hereinafter referred to as enterprises) of all forms of ownership (except banks and budget institutions).

**the purpose** preparation of the "Report on financial results" f.2 is to provide users with complete, true and unbiased information about income, expenses, profits and losses from the enterprise's activities for the reporting period.

For small enterprises, the possibility of drawing up the "Report on financial results in abbreviated form" is provided

Provided that the assessment of income can be reliably determined, the income of

"Reports on financial results" f.2 reflect at the time of receipt of an asset or repayment of a liability, which leads to an increase in the company's own capital (except for the increase in capital due to the contributions of participants).

Provided that the cost estimate can be reliably determined, the costs are reflected in the "Report on financial results" f.2 at the time of disposal of an asset or an increase in a liability that leads to a decrease in the company's equity capital (except for a decrease in capital due to its withdrawal or distribution owners).

If the asset provides economic benefits during several accounting periods, then expenses are reflected in the "Report on financial results" f.2 based on their systematic and rational distribution (for example, in the form of depreciation) during those accounting periods in which the corresponding economic benefits are received.

Expenses are immediately reflected in the "Report on financial results" item 2, if the economic benefits do not meet the criteria for recognizing them as assets of the enterprise.

Collapse of income and expenses is not allowed, except for the cases provided by the relevant P(S)BO.

The structure of the "Report on financial results" f.2

"Report on financial results" f.2 consists of three sections: I. Financial results.

II. Elements of operating costs.

III. Calculation of share profitability indicators.

I. Financial results

They are formed on the basis of determining the financial results from all types of activities. The following types of activity are distinguished: operational, other and

emergency.

**Operational activity**— the main activity of the enterprise, as well as other types of activity that are not investment or financial activities. The main activity of the enterprise includes the production and/or sale of products, goods, works, and services, which are carried out on the basis of the company's charter; to other activities of enterprises — sale or lease of fixed assets, intangible assets, production stocks, income from operational exchange rate differences.

**Other activity**— income from investment or financial activities (dividends, interest and other income; participation in subsidiaries, etc.).

**Emergency activity**— events and operations that cannot be predicted within the scope of normal activity; they occur without the company's participation and irregularly (floods, landslides, earthquakes, fires, accidents).

The financial result is calculated gradually: income from the sale of products (goods, works, services) is shown according to the gross method, followed by the deduction of discounts, returns of sold goods, taxes (VAT, excise).

"Report on financial results" f.2 is intended to display income and expenses recognized in accounting and to determine the financial results of the enterprise for the reporting period. The information provided in this form of financial reporting, on the one hand, provides an opportunity to assess the business activity and financial attractiveness of the enterprise, and on the other hand, it allows to calculate the indicators used in forecasting the future activity of the business entity.

The content and form of the "Cash Flow Statement" f.3, as well as the requirements for the disclosure of its articles are determined by P(S)BO 4 "Cash Flow Statement". The Law of Ukraine "On Accounting and Financial Reporting in Ukraine" specifies that this form of report refers to annual financial reporting.

**the purpose** preparation of the "Report on the movement of cash funds" f.3 is to provide users of financial statements with complete, true and impartial information about the changes that have occurred in the cash funds of the enterprise and their

equivalents for the reporting period. "Cash flow report" item 3 in combination with other forms of reports enables:

to assess the ability to support future cash flows;

draw conclusions about the company's ability to repay its obligations or pay dividends;

evaluate monetary and non-monetary transactions related to investment and

financial activities

It consistently lists articles that consistently reflect cash receipts by sources and cash spending by main areas of use as a result of types of activities during the reporting period.

The cash flow report is drawn up once per reporting period - only at the end of the year. It provides data on cash flows during the reporting period as a result of operating, investment and financial activities. Accordingly, the report is divided into three sections:

- I. Rukh c. funds as a result of operational activity
- II. The movement of funds as a result of investment activities
- III. The movement of funds as a result of financial activity

**Operational activity**— the main activity of the enterprise, as well as other types of activities that are not investment or financial activities.

**Receipts:** receipt of funds from the sale of products, goods, works and services; receipt of funds in the form of income from copyrights, royalties, commissions; receipt of funds under insurance contracts; any other cash receipts not related to investment and financial activities of the enterprise.

**Expenses:** purchase of goods, raw materials, materials and services for cash; cash payments to employees; payments of funds under insurance contracts; transfer of funds for payment of income tax (if it is not identified with financial or investment activity), other taxes and mandatory fees and payments; enumeration

cash for interest payments for using credits and loans; any other monetary expenses that are not related to the investment and financial activities of the enterprise.

**Content and form of the "Report on equity" p. 4**, as well as the general requirements for the disclosure of its articles are determined by Methodical recommendations for filling out financial reporting forms. In accordance with the requirements of the Methodological Recommendations for filling out financial reporting forms, separate columns are highlighted in the Report for each component of equity, which reflect: balances in terms of all components of equity at the beginning and end of the reporting year; articles that affected changes in the components of equity capital. This form of financial reporting is compiled based on the data of the Balance Sheet. Data on balances for individual components of equity at the beginning of the year are transferred from the corresponding lines of the first liability section of the Balance Sheet "Equity". "Report on equity" item 4 is intended

to disclose information about events and operations that affected the final balances of the components of equity and its relationship with the Balance Sheet. Drafting Item 4 of the "Equity Report" is carried out in several stages.

At the first stage, balances of equity components are transferred to the beginning of the year. To fill in such a line, either the balances of accounts and sub-accounts of the fourth class of the Chart of accounts of accounting "Equity and securing obligations" or the indicators of the first liability section of the Balance Sheet "Equity" are used.

At the second stage, the value of the equity balance at the beginning of the year is adjusted in the following sequence due to changes in the accounting policy, correction of errors, etc. The procedure for correcting errors, introducing and disclosing other changes in financial statements is regulated by NP(S)BO 6 "Correction of errors and changes in financial statements", according to which only significant errors are subject to correction, that is, those that distort the indicators of financial statements and may lead to incorrect decision-making by its users. Identified errors made during the preparation of financial statements for previous years, provided they affect the amount of equity (profit or loss), are corrected by adjusting the balance of retained earnings (uncovered loss) at the beginning of the reporting year.

At the third stage, information on the change in other comprehensive income for the reporting period, reflected in the articles of the second section of the "Report on financial results" f.4 "Total income", is provided. Such changes arise as a result of: revaluation of the value of objects of fixed assets and intangible assets, reduced by the amount of revaluation of such objects during the reporting period within the limits of the amounts of previously carried out revaluations; changes in the balance sheet value of hedging objects; recognized exchange rate differences included in equity, etc. Information on the components of other comprehensive income may be provided in additional articles of the "Report on equity" f.4, if it meets the materiality criteria.

Profit and profitability.

The level of efficiency of economic activity of any enterprise is determined by the financial results obtained as a result of this activity. It can be both profit and loss.

The financial results of the enterprise are characterized by absolute (amount of profit (loss)) and relative (level of profitability) indicators.

The amount of profit and the level of profitability depend on the volume of operational, investment and financial activities, therefore profitability indicators characterize all areas of the enterprise's economic activity.

Profit is a qualitative indicator, since its value reflects the change in the company's income, the amount of expenses, the level of use of resources related to its activity. Thus, profit synthesizes all aspects of the enterprise's activity and reflects its efficiency. In the growth of profit both the enterprise and the state are interested in business entities.

In economic theory and business practice, economic profit, accounting profit and normal profit are distinguished.

**Accounting profit**— the difference between total income and clear expenses. Economists call such profit accounting, because it takes into account in the calculation only explicit (monetary) payments recorded in the accounting records of the enterprise.

**Economic profit**— the difference between the company's total income and total costs, explicit and implicit.

Normal profit is the minimum profit that must be earned by an entrepreneur, if he wants to stay in his own business and continue the activity. This is a fee for performing business functions. The concept of "normal profit" is often used to denote alternative (implicit) costs of a firm's capital. Normal profit is the profit that the owner of the firm forgoes by using his own resources in his firm, but which he could have earned by investing his resources in another matter.

**Depending on the formation and distribution, the following types of profit are calculated:**

- gross profit;
- profit from operating activities (*P<sub>opera.</sub>*);
- profit from financial activity (*P<sub>Finn</sub>*);
- profit from investment activity (*P<sub>investment</sub>*);
- profit from ordinary activity to taxation (*P<sub>approx.</sub>*);
- profit from ordinary activities;
- net profit (*P<sub>h.</sub>*).

**Profitability**— is the level of profitability of the enterprise, which is measured as a percentage. An enterprise is considered profitable if the income from the sale of products covers the costs of production, and, in addition, provides a profit sufficient

for its normal functioning.

Most often, the profitability of enterprises is evaluated by potential investors in order to determine the feasibility of investing funds.

For state-owned enterprises, such an assessment can be carried out at the state level in order to identify opportunities for increasing profitability in the presence of negative trends in the public sector.

At private enterprises, profitability assessment is carried out by owners and directors in order to make the necessary management decisions aimed at maintaining or increasing the level of profitability.

The main sources of information for profitability analysis are the company's balance sheet (item No. 1) and the report on financial results (item No. 2).

Analysis of the company's profitability is carried out using a system of indicators. The main indicators of profitability include:

**return on assets (property)**- shows how much profit the company receives from each hryvnia invested in its assets. The analysis of the profitability of assets is carried out to assess the efficiency of the company's activities, and is also used when studying the demand for products. The value of this indicator is influenced by: turnover of assets, profitability of sold products.

**return on equity**- this indicator is of interest to existing and potential owners and shareholders. Return on equity shows how much profit each unit of money invested by the owners brings. This is the main indicator used to characterize the efficiency of investments in activities of one or another type.

**gross profitability of sold products** -this coefficient shows the profitability of the enterprise after deducting the costs of production and sale of goods. He is one of the best tools for determining operational efficiency and indicates the ability of the company's management to make a profit from activities before deducting costs that do not relate to operational activities.

**net profitability of sold products** -this indicator reflects the ratio of net profit to the amount of revenue from the sale of the company's products.

If the indicator of operating profitability remains unchanged, and the indicator of net profitability decreases, then this may indicate either an increase in financial costs and receiving losses from participation in the capital of other enterprises, or an increase in the amount of tax payments paid.

- the profitability of production shows how effective the return of production means is, that is, it reflects the amount of profit attributable to each hryvnia of

production resources (material assets) of the enterprise.

One of the most important conditions for the survival of enterprises in the conditions of a financial crisis and the basis of their stable financial condition is financial stability.

**Financial stability**— is the ability of the enterprise to achieve a state of financial equilibrium while maintaining a sufficient degree of financial stability and to maintain this state in the long term with effective financial management. The main components of financial stability are financial balance and financial stability.

**Financial balance of the enterprise**— is the correspondence of the volumes of formation and use (consumption) of own financial resources. It is achieved by optimizing the ratio between the share of funds that are capitalized and their share that is directed to consumption, as well as by harmonizing the sources of formation and directions of use of own financial resources, establishing the optimal ratio between external and internal sources of own financial resources. Achieving financial balance largely depends on the effectiveness of the company's accounting policy, the company's profit formation and distribution policy, depreciation, dividend, emission policy, etc.

**Financial stability**— this is a state of the company's financial resources, in which their rational management is a guarantee of the availability of own funds, stable profitability and ensuring the process of extended reproduction.

Each enterprise must determine the limits of its financial stability. Insufficient financial stability of the enterprise can lead to its insolvency, and excess will contribute to the creation of "excess" stocks and reserves, in connection with which the expenses for their maintenance will increase, there will be a lack of profit and a slowdown in the pace of economic development of the enterprise.

*Coefficient approach to assessing the financial stability of the enterprise* consists in the calculation and analysis of a set of financial ratios.

There are two main approaches to determining financial stability, depending on the information base of the analysis.

Thus, according to the first approach, when assessing financial stability, only data on sources of financing are used, that is, data on liabilities of the balance sheet (f.1).

According to the second approach, to assess the financial stability of enterprises, the relationship between the assets and liabilities of the balance sheet is analyzed, that is, the directions of the use of funds are traced. This approach is more

complete and more justified from an economic point of view.

<b>The name of the coefficient</b>	<b>Purpose (description)</b>
Coefficient of autonomy	It characterizes the degree of independence of the enterprise from external borrowings. It is defined as the ratio of the total amount of own funds to the balance sheet
Coefficient of financial dependence	This is the inverse of the autonomy factor. The growth of this indicator causes an increase in the share of borrowers' funds to finance the enterprise
Equity maneuverability coefficient	The indicator shows what part of own capital is used for financing specific activities. Defined as a relation of equity to current assets
Coefficients of securing working capital with own working capital	The indicator shows what part of equity capital is used to finance current activities. Defined as the ratio of equity to current assets
The coefficient of the ratio of own and borrowed capital (the coefficient of financial stability)	The indicator characterizes the financial stability of the enterprise. It shows how many hryvnias of equity capital accounts for UAH 1 of raised capital
The coefficient of the ratio of the involved equity (financial risk ratio; financing)	The indicator is the reverse of the previous one. He shows how much UAH of raised capital accounts for 1 hryvnia of equity

For small business entities, national regulations (standards) establish abbreviated financial reporting in the form of a balance sheet and a report on financial results.

## PRACTICAL ASSIGNMENTS

**Task 1.** Describe the main performance indicators of the enterprise

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

**Task 2.** Give a brief description of the concepts Analytical account, synthetic account, subaccount

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

## SELF-CHECK TESTS

1

**Economic benefit is:**

- A. The potential for a company to generate cash flow from the use of assets**
- B. The potential for a company to generate cash flow from the use of liabilities
- C. Standards governing the company's operations
- D. The company's funds
- E. All of the above

2

**Reports are considered reliable if they:**

- A. Partially reflect information about the financial and economic activities of the pharmacy
- B. Affect the stability indicators of the pharmacy
- C. Fully comply with legislative and regulatory documents**
- D. All of the above
- E. Increase the profitability of the pharmacy

3

**Operational analysis is divided into:**

- A. Factor, horizontal, vertical, and ratio analysis**
- B. Stimulating and directed
- C. Plausible and implausible
- D. Refined, vertical, and stimulating
- E. All of the above

4

**The financial independence ratio is:**

- A. The ratio of total assets to equity

- B. The ratio of assets to liabilities
- C. The ratio of profit to losses
- D. The ratio of equity to total assets**
- E. The ratio of liabilities to assets

5

**The financial stability ratio is:**

- A. The amount of equity
- B. The ratio of assets to liabilities
- C. The ratio of long-term liabilities to equity
- D. The sum of long-term and short-term liabilities
- E. The ratio of equity to the sum of long-term and short-term liabilities**

6

**The coverage ratio is:**

- A. The ratio of current assets to current liabilities**
- B. The ratio of inflation level to trade markups
- C. The ratio of liabilities to the company's loans
- D. The company's stability level
- E. The ratio of cost coefficient to inflation rate

7

**The quick liquidity ratio is:**

- A. The ratio of the liquid portion of current assets to current liabilities**
- B. The company's ability to make payments
- C. The ability to quickly accumulate cash
- D. Participation in trade
- E. All of the above

8

**The absolute liquidity ratio is:**

- A. The ratio of borrowed funds to fixed assets
- B. The ratio of profit to losses
- C. The difference between retail and wholesale prices
- D. The ratio of cash to capital investments**
- E. The percentage expression of product cost

9

**The gross income of a pharmacy is:**

- A. The difference between quality and production level
- B. The total revenue from the sale of all product groups**
- C. The level of equipment of the pharmacy
- D. The stability of the pharmacy's income
- E. The profitability level of production

10

**The gross expenses of a pharmacy are defined as:**

- A. The total expenses of the pharmacy for the production and sale of medications**
- B. The difference between total income and expenses
- C. The tax rate on profit
- D. The time spent on producing one unit of product
- E. All of the above

**After completing the practical task, the student should acquire practical skills and abilities:**

- the procedure for drawing up accounting financial statements;
- forms of financial reporting, their structure and purpose;
- drawing up the pharmacy (pharmaceutical company) balance sheet;
- balance sheet changes in assets and liabilities of the balance sheet;
- peculiarities of financial reporting of small enterprises

## **TOPIC 10 ANALYSIS OF FINANCIAL AND ECONOMIC ACTIVITIES OF PHARMACIES**

**The student should know:** the national system of accounting and reporting, accounting policy, accounting regulations (standards), composition of financial statements, information tasks of accounting, financial and economic analysis of pharmacy activities, economic indicators of economic activity of pharmacies and their characteristics, formation of results (profit or loss) of financial and economic activities of pharmacies, methodical techniques of economic analysis, absolute, relative and average values in the financial analysis of pharmacies.

**Basic terms and concepts:** accounting policy, financial statements, management reporting, organization of accounting and reporting, financial and economic analysis, economic indicators of financial results of the pharmacy, accounting and reporting information, profit, losses, cost, gross income, gross expenses, solvency, profitability, liquidity, competitiveness, turnover, accounts receivable, accounts payable, equity, Borrowed capital, index, ratio.

### **QUESTIONS**

1. Methods of analysis of financial and economic activities of enterprises: purpose, objectives, scope of application, main components, sources of information.
2. Main indicators for the analysis of financial and economic activities.
3. Assessment of profitability of operational, investment and financial activities of the enterprise.
4. Evaluation of the efficiency of the enterprise, taking into account the industry specifics.
5. Analysis of the implementation of the financial plan of enterprises.

### **SELF-CHECK QUESTIONS**

1. Determination of the purpose of the analysis of financial and economic activities.
2. The main tasks of the analysis of financial and economic activities.
3. Scope of application of the analysis of financial and economic activities.

4. The main components of the analysis of financial and economic activity.
5. Sources of information for analysis.
6. Main indicators for the analysis of financial and economic activities.
7. Estimation of profitability of the company's operating activities.
8. Estimation of profitability of the investment activity of the enterprise.
9. Assessment of profitability of the company's financial activities.
10. Evaluation of the efficiency of the enterprise, taking into account the industry specifics.
11. Analysis of the implementation of the financial plan of enterprises.

## **OVERVIEW**

The purpose of the analysis is to determine the objective and subjective causes of unprofitability, to ensure the unity of approaches in assessing the financial and economic condition and management efficiency of the subjects of the public sector of the economy of Ukraine.

The main task of the analysis is to assess the efficiency of the use of assets, income, expenses and results of the enterprise for the reporting period, to identify factors that have positively or negatively affected the final financial results. Determines the main indicators that characterize the financial and economic condition of enterprises, establishes the procedure for their calculation according to the data of financial and tax statements, directions for checking the activities of enterprises in order to identify objective and subjective reasons for unprofitability, as well as criteria for assessing the effectiveness of enterprise management.

It is used by central and local executive bodies that are authorized to manage enterprises of the public sector of the economy. Ministries and other executive bodies, within their competence and in accordance with sectoral specifics, develop sectoral standards of indicators that are used to analyze the efficiency of financial and economic activities and management of enterprises.

The main components of the financial analysis of the company's activities are:

- horizontal financial analysis, which is carried out in order to study the dynamics of individual financial indicators calculated on the basis of financial statements for a certain period of time. Absolute and relative changes, growth rates (increments) of individual indicators (income, expenses, assets, etc.) for a number of periods are calculated and general trends in their changes are determined.

- vertical financial analysis, which is based on the comparison of the specific weight of individual structural components.

- comparative financial analysis, which is carried out to compare planned and actual indicators, actual and normative (sectoral, general) indicators. The following indicators are compared: sales volume, cost of production, prices for finished products, etc.

- analysis of financial ratios, which consists in comparing indicators of reporting and/or financial plan in order to calculate the following ratios: solvency (liquidity) ratio, assessment of asset turnover, financial stability of the enterprise, etc.

- factor financial analysis, which is carried out to assess the impact of individual factors on the level of relevant performance indicators.

The sources of information for the analysis are:

- Financial plan of state-owned enterprises for the reporting period and an explanatory note to it.

- Balance.

- Income statement.

- Statement of cash flows.

- Statement of equity.

- Corporate Income Tax Declaration or Calculation of Single Tax Payment by a Small Business Entity - Legal Entity.

- Other information, with the exception of information that constitutes a state secret in accordance with the law.

In analytical tables, the forms of financial statements of enterprises are indicated as sources of information.

The analysis of the structure and changes in the value of the company's assets is carried out by comparing the indicators of the balance sheet asset at the beginning and end of the reporting period by types of assets. According to the data, the absolute and relative growth (growth ratio) of each type of asset is determined.

If the growth rate of the value of assets ( $SQ$ ) is less than one, then this indicates a reduction in the company's economic activity in the reporting period.

If the growth rate of all assets is less than the growth coefficients of inventories ( $Sq.a. < Kz$ ) (provided that the economic activity of the analyzed enterprise is not seasonal, and the operating cycle of the main activity does not exceed 12 months), then an additional study of the issue is carried out in order to

determine the structure of stocks. Disproportionate growth of inventories leads to excessive accumulation of inventories, growth in the volume of finished products in the warehouse, etc.; unfinished construction ( $Sq.a. < Book$ ), then the efficiency of investments is analyzed; long-term financial investments ( $Kz < Kd.f.i.$ ), then the effectiveness and validity of the relevant financial investments are checked.

If the cost of unfinished construction is unchanged or slightly decreases ( $0.9 < = Kn.b. < = 1$ ), then it is advisable to analyze the condition and characteristics of these objects, the prospects for the completion of construction.

The growth of stocks, disproportionate to the growth of income, may indicate a slowdown in their turnover, diversion of financial resources and deterioration of the financial condition of the enterprise. Trends in the turnover of production stocks are characterized by the corresponding coefficient ( $Kob.zap.$ ), which is calculated as the ratio of net income (revenue) from the sale of products (goods, works, services) to the value of inventories. Decrease in the value of  $Cob.zap.$  At the end of the reporting period, compared to its value at the beginning of the year, it indicates a slowdown in inventory turnover. Under such conditions, it is expedient to analyze the reasons for the excessive accumulation of stocks and the increase in the volume of work-in-progress, balances of finished products, diversion of assets from production turnover.

When analyzing the equity capital of an enterprise, changes in the structure and volume of its own financial resources are evaluated. The procedure and volumes of formation of the authorized and reserve capital are checked for compliance with the legislation. According to the accounting data, the distribution of profits and the formation of special-purpose funds provided for by the Commercial Code of Ukraine are analyzed.

Based on the data obtained, the absolute and relative growth (growth coefficient) for individual components of the enterprise's equity capital is determined.

If the equity growth ratio is less than the company's asset growth ratio ( $Sq.a. > Sq.c.$ ), then this indicates a reduction in the volume of the company's own sources of financing (profit, use of reserves, asset devaluation, etc.). If the equity growth ratio increases due to the revaluation of non-current assets and exceeds the value of the company's asset growth ratio and/or the value of the growth ratio equity capital ( $K.a. > Sq.a.$  and/or  $K.a. > Sq.k.$ ), *an analysis of the validity of the revaluation of the value of assets and possible artificial overstatement of equity capital is carried*

out (the analysis is carried out on the basis of additional information provided by the company). In case of a significant increase in the amount of markdown, the validity of the decrease in the value of assets is checked.

When analyzing the structure and dynamics of the enterprise's liabilities, negative trends in the growth of the enterprise's debt are revealed. Considerable attention should be paid to the analysis of the dynamics of the company's indebtedness on settlements with the budget and on wages.

Additionally, an analysis of overdue accounts payable is carried out.

Absolute and relative growth (growth coefficient) by types of debt is determined.

An increase in the growth ratio of accounts payable in comparison with the growth ratio of the company's assets ( $K_z > S_{q.a.}$ ) indicates a deterioration in its solvency. In this case, an in-depth analysis is required to prevent bankruptcy of the enterprise.

The profitability of each type of activity of the enterprise is estimated: operational, investment and financial.

Analysis of the effectiveness of several types of activities will make it possible to determine their impact on the net profit of the enterprise. If the company has a loss from operating activities according to the results of the reporting period, then the cost structure by economic elements should be analyzed. If, according to the results of the reporting year, the company has a loss from investment activities, then the factors that influenced the formation of such losses should be analyzed, and measures to eliminate the unprofitability of associated, joint ventures and subsidiaries should be determined, or a change and reduction in the directions of investment activity, a reduction in investment activity should be carried out. If, according to the results of the reporting year, the company receives losses from financial activities, then the composition of financial income and financial expenses should be analyzed. As a result of the analysis, possible ways to reduce financial costs should be identified. When analyzing financial income, the profitability of securities is determined, and a decision is made to change the structure of the "portfolio of financial investments" (sale of some securities and purchase of other profitable securities).

When receiving losses from other operations of ordinary activities, but not related to operating and financial activities, the composition of other income, other expenses is analyzed and ways to eliminate losses in the planning period are

determined.

Evaluation of the efficiency of the enterprise, taking into account the industry specifics.

The coefficients of renewal of fixed assets and their depreciation characterize the investment policy of the enterprise.

The financial stability ratio characterizes the ratio of own and borrowed funds. The excess of own funds over borrowed funds indicates that the company has a sufficient level of financial stability and is relatively independent of external financial sources. The share of equity in the total amount of financial resources must be at least 50%, i.e. the normative value of *K financial stability must be at least 1*. If *K financial stability* less than 1, then an additional analysis is carried out in order to identify the reasons for the decrease in financial stability (decrease in revenue, decrease in profit, unjustified increase in inventories, etc.).

The coverage ratio (*K coverage*) determines the ratio of all current assets to current liabilities and characterizes the sufficiency of the company's working capital to repay its *debts during the year*. *The value of K coverage in the range of 1-1.5 indicates that the company liquidates debts in a timely manner. Critical value K coverage = 1*. With *K coverage* < 1 company has very low liquidity, in this case, as well as the negative dynamics of this indicator, an additional analysis is carried out in order to identify the reasons that led to a decrease in the liquidity of the enterprise, as well as measures are taken to prevent the bankruptcy of the enterprise.

Total Liquidity Ratio (*CRL*)) reflects how many units of working capital are accounted for per unit of long-term and current liabilities. Absolute liquidity ratio (*CA*) characterizes the ability of the enterprise to liquidate the current debt with the money that it has at its disposal on the date of the analysis. The ratio determines how much of the company's current debt is able to repay immediately. The value of the coefficient should be in the range of 0.2 to 0.35. In the event that *Kab.l.* less than 0.2 or the dynamics of the indicator is negative, an additional analysis of the relevant factors is carried out. The debt ratio reflects the company's dependence on borrowed funds. The capital raised concentration ratio shows the share of capital raised in the balance sheet currency.

Analysis of the implementation of the financial plan includes the identification and assessment of deviations of the actual indicators of financial and economic activity from the planned ones, the identification of factors that influenced the underperformance of the planned indicators.

The analysis of the implementation of the plan is carried out according to the data of the report, which is drawn up in the form of the financial plan, by comparing the values of indicators according to the plan and, in fact, changing their specific weight.

The deviations identified in the process of analysis indicate the need to adjust financial and economic activities.

Recommendations for such adjustment should be based on the data of factor analysis of deviations in the implementation of the plan.

The implementation of the profitability plan for each type of activity of the enterprise is evaluated: operational, investment and financial. The conclusion may be the justification of the expediency of carrying out certain types of activities for the next planning periods.

Failure to fulfill the profitability plan requires a detailed analysis of the factors influencing the reduction in profitability (increase in unprofitability) of activities. A decrease in the profitability of the enterprise affects the reduction of financial resources and, accordingly, the reduction of planned activities.

The analysis of income, expenses, financial results, sources of formation (receipt) of financial resources and their use in the context of economic or geographical reporting segments is carried out as follows: the profitability of the reportable segments is compared with the volume of receipts and use of financial resources.

The analysis of the distribution of net profit is carried out as follows - the absolute and relative deviation of indicators for the planning and reporting periods is calculated.

Management efficiency, solvency and financial stability are analyzed according to these indicators of the financial plan, planned turnover balance, financial, tax and statistical reporting. Based on the generalization of the results of the analysis of the indicators of the financial plan and the report on its implementation, a conclusion is made about the financial condition of the enterprise, the dynamics of its change is assessed and recommendations for improving financial activities are made.

## PRACTICAL ASSIGNMENTS

**Task 1.** Imagine you are a financial analyst working for a public sector enterprise in Ukraine. The company has faced some financial difficulties during the last year. Your task is to analyze the company's financial condition based on the following indicators provided in the balance sheet and income statement.

- **Sales Revenue:** \$500,000 (Year 1), \$550,000 (Year 2)
- **Inventory:** \$150,000 (Year 1), \$120,000 (Year 2)
- **Operating Expenses:** \$300,000 (Year 1), \$320,000 (Year 2)
- **Net Profit:** \$50,000 (Year 1), \$60,000 (Year 2)
- **Current Assets:** \$200,000
- **Current Liabilities:** \$150,000
- **Total Assets:** \$1,000,000
- **Equity:** \$400,000

### Questions:

1. Describe the company's financial performance over the two years, focusing on revenue growth, inventory reduction, and profitability changes.
2. Based on the available data, discuss the company's liquidity and financial stability. How would you assess its ability to meet short-term and long-term obligations?

$$\text{Liquidity Ratio} = \text{Current Assets} / \text{Current Liabilities}$$

$$\text{Financial Stability Ratio} = \text{Equity} / \text{Total Assets}$$

3. Given the changes in assets and liabilities, what actions would you recommend to improve the company's financial stability in the coming year?

## SELF-CHECK TESTS

1

**The audit of primary documents and other information about the financial and economic activities of business entities ordered by the enterprise to determine the reliability of their reporting and accounting completeness is called:**

**A. Audit**

B. Accounting

- C. Inspection
- D. Financial analysis
- E. Expertise

2

**The summarizing document of the auditor, provided by the contract between the auditor and the business entity, in which information about the audit results, detected deficiencies in accounting, and recommendations for their elimination are presented in any form, is called:**

- A. Auditor's report**
- B. Report on pound results
- C. Balance sheet
- D. Cash flow statement
- E. Statement of equity

3

**An official document drawn up in the established manner following an audit, containing a conclusion regarding the reliability of reporting and completeness of financial reporting, is called:**

- A. Auditor's conclusion**
- B. Report on financial results
- C. Balance sheet
- D. Cash flow statement
- E. Statement of equity

4

**Forms of financial and economic control are:**

- A. Thematic inspections, audits, revisions**
- B. Inventory, preventive inspections
- C. External audit

- D. Internal audit
- E. Thematic inspections

**5 The term "audit" translates from Latin as:**

- A. Listen**
- B. Survey
- C. Verification
- D. Expertise
- E. Document movement

**6 Audit originated in:**

- A. Great Britain**
- B. USA
- C. Germany
- D. France
- E. China

**7 The subject of control is:**

- A. Correctly defined financial result**
- B. Adequacy of reflecting business fact in the accounting system
- C. Adequacy of the accounting system
- D. State of accounting at the client's enterprise
- E. Business facts

**8 The main object of the audit is:**

- A. Financial reporting**
- B. Generally accepted accounting principles
- C. State of accounting at the client's enterprise
- D. System of internal audit and control
- E. Control over the accounting of business operations

**9 Auditor activity is:**

- A. Business activity aimed at profit generation**
- B. Public service
- C. Cultural and educational activity in Ukraine
- D. Charitable activity aimed at the development of accounting
- E. Control of accounting systems at the enterprise

**10 At which stage is the audit planned:**

- A. After signing the audit contract**
- B. At the beginning of the inspection
- C. During the inspection
- D. After exchanging letters between the client and the auditor (firm)
- E. After the inspection is completed

**After completing the practical task, the student should acquire practical skills and abilities:**

- The procedure for preparing accounting financial statements
- Understanding the forms of financial reporting, their structure, and purpose.
- Preparing the balance sheet for a pharmacy (pharmaceutical company)
- Analyzing changes in assets and liabilities within the balance sheet.

## TOPIC 11 AUDIT OF THE ACTIVITIES OF PHARMACY

**The purpose of the lesson:** to acquaint students with the legislative and regulatory acts regulating audit of pharmacy.

**The student should know:** legislation on audit activity in Ukraine, organizational requirements for conducting an audit, the meaning of an audit, peculiarities of conducting an audit in pharmacy institutions, audit documentation, audit of the processes of activity of pharmacy institutions, differences between audit and managerial (internal) control, content and structure of the audit opinion, features and characteristics of internal external audit, documentation of the internal audit of the pharmacy establishment.

**Basic terms and concepts:** accounting information, reporting information, audit, audit activity, audit opinion, audit report, audit services, auditor's working documents, mandatory audit, audit standards, details of the auditor's working document, subject of audit, audit method, auditor, audit firm, audit program, audit risks, internal audit, audit methodology.

### QUESTIONS

1. The nature and subject of the audit. Audit principles. Types of audit.
2. Normative regulation of audit activity. International auditing standards. Requirements for auditors and audit firms.
3. Audit planning. Audit risk. Audit methodology and information support.
4. Audit evidence, their classification and requirements for them. Working documentation of the auditor. Audit opinion.

### SELF-CHECK QUESTIONS

1. Audit activities in Ukraine.
2. Audit risks.
3. The purpose and task of conducting an external audit in pharmacy institutions.
4. Principles of conducting an audit of the financial and economic activity of the pharmacy for a certain period.
5. Services that can be provided by auditing firms.

6. Peculiarities of the audit of a pharmacy - a subject of small business.
7. Composition of working documents of the auditor.
8. The procedure for conducting an audit of the supply process in a pharmacy.
9. List of typical violations in the audit process.
10. Sources of information for quality external audit.
11. Qualification requirements for the auditor.

## **OVERVIEW**

In accordance with the Law of Ukraine "On the Audit of Financial Statements and Audit Activity", Article 1. "Definition of Terms":

**audit** financial reporting - audit service for checking accounting data and indicators of financial reporting and/or consolidated financial reporting of a legal entity or a representative office of a foreign business entity, or another entity that submits financial reporting and consolidated financial reporting of the group, with the aim of expressing an independent the auditor's opinion on its compliance in all essential aspects with the requirements of national accounting regulations (standards), international financial reporting standards or other requirements;

**auditor**- a natural person who has confirmed his qualifications for conducting auditing activities, has relevant practical experience and is included in the Register of auditors and subjects of auditing activities;

**auditing activity**- independent professional activity of auditors and subjects of audit activity, registered in the Register of auditors and subjects of audit activity, to provide audit services;

**audit report**- a document prepared by the subject of audit activity based on the results of the audit of financial statements (consolidated financial statements) in accordance with international auditing standards and the requirements of this Law;

**auditing services**- audit, review of financial statements, consolidated financial statements, performance of other assurance tasks and other professional services provided in accordance with international auditing standards.

The national auditing regulations and the Code of Professional Ethics of Auditors of Ukraine establish the basic principles of auditing, the rules for providing auditing services, and the fundamental principles of auditing ethics. Accordingly, auditing principles can be divided into two groups — methodological and principles of professional ethics. They are mandatory for all auditors when providing audit

services and the methodological principles include:

- audit planning;
- the validity of the assessment of the significance of audit certificates (evidence), as well as the internal control system;
- determination of materiality and reliability criteria;
- compliance with audit methodology and technique, risk assessment and data selection;
- analysis of information and formation of conclusions;
- responsibility for audit results;
- fully informing the client.

The fundamental principles of auditor ethics include the following basic provisions:

Honesty. The auditor must be honest in the performance of his professional duties.

Objectivity. The auditor must be fair and not allow bias and other factors to influence his objectivity.

Competence. The auditor is obliged to provide services competently and diligently, with the appropriate level of care for the client, constantly maintain professional knowledge. It is necessary to have such a level of professional knowledge that the client would not have any doubts that he received competent professional services, taking into account the latest changes in legislation, audit practice and the technique of providing audit services.

Privacy. The auditor has no right, without the client's consent, to divulge or disclose information obtained by him during the provision of professional services, as well as to use it for his own purposes.

Professional behavior. The auditor is obliged to create and maintain a good reputation of the profession, refraining from any actions that discredit it.

Professional standards. Auditors are obliged to carry out with due care and attention the instructions and instructions of the client or employer (internal auditor) to the extent that they do not contradict the requirements of honesty, objectivity and independence.

**The main purpose of the audit**— to convince users of financial statements that these statements give a reasonably accurate picture of the state of the enterprise at a certain date and how it was achieved. Auditors are to some extent responsible to third parties who use financial statement information. However, in order to achieve

the specified goal, the auditor should go beyond the purely accounting function within the enterprise and find out how all aspects of its activity are reflected in the final reports of the enterprise.

One of the most important prerequisites of this approach is that the auditor does not limit his research to accounting information, but tries to understand how the enterprise functions as a whole. The auditor usually discusses the company's operations with the employees responsible for each operational area to achieve a proper understanding of the client's business. This knowledge is the main thing in the audit.

**Subject of audit**there is an annual financial accounting report.

**Audit objects**can be:

separate reporting forms;

current accounting information;

initial documents;

information on the availability of assets and liabilities;

founding documents;

non-accounting reporting, etc.

**Audit subjects**there may be audit firms and private auditors. An auditor is a person who checks the state of financial and economic activity of entities market economy. Auditor receives special permission(authorization) from state bodies that monitor the activities of the relevant

business entities.

**Certification of auditors is carried out by the Audit Chamber of Ukraine.**Approving audit norms and standards is the exclusive right of the Audit Chamber of Ukraine. Conducting an audit is mandatory for enterprises, institutions and organizations. The auditor draws up an audit program in written form, which includes: an audit assessment of the organization and the state of accounting, internal control and the quality of financial reporting of the subject of the audit; audit of financial and economic activity; advisory services and recommendations for correcting identified deficiencies; auditor's report. In practice, the auditor (audit firm) independently determines the requirements for the content and form of the audit program, taking into account the basic principles of international and national auditing standards.

Pharmacies and a large part of pharmaceutical enterprises belong to small and medium-sized enterprises. Therefore, the peculiarity of the audit in pharmacy refers

to the criteria for determining small and medium-sized business entities, which are specified by the auditor during cooperation with a pharmacy or a pharmaceutical enterprise. It is also difficult to assess the effectiveness of management supervision over daily operations in pharmacies (internal control), which mainly includes operations with commodity stocks. A feature of the internal control of pharmacy establishments is its

an environment that is characterized by a limited division of responsibilities due to a small number of employees and the decision of the main issues of the enterprise by the owner or manager. The simplified system of organizing document flow and accounting of pharmacies and pharmaceutical enterprises of medium and small businesses quite often limits the scope of the audit, which affects the type of audit opinion regarding the financial statements of these enterprises. Auditing of innovation and investment activity also belongs to the peculiarities of the audit of pharmaceutical enterprises. As a result of the control of the financial and economic activity of the enterprise, the auditor must document the information that confirms the audit conclusions and compliance of the audit with national audit standards.

**Audit opinion** is drawn up in compliance with the relevant standards and must contain confirmation or reasoned refusal to confirm the authenticity, completeness and compliance with the legislation of the customer's accounting statements.

The procedure for drawing up other official documents as a result of the provision of audit services is determined by the Audit Chamber of Ukraine in compliance with the requirements of the Law "On Auditing" and other acts of Ukrainian legislation.

**The auditor's opinion is drawn up in writing.** Its content is arbitrary, but it usually has the following sections: title; introduction; scope of inspection; auditor's opinion on financial statements; the date of the audit report; address of the audit firm; signature of the auditor (head of the auditing firm).

**Conclusion** can be positive, conditionally positive, negative, or a refusal to provide an opinion on the financial statements of the enterprise is given. In the last two cases, the auditor's opinion may include a short list of arguments - the reason for such a conclusion, which is different from a positive one. If a more detailed description of these arguments is necessary, the audit opinion may contain references to information,

which is given in the appendix.

**Audit risk**- these are actions that the auditor must take depending on the

freedom of choice. It is crucial for the entire audit process. Audit risk (audit risk) is the risk that the auditor may express an inadequate opinion in cases where there are significant distortions in the accounting documents, in other words, an audit opinion will be presented without comments based on incorrectly prepared statements.

Therefore, subjects of audit activity are entered in the Register of subjects of audit activity, the maintenance of which is entrusted to the Audit Chamber of Ukraine.

Certification (recognition of the professional suitability of candidates) is also carried out by the Audit Chamber of Ukraine (Part 3 of Article 12 of the Law "On Auditing Activities").

**Audit Chamber of Ukraine-** a self-governing body that certifies entities intending to engage in audit activities, approves auditor training programs, audit norms and standards, keeps records of audit organizations and auditors (Part 1, Article 365 of the Economic Code of Ukraine).

The Law of Ukraine "On Auditing" defines:

the concept of audit activity;

subjects of audit activity, their rights, duties, special requirements and responsibilities;

the procedure for providing audit services;

management of auditing activities;

other questions

The main principles of audit activity are determined by the Law of Ukraine "On Audit Activity", National Audit Standards and the Code of Professional Ethics of Auditors of Ukraine.

The purpose of an audit is to express an independent qualified opinion on the reliability of financial statements.

**Audit evidence.** The auditor must obtain such amount of audit evidence that would ensure the ability to draw the necessary conclusions, using which the audit opinion will be prepared. Audit evidence is obtained as a result of an appropriate combination of tests of control systems and procedures for testing materiality. The term "audit evidence" means the information obtained by the auditor to form the opinions on which the preparation of the audit opinion and report is based. Audit evidence consists of primary documents and accounts that form the basis of financial statements, as well as supporting information from other sources.

When conducting an audit of a small enterprise, the correctness of the

preparation and maintenance of accounting and tax records, the correctness of the calculation of the tax base, calculations of taxes and fees are first of all checked. This allows for a more complete assessment of tax risks, which in some cases may jeopardize the continuity of activity of the person being audited. In cases where the purpose of the audit is to issue an official audit opinion, the audit must be conducted in full compliance with the rules and standards of audit activity without exceptions and exclusions

**Audit evidence** is the information obtained by the auditors when preparing the conclusions on which the audit report is based. Audit evidence includes primary documents and accounts that form the basis of reporting, as well as information that is corroborated from other sources,

Obtained audit evidence can be classified in the light of generally accepted rules for providing information. Direct evidence is of particular importance for the audit. Direct evidence is data supported by primary documents and accounts. Direct evidence is divided into tangible and intangible. Material is documents and natural objects. Intangible are the counterparties of the enterprise in which

an audit is being conducted. Evidence can vary in nature: visual, documentary, oral, and depending on the source of information — internal or external.

**Internal audit** carried out by the internal audit service of the enterprise, which periodically performs inspections and evaluates:

adequacy and effectiveness of internal technological control measures and systems;

management of economic and financial risks;

completeness, timeliness and reliability of financial and other reporting;

compliance with accounting principles and internal procedures;

compliance with regulatory requirements.

**External audit**, which is carried out by special auditing firms, ascertains: compliance with the rules of accounting and reporting on operations carried out by a corporate enterprise; the state of internal control in the conditions of a corporate enterprise and its assessment; compliance by the corporate enterprise with the provisions of legislative and regulatory acts of Ukraine; performance of economic tasks established by the decision of the general meeting of owners.

**Working documents** are records in which the auditor records the used procedures, tests, received information and conclusions drawn as a result of the audit. Working documents are the property of the auditor. They should contain all

the information that the auditor considers important for the correct performance of the audit. This information should support the auditor's conclusion. Working documents perform the following functions:

- ensuring the validity of the audit opinion;
- certification of compliance of the audit with standards;
- reasonableness of planning, quality control of the audit;
- conducting an audit based on uniform methodological principles;
- serve as a toolkit for auditors.

**Working documentation** - these are records with the help of which the auditor records inspection procedures, tests, received information and relevant conclusions made during the audit (National Standard No. 6). According to the results of the audit, the auditor is obliged to keep documentation on matters related to the decisions made as a result of the audit. The functions of working documents are the substantiation of the statement in the auditor's opinion about the conformity of the applied procedures of audit services with current regulations, control over the quality of the audit, assistance in the auditor's work process. Information on each question that is checked is reflected in the working documentation. Working documentation should contain a description of all important points and circumstances that the auditor studied during the audit. They must be professionally composed and ensure readability. However, the specific forms of working documents used are determined by auditors (auditing firms) taking into account the specifics of individual audit issues.

**The working documentation of the auditor includes:** audit plans and programs; copies of founding and other internal documents of the client (minutes, agreements, contracts, etc.); materials for the study and assessment of accounting and internal control systems (document flow schemes, descriptions, etc.); the results of the analysis of economic operations and indicators of the company's activity (calculations, tables, graphs, etc.); records of the nature and scope of audit procedures and their results; copies of correspondence with the client and third parties; conclusions of experts; copies of the client's accounting and other financial documents; information for the management of the client company; conclusions and recommendations of the auditor, etc.

**Errors, omissions and other deviations** from correct record keeping, as well as the facts of fraud may be detected at any stage of the inspection.

The International Auditing Standard allocates questions on the assessment of

errors found and the determination of fraud into a special standard: 240

*"Auditor's responsibility for consideration of fraud and errors during the financial audit of financial statements."*

**Fraud**— is the intentional implementation of illegal actions by the officials and management of the enterprise, the concealment of these actions, the receipt of benefits from the implementation of these actions, which lead to the distortion of the financial statements of the enterprise. There is no such thing as "minor fraud", there is simply fraud that is not completed. Fraud will continue and grow until it is detected and stopped.

**Error**— is an unintentional action that led to implausibility of financial information, as a result of arithmetical or logical errors in accounting records and calculations, incorrect presentation of facts of economic activity in accounting. Errors can be identified in primary documents, accounting registers, financial statements.

Errors are as follows:

the primary documents do not contain mandatory details, they are filled in incorrectly; non-unified forms of documents are used, the presence of arithmetic errors;

the document is drawn up without a legal justification (that is, there are no orders, orders, contracts for the implementation of economic transactions);

deficiencies in the accounting registers, namely, not all business operations are registered or registered business operations that did not actually exist, random errors in the classification of transactions by accounts, random omissions of transactions, arithmetic errors, business transactions do not correspond to the chosen accounting policy;

violations in reporting, namely, inconsistency between the data of the reporting items and the balances of the accounts in the accounting registers, insufficient completion of the reporting, lack of

interconnection of reporting items, incorrect assessment of balance sheet items.

Thus, the auditor must clearly classify the misrepresentations found during the audit as errors or fraud. If it is a mistake, then the auditor must notify the management, and if it is a fraud, then in addition to the management, the users of the financial statements are also notified.

**Tasks for practical work:**

**Task 1.** Describe the content of the contract for conducting an audit in the pharmacy.

---

---

---

---

---

---

---

---

---

---

---

**Task 2.** Describe the main classification principles and audit types:

According to the law:

Depending on the type of client:

By objects :

By subjects:

On the initiative of implementation :

**Task 3.** Describe the main stages of an audit in a pharmacy

---

---

---

---

---

---

---

---

### **SELF-CHECK TESTS**

1

**The Tax Code of Ukraine:**

- A. Defines the exhaustive list of taxes and fees that exist in Ukraine
- B. Regulates the rules of taxation of goods or services that are transported across the customs border
- C. Regulates the issues of tax obligations settlement
- D. Regulates the issues of collecting tax debt from individuals subject to judicial procedures
- E. All of the above**

2

**In Ukraine, the following types of taxes and fees are established:**

- A. General and sectoral
- B. State and local**
- C. Commercial and non-commercial
- D. All of the above
- E. No correct answer

3

**Local fees include:**

- A. Fee for the use of the radio frequency resource of Ukraine
- B. Fee for special water use
- C. Fee for special use of forest resources
- D. Fee for the development of viticulture, gardening, and hop farming

**E. Tourist fee**

4

**Local taxes include:**

**A. Tax on real estate other than land**

- B. Tax on profits
- C. Tax on personal income
- D. Value-added tax
- E. Excise tax

5

**State taxes include:**

- A. Customs duties
- B. Tax on profits
- C. Tax on personal income
- D. Value-added tax
- E. All of the above**

6

**Which mandatory payments are not classified as state taxes?**

- A. Ecological tax
- B. Land fee
- C. Fee for special water use
- D. All of the above**
- E. No correct answer

7

**The powers of village, settlement, and city councils regarding taxes and fees include:**

- A. Establishing rates of a single tax within limits
- B. Determining the list of tax agents
- C. Making decisions on the establishment of local taxes and fees, changes in their rates, and objects of taxation at the beginning of the next budget period
- D. Determining the procedure for the production or provision of tax benefits that lead to changes in tax obligations for taxpayers and come into effect at the beginning of the budget period
- E. All of the above**

8

**The central body of the state tax service approves:**

- A. List of state taxes and fees
- B. List of local taxes and fees, the establishment of which falls under the competence of village, settlement, and city councils
- C. Forms of tax declarations (calculations) for state and local taxes and fees**
- D. Relations related to the establishment and payment of customs duties
- E. Accounting for state taxes and fees to the state and local budgets

9

**A taxpayer has the right to:**

- A. Not allow inspections regarding the calculation and payment of taxes and fees
- B. Choose the method of accounting for income and expenses independently**
- C. Not provide controlling authorities with information about amounts not paid to the budget due to receiving tax benefits
- D. Not inform controlling authorities about changes in the place of residence of an individual entrepreneur
- E. Not inform controlling authorities about changes in the location of a legal entity

**The taxpayer's obligations include:**

- A. To demand from controlling authorities the inspection of data and facts that may favor the taxpayer
- B. To represent their interests in controlling authorities independently, through a tax agent, or an authorized representative
- C. To receive free of charge information about taxes and fees and legal acts regulating them from the state tax service
- D. All of the above
- E. No correct answer**

**After completing the practical task, the student should acquire practical skills and abilities:**

- the application of knowledge about the financial and commercial activities of the pharmacy auditing activity in Ukraine;
- the structure, goals, tasks and significance of conducting an activity audit a pharmacy;
- application of audit documents when making management decisions, aimed at increasing the efficiency of the pharmacy.

## **TOPIC 12 TAXATION OF PHARMACIES**

**The student should know:** the principles of tax legislation, the concept, meaning and functions of taxes, the peculiarities of taxation of pharmacies.

**Basic terms and concepts:** taxation system, taxes, fees (payments, contributions), income, value added tax.

### **QUESTIONS**

1. Principles of tax legislation.
2. Taxes: Concept, Meaning and Functions.
3. Taxpayers, object and base of taxation.
4. Simplified taxation system.
5. Peculiarities of taxation of pharmacies.

### **SELF-CHECK QUESTIONS**

1. Signs of the subject of tax law.
2. Determination of the subject and method of tax law.
3. Principles of tax legislation.
4. Scope of the Tax Code of Ukraine.
5. The key features of taxes.
6. The concept of tax and fee.
7. National taxes and fees.
8. Local taxes and fees.
9. Classification of single taxpayers.
10. Restrictions on single taxpayers.
11. Characteristics of the composition of income of single taxpayers.
12. Peculiarities of taxation of pharmacies.

### **OVERVIEW**

The Tax Code of Ukraine regulates relations arising in the field of collection of taxes and fees, in particular, defines an exhaustive list of taxes and fees levied in

Ukraine, and the procedure for their administration, taxpayers and fees, their rights and obligations, the competence of regulatory authorities, the powers and duties of their officials during tax administration, as well as liability for violation of tax legislation.

The tax legislation of Ukraine consists of the Constitution of Ukraine; Tax Code; the Customs Code of Ukraine and other laws on customs affairs in the part of regulation of legal relations arising in connection with the taxation of customs duties on the movement of goods across the customs border of Ukraine (hereinafter referred to as the laws on customs affairs); existing international treaties ratified by the Verkhovna Rada of Ukraine and regulating taxation issues; normative legal acts adopted on the basis of and in pursuance of the Tax Code and laws on customs issues; decisions of the Verkhovna Rada of the Autonomous Republic of Crimea, bodies of local self-government on issues of local taxes and fees, adopted according to the rules established by this Code.

The tax legislation of Ukraine is based on the following principles:

- generality of taxation – each person is obliged to pay taxes and fees established by this Code, laws on customs affairs, the payer of which he/she is in accordance with the provisions of this Code.

- equality of all taxpayers before the law, prevention of any manifestations of tax discrimination - ensuring equal treatment of all taxpayers regardless of social, racial, national, religious affiliation, form of ownership of a legal entity, citizenship of an individual, place of origin of capital.

- inevitability of legal liability in case of violation of tax legislation.

- presumption of legitimacy of the taxpayer's decisions if the norm of the law or other normative legal act issued on the basis of the law, or if the norms of different laws or different normative legal acts provide for ambiguous (multiple) interpretation of the rights and obligations of taxpayers or regulatory authorities, as a result of which it is possible to make a decision in favor of both the taxpayer and the controlling body;

- fiscal sufficiency - the establishment of taxes and fees, taking into account the need to achieve a balance of budget expenditures with its revenues.

- social justice – establishment of taxes and fees in accordance with the solvency of taxpayers.

- economy of taxation - establishment of taxes and fees, the amount of revenues from the payment of which to the budget significantly exceeds the costs of

their administration.

- neutrality of taxation - establishment of taxes and fees in a way that does not affect the increase or decrease in the competitiveness of the taxpayer.

- stability - changes to any elements of taxes and fees cannot be made later than six months before the beginning of a new budget period in which the new rules and rates will apply. Taxes and fees, their rates, as well as tax benefits cannot be changed during the budget year.

- uniformity and convenience of payment - setting deadlines for payment of taxes and fees, based on the need to ensure timely receipt of funds to the budgets for budget expenditures and convenience of their payment by taxpayers.

- a unified approach to the establishment of taxes and fees - determination of all mandatory elements of the tax at the legislative level.

A tax is a mandatory, unconditional payment to the relevant budget, which is collected from taxpayers in accordance with the Tax Code.

A fee (payment, contribution) is a mandatory payment to the relevant budget, which is collected from the payers of fees, on the condition that they receive a special benefit, including as a result of legally significant actions in favor of such persons by state bodies, local self-government bodies, other authorized bodies and persons.

National taxes and fees.

National taxes include:

- corporate income tax.
- personal income tax.
- value-added tax.
- excise tax.
- environmental tax.
- rent.
- Duty.

Local taxes

Local taxes include:

- property tax.
- single tax.

Local fees include:

- fee for parking spaces.
- tourist tax.

Taxpayers are individuals (residents and non-residents of Ukraine), legal

entities (residents and non-residents of Ukraine) and their separate subdivisions that have, receive (transfer) objects of taxation or carry out activities (operations) that are subject to taxation in accordance with the Code or tax laws, and which are obliged to pay taxes and fees in accordance with the Tax Code.

Health care institutions, persons engaged in entrepreneurial activity in the field of health care, as well as business entities that produce products necessary to ensure the operation of health care institutions, enjoy tax and other benefits provided for by law.

Tax accounting in the pharmacy business has certain peculiarities. In particular, VAT accounting should take into account the peculiarities of the application of the 7% VAT rate, VAT exemption for certain transactions and the specifics of the sale of medicines under the "Affordable Medicines" program. We will talk about this in the article.

Pharmacies can be owned by both legal entities and individual entrepreneurs (see the publication "Pharmacy business: features of the organization").

Legal entities – owners of pharmacies mainly apply the general taxation system with the payment of income tax. At the same time, pharmacies may be VAT payers, or they may not pay VAT due to failure to achieve the maximum turnover from para. 181.1 of the Tax Code of Ukraine (1000000 UAH).

Individuals – private entrepreneurs in relation to the pharmacy business usually use a simplified taxation system with the payment of a single tax in the second group (subpara. 2 of para. 291.4 of the TCU). For the most part, these persons are not VAT payers, since they are not subject to mandatory registration (para. 181.1 of the TCU).

But it is unprofitable for pharmacies to register as single taxpayers of the third group, since the amount of the single tax (3% with VAT or 5% without VAT), calculated on the basis of income (revenue), is a significant amount.

There are no separate adjustments for transactions carried out by pharmacies in the Tax Code of Ukraine. Therefore, according to the general rules, low-income income taxpayers, whose income for the previous year does not exceed UAH 20 million and who have put a mark in the corporate income tax return on the non-adjustment of the financial result, calculate income tax only on the basis of accounting data.

High-income income taxpayers, whose income for the previous year exceeds UAH 20 million or who have not put a mark in the corporate income tax return on

the non-adjustment of the financial result, adjust the financial result before tax (profit or loss) determined in the financial statements of the company for all differences specified in the Tax Code (subpara. 134.1.1 of the Tax Code).

According to subpara. "c" of para. 193.1 of the TCU, the VAT rate of 7% is applied to supply operations in the customs territory of Ukraine and import into the customs territory of Ukraine:

- medicinal products approved for production and use in Ukraine and included in the State Register of Medicinal Products, as well as medical devices that are included in the State Register of Medical Equipment and Medical Devices or meet the requirements of the relevant technical regulations, which is confirmed by a document of conformity, and are allowed to be placed on the market and/or put into operation and use in Ukraine;

When carrying out transactions for the supply of goods (including medicines and medical devices), the taxpayer – the seller of such goods is obliged to draw up a tax invoice within the established time frame, register it in the Unified Register of Tax Invoices (hereinafter – URTI) and provide it to the buyer at his request (paragraph 201.10 of Article 201 of Section V of the TCU). When importing goods into the customs territory of Ukraine, a customs declaration is drawn up (paragraph 8 of Article 257 of the Customs Code of Ukraine).

Taking into account the above, transactions on supply in the customs territory of Ukraine and/or import into the customs territory of Ukraine of medicinal products are subject to VAT at the tax rate of 7%, provided that such medicines:

- approved for production and use in Ukraine.
- entered into the DRLZ.

Operations on supply in the customs territory of Ukraine and/or import into the customs territory of Ukraine of medical devices are subject to VAT at a tax rate of 7%, provided that such medical devices:

- approved for making available on the market and/or commissioning and use in Ukraine.
- is included in the SRMTVMP or meets the requirements of the relevant technical regulations, which is confirmed by a document of conformity.

If at least one of the above conditions is not met during the supply operations in the customs territory of Ukraine and/or import into the customs territory of Ukraine, the supply of such medicines/medical devices and their import into the customs territory of Ukraine are subject to VAT in accordance with the generally

established procedure at the rate of 20 percent.

## PRACTICAL ASSIGNMENTS

**Task 1.** List the main principles of the tax legislation of Ukraine described in the text. Indicate which of these principles are most important for pharmaceutical companies and explain why, providing examples.

### Example:

One of the key principles is "**fiscal sufficiency**", which ensures a balance between government budget expenditures and tax revenues. For pharmaceutical companies, this principle is important because it directly affects their taxation rates and obligations, ensuring that the system is sustainable while supporting the overall economy. For example, if taxes on pharmaceutical products are too high, it might increase the cost of medicines for consumers and reduce the accessibility of essential healthcare.

This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

## SELF-CHECK TESTS

1

**Tax Code of Ukraine:**

**A.All of the above**

B.Defines an exhaustive list of taxes and fees that exist in Ukraine.

C.Regulates the rules of taxation of goods or services moving across the customs border.

D.Regulates the issue of repayment of tax liabilities.

E. Regulates the collection of tax debt from persons subject to court procedures

2

**The following types of taxes and fees are established in Ukraine:**

**A.National and local**

B.General and sectoral

C.Commercial and non-commercial

D.All of the above

E. There is no right answer

3

**Local fees include:**

**A.Tourist tax**

B.Fee for the Use of Radio Frequency Resource of Ukraine

C.Special Water Use Fee

D.Fee for exclusive use of forest resources

E. Collection for the development of viticulture, horticulture and hop growing

4

**Local taxes include:**

**A.Tax on immovable property other than land**

B. Corporate Income Tax

- C. Personal Income Tax
- D. Value Added Tax
- E. Excise tax

5

**National taxes include:**

- A. All the above**
- B. Duty
- C. Corporate Income Tax
- D. Personal Income Tax
- E. Value Added Tax

6

**Which mandatory payments do not belong to the national ones?  
Taxes?**

- A. All the above
- B. Environmental tax
- C. Land Fee**
- D. Special Water Use Fee
- E. There is no right answer.

7

**The powers of village, settlement, and city councils regarding taxes and fees include:**

- A. All of the above**
- B. Setting single tax rates within the rates
- C. Determination of the list of tax agents
- D. At the beginning of the next budget period, making a decision on the establishment of local taxes and fees, changes in the size of their rates, objects of taxation.

E. Determination of the procedure for the production or provision of tax benefits, which entails a change in the tax liabilities of taxpayers, and which comes into force from the beginning of the budget period.

8

**The central body of the State Tax Service approves:**

**A. Forms of tax returns (calculations) on national and local taxes and fees**

B. List of national taxes and fees

C. List of local taxes and fees, the establishment of which falls within the competence of village, settlement and city councils.

D. Relations related to the establishment and payment of customs duties.

E. Crediting of national taxes and fees to the state and local budgets

9

**The taxpayer has the right to:**

**A. Choose your own method of accounting for income and expenses.**

B. Prevent inspections on the accrual and payment of taxes and fees.

C. Not to submit to the regulatory authority's information on the amount of funds not paid to the budget in connection with the receipt of tax benefits.

D. Not to inform the regulatory authorities about the change of the place of residence of an individual entrepreneur

E. Not to notify the regulatory authorities about the change in the location of the legal entity

10

**The taxpayer's responsibilities include:**

A. There is no right answer.

B. Require the regulatory authorities to verify information and facts that may testify in favor of the taxpayer.

**C. Represent their interests in regulatory authorities independently, through a**

**tax agent or an authorized representative.**

D. Receive free of charge from the bodies of the state tax service information on taxes and fees and normative legal acts that regulate them.

E. All of the above

**After completing the practical task, the student should acquire practical skills and abilities:**

- the procedure for applying tax rates and fees in the pharmacy business;
- understanding the structure of VAT and its application in pharmaceutical transactions;
- recognizing tax benefits for healthcare institutions and pharmacies.

## RECOMMENDED LITERATURE

### *Basic*

1. Організація та економіка фармації / Н.П. Завадська, Н.М. Косяченко, В.П. Горкуша, В.В. Корбин. – Київ : ВСВ «Медицина», 2021. – 224 с.

### *Legislative and regulatory documents*

1. Господарський кодекс України : Закон України № 436-IV від 16.01.2003 р. // ВВР. – 2003. – №№18-22. – ст.144 – Режим доступу: <http://zakon.rada.gov.ua/laws/main.cgi?nreg=436-15>.
2. Цивільний Кодекс України : від 16.01.2003 № 435-IV. – Режим доступу : <http://zakon2.rada.gov.ua/laws/show/435-15>
3. Податковий кодекс України : №2755-VI від 02.12.2010 р. // ВВР. – 2011. – №№13-17. – ст.112 – Режим доступу : <http://zakon2.rada.gov.ua/laws/show/2755-17>
4. Основи законодавства України про охорону здоров'я : Закон України від 19.11.1992 № 2801-XII. – Режим доступу : <http://zakon2.rada.gov.ua/laws/show/2801-12>
5. Про лікарські засоби : Закон України від 04.04.1996 № 123/96-ВР. – Режим доступу: <http://zakon3.rada.gov.ua/laws/show/123/96-вр>
6. Про основні засади державного нагляду (контролю) у сфері господарської діяльності : Закон України від 05.04.2007 № 877-V. - Режим доступу : <http://zakon5.rada.gov.ua/laws/show/877-16>
7. Про підтвердження відповідності : Закон України від 17.05.2001 № 2406-III. – Режим доступу : <http://zakon3.rada.gov.ua/laws/show/2406-14>
8. Про ліцензування видів господарської діяльності : Закон України від 02.03.2015 № 222-VIII – Режим доступу : <http://zakon3.rada.gov.ua/laws/show/222-19>
9. Про ціни і ціноутворення : Закон України від 21.06.2012 № 5007-VI. - Режим доступу : <http://zakon2.rada.gov.ua/laws/show/5007-17>
10. Про наркотичні засоби, психотропні речовини і прекурсори : Закон України від 15.02.1995 № 60/95-ВР. - Режим доступу :

<http://zakon2.rada.gov.ua/laws/show/60/95-%D0%B2%D1%80>

11. Про внесення змін до деяких законодавчих актів України у зв'язку з прийняттям Закону України «Про Національну поліцію» : Закон України від 23.12.2015 № 901-VIII. - Режим доступу :

<http://zakon3.rada.gov.ua/laws/show/901-19>

12. Про внесення змін до Закону України «Про обіг в Україні наркотичних засобів, психотропних речовин, і прекурсорів» : Закон України від 08.07.1999 № 863-XIV. - Режим доступу : <http://zakon2.rada.gov.ua/laws/show/863-14>

13. Про заходи протидії незаконному обігу наркотичних засобів, психотропних речовин і прекурсорів та зловживанню ними : Закон України від 15.02.1995 № 62/95- ВР. - Режим доступу :

<http://zakon3.rada.gov.ua/laws/show/62/95-%D0%B2%D1%80>

14. Деякі питання ліцензування господарської діяльності з культивування рослин, включених до таблиці І переліку наркотичних засобів, психотропних речовин і прекурсорів, затвердженого Кабінетом Міністрів України, розроблення, виробництва, виготовлення, зберігання, перевезення, придбання, реалізації (відпуску), ввезення на територію України, вивезення з території України, використання, знищення наркотичних засобів, психотропних речовин і прекурсорів, включених до зазначеного переліку : Постанова КМ України від 06.04.2016 № 282. - Режим доступу : <http://zakon2.rada.gov.ua/laws/show/282-2016-%D0%BF>

15. Про внесення змін та визнання такими, що втратили чинність, деяких постанов Кабінету Міністрів України : Постанова КМ України від 16.03.2017 № 180. - Режим доступу : <http://zakon3.rada.gov.ua/laws/show/333-2009-%D0%BF/para15#n15>

16. Про затвердження Положення про Державну службу України з лікарських засобів та контролю за наркотиками : Постанова КМ України від 12.08.2015 № 647. - Режим доступу : <http://zakon2.rada.gov.ua/laws/show/647-2015-%D0%BF>

17. Про затвердження переліку наркотичних засобів, психотропних речовин

і прекурсорів : Постанова КМУ від 6.05.2000р. № 770. - Режим доступу : <http://zakon2.rada.gov.ua/laws/show/770-2000-%D0%BF>

18. Питання декларування зміни оптово-відпускних цін на лікарські засоби  
Постанова КМУ від 02.07.2014 № 240. - Режим доступу : <http://zakon3.rada.gov.ua/laws/show/240-2014-%D0%BF>

19. Деякі питання державного регулювання цін на лікарські засоби і вироби медичного призначення : Постанова КМУ від 25 березня 2009 р. № 333. - Режим доступу : <http://zakon3.rada.gov.ua/laws/show/333-2009-%D0%BF>

20. Про заходи щодо стабілізації цін на лікарські засоби і вироби медичного призначення : Постанова КМУ від 17.10.2008 р. № 955. - Режим доступу : <http://zakon3.rada.gov.ua/laws/show/955-2008-%D0%BF>

21. Про затвердження Ліцензійних умов провадження господарської діяльності з виробництва лікарських засобів, оптової та роздрібною торгівлі лікарськими засобами, імпорту лікарських засобів (крім активних фармацевтичних інгредієнтів) : Постанова КМУ від 30.11.2016 р. № 929. - Режим доступу : <http://zakon3.rada.gov.ua/laws/show/929-2016-%D0%BF>

22. Про реалізацію окремих положень Закону України "Про захист прав споживачів" : Постанова КМ України від 19.03.1994 № 172. - Режим доступу : <http://zakon3.rada.gov.ua/laws/show/172-94-%D0%BF>

23. Про затвердження Положення про державний санітарно-епідеміологічний нагляд в Україні : Постанова КМ України від 22.06.1999 № 1109. - Режим доступу : <http://zakon3.rada.gov.ua/laws/show/1109-99-%D0%BF>

24. Про затвердження Порядку подання і реєстрації декларації відповідності матеріально-технічної бази суб'єкта господарювання вимогам законодавства з питань пожежної безпеки : Постанова КМ України від 5.06.2013 № 440. - Режим доступу : <http://zakon3.rada.gov.ua/laws/show/440-2013-%D0%BF>

25. Про затвердження переліку органів ліцензування : Постанова КМ України від 14.11.2000 № 1698. - Режим доступу : <http://zakon3.rada.gov.ua/laws/show/609-2015-%D0%BF>

26. Про затвердження Ліцензійних умов провадження господарської

- діяльності з виробництва лікарських засобів, оптової та роздрібною торгівлі лікарськими засобами, імпорту лікарських засобів (крім активних фармацевтичних інгредієнтів) : Постанова КМУ від 30 листопада 2016 р. № 929. - Режим доступу : <http://zakon5.rada.gov.ua/laws/show/929-2016-%D0%BF>
27. Про затвердження Правил виписування рецептів на лікарські засоби і виробу медичного призначення, Порядку відпуску лікарських засобів і виробів медичного призначення з аптек та їх структурних підрозділів, Інструкції про порядок зберігання, обліку та знищення рецептурних бланків : Наказ МОЗ України від 19.07.2005 р. № 360. – Режим доступу : <http://zakon3.rada.gov.ua/laws/show/z0782-05>
28. Про затвердження Переліків отруйних та сильнодіючих лікарських засобів : Наказ МОЗ України від 17.08.2007 р. № 490. - Режим доступу : <http://zakon3.rada.gov.ua/laws/show/z1007-07>
29. Про деякі питання придбання, перевезення, зберігання, відпуску, використання та знищення наркотичних засобів, психотропних речовин і прекурсорів у закладах охорони здоров'я : Наказ МОЗ України від 07.08.15 р. № 494. - Режим доступу : <http://zakon2.rada.gov.ua/laws/show/z1028-15>
30. Про затвердження Правил виробництва (виготовлення) та контролю якості лікарських засобів в аптеках : Наказ МОЗ України від 17.10.2012 р. № 812. - Режим доступу : <http://zakon3.rada.gov.ua/laws/show/z1846-12>
31. Про внесення змін до Правил виписування рецептів на лікарські засоби і виробу медичного призначення : Наказ МОЗ України від 16.02.2017 № 153. - Режим доступу : <http://zakon3.rada.gov.ua/laws/show/z1846-12>
32. Про затвердження Порядку ведення Державного реєстру лікарських засобів України : Наказ МОЗ України від 08.05.2014 № 314. - Режим доступу : <http://zakon.rada.gov.ua/go/z0799-14>
33. Про затвердження Правил роздрібною торгівлі непродовольчими товарами : Наказ Міністерства економіки України від 19.04.2007 № 104. - Режим доступу : <http://zakon5.rada.gov.ua/laws/show/z1257-07>
34. Про затвердження переліку закладів охорони здоров'я, лікарських,

провізорських посад та посад молодших спеціалістів з фармацевтичною освітою у закладах охорони здоров'я. Перелік провізорських посад та посад молодших спеціалістів : Наказ МОЗ України від 28.10.2002 № 385. - Режим доступу : <http://zakon2.rada.gov.ua/laws/show/z0892-02>

35. Про затвердження Порядку контролю якості лікарських засобів під час оптової та роздрібної торгівлі : Наказ МОЗ України від 29.09.2014 № 677. - Режим доступу : <http://zakon5.rada.gov.ua/laws/show/z1515-14>

36. Про затвердження Переліку лікарських засобів, дозволених до застосування в Україні, які відпускаються без рецептів з аптек та їх структурних підрозділів : Наказ МОЗ України від 05.05.2023 № 848. - Режим доступу : <https://zakon.rada.gov.ua/laws/show/z0509-19#Text>

37. Про затвердження протоколів провізора (фармацевта) : Наказ МОЗ України від 11.10.2013 № 875. - Режим доступу : <https://zakon.rada.gov.ua/rada/show/v0875282-13>

### ***Information resources:***

1. Верховна Рада України [Електронний ресурс] : офіційний веб-сайт. – URL : <http://rada.gov.ua>

2. Міністерство охорони здоров'я України [Електронний ресурс] : офіційний веб-сайт. – URL : <http://moz.gov.ua>