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## ANNOTATION

### **Viktoriiia Smiesova**

#### *The merger of power and property in Ukraine: a mechanism of implementation and ways for regulation*

The article addresses the issue of informal interrelation between power and property in Ukraine. Such a merger results in the following undesirable situations: when the government lobbies for the companies whose business concerns are «represented» by authorities; when public funds are misused by funding the companies through government grants, subsidies, subventions and funding government programmes; when budgetary and extra-budgetary funds are poorly allocated and reallocated; when conditions for shadow economy arise. The purpose of the paper is to substantiate the main ways and tools for countering and overcoming the merger of power and property in the national economy.

More specifically, the article describes and clarifies the main components of the interrelation between power and property, namely: subjects, objects, the main areas where the merger can be achieved, the areas under its influence, tools and levers, forms and methods for the merger to be completed. The study also indicates negative consequences of the «power – property» structure for economic, social and political processes. The need to combat and prevent the discussed problem in the national economy stems from growing maladministration of the government in the economic area, informal interrelation between authorities and a large number of the institutional and permanent properties, aggravation of corruption, and lobbying for economic interests of authorities and proprietary bodies. It is proposed to implement a systemic state's policy aimed at overcoming the merger of power and property. This policy should be carried out along with a long-term policy of economic growth and reproduction of intensive economic relations. In response to the need of combating the merger of power and property in public sector and tax service, a set of measures is proposed. These measures will promote the reproduction of economic relations and economic interests in the regulatory and legal sphere.

Key words: reproduction of economic relations, power, property, economic relations, economic interests, productive forces.

### **Olesia Martyniuk, Stepan Popina**

#### *Mathematical models of unshadowing the wages*

The article addresses a social and economic phenomenon of shadow economy, which is typical for many countries and may result in a macroeconomic imbalance. The latter hinders the sustainable growth of the economy and leads to state budget losses. Shadow economy is penetrating into almost all sectors of the national economy. As shown in the paper, a high level of shadow economy is a threat to the national economic security of the country and a cause of declining its competitiveness. The findings confirm that measuring the impact of some factors of shadow economy on the economic security of the country is quite difficult. However, there are some factors for which mathematical models can be built to describe a correlation between economic indicators and a certain factor of shadow economy. Since salary expenses constitute a significant portion of enterprise's basic expenses, it is important to build mathematical models for calculating the correlation between shadow salaries and tax rates.

Thus, the purpose of the article is to examine mathematical models of the correlation between official and shadow salaries and tax rates. The developed mathematical models demonstrate that a reduction of tax rates is followed by changes in a shadow part of salaries. The article describes a number of cases when there are no changes in salaries and tax revenues, as well as cases of pay increase.

The analysis finally suggests ways to increase salaries and techniques to de-shadow salaries. The authors use general scientific methods of generalization, comparison, analysis, and the method of mathematical modeling.

Key words: shadow economy, official and shadow salaries, de-shadowing of salaries, tax rate.

### **Heorhii Khvichiia-Duve**

*Assessment of the research component used to provide infrastructure facilities for enhancing innovative development in Ukraine*

The study addresses the research component used to provide infrastructure facilities for enhancing innovative development in Ukraine. More specifically, the article considers the main infrastructure facilities, which accelerate innovative development. The paper also evaluates preconditions for building research capacity in the country and its funding by structuring expenditures on research and development by sources of funding. The issues of creating intellectual capital are put forward and examined. The article introduces a number of factors, which hinder providing investment support for the infrastructural development of the economy. Finally, the paper formulates a set of measure to be taken in order to integrate the innovative infrastructure of the national economy into the world economic system.

Key words: innovative development, infrastructure facilities, innovative infrastructure, research component, research capacity.

### **Tetiana Kizyma**

*Financial instruments of raising household savings for investment purposes: pragmatic and analytical aspects*

The article illustrates that the process of reforming Ukraine's economy has been accompanied by an increasing interest in examining and analyzing the major instruments of household savings, as well as ways of their transformation into investment resources. Thus, the purpose of the study is to deepen the theoretical foundations and develop practical recommendations for transforming savings of national households into investment instruments on the Ukrainian financial market.

It is formulated that the major instruments of household savings in Ukraine include: bank deposits, funds in the accounts of non-bank financial and credit institutions, cash money in national and foreign currencies, securities, gold, etc.

It is pointed out that bank deposits, which are considered to be traditionally more popular and attractive instruments of savings for Ukrainians, not only have significant advantages, but also a number of disadvantages.

The non-bank financial and credit institutions, which cooperate closely with the household sector, include credit unions, life insurance companies, and non-state pension funds. However, their activities cannot be compared with banks when it comes to raising household savings.

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As shown in the article, the insufficient use of such financial instruments as securities by national households is a sign of distrust towards the state and stock market institutions (only about 1-2 % of Ukrainians are willing to invest into stock market instruments).

The study indicates that, since the current institutional framework is imperfect, Ukraine's households cannot function as strategic investors of the national economy.

In order to enhance these processes, state executive and administrative bodies should promote national projects aimed at improving financial condition of Ukraine's households and strengthening their investment presence on the Ukrainian financial market.

Key words: household savings, investment, financial instruments, financial market, financial assets.

### **Oleksandr Maksymchuk**

#### *The concept of two budgets and specific features of its application in Ukraine*

The article provides an overview of definitions for development budget. Having examined some of the definitions, the study presents a number of approaches addressing the challenges of development budget, namely: as a financial policy instrument; as a driver of economic growth; as a support for investment project implementation. Furthermore, some deficiencies in the existing definitions of development budget are identified. Based on the critical review of definitions for development budget as well as some limitations found in research papers of foreign scholars, the author proposes a revised definition of the concept.

The study also analyzes the legislative order concerning the issues of development budget. Evidence shows that the current legislation on development budget does not provide conditions to ensure the proper exercise of functions.

Finally, the in-depth analysis of identified problems enables the author to propose possible ways of improving the budget of development: separating the processes of current budget planning and development budget planning; setting up a monitoring system for exercising control over local assets; expanding the revenue of development budget.

Key words: budget of development, concept of two budgets, local budgets, local borrowing.

### **Tetiana Vasylieva, Oleksii Zakharkin, Liudmyla Zakharkina**

#### *Financial leasing as financial and credit support for investment activities of enterprises*

The purpose of the article is to provide scientific rationale of the place and role of financial leasing in financial and credit support for investment activities of enterprises. The subject matter of the research includes various aspects of the current state of financial leasing and ways of its advancement in Ukraine. The article provides an analysis of investment activities based on the volume of investments in Ukraine and determines the role of financial leasing as a funding for investment resources of enterprises. The paper also examines the legal and regulatory framework for financial leasing operations and highlights different interpretations of this form of financing as well as its formal indicators. An analysis of statistical data on the financial and credit market provides important insights into trends of financial leasing contracts and the volume of loans issued to corporate borrowers, and thus makes it possible to conclude that there is a lack of leasing operations in business activities of entities. The point is mainly supported by the fact that financial leasing contracts which have been made lately are not widespread enough after the crisis in 2014. The dynamics of changes in the

volume of leasing contracts by dates of signing is considered, and it is found that there is a tendency to shortening the duration of financial leasing services. An industry factor of providing financial leasing services is taken into consideration and the main industries where these services are widespread are described. The existing approaches to evaluating the effectiveness of leasing contracts are systematized. The key challenges that hinder the growth of leasing in Ukraine are identified.

The research methods used in the article include: analysis, synthesis and abstraction (for forming the rationale and developing the terminological and conceptual framework of the study); comparison, systematization and logical generalization (for examining the concept of financial leasing, its legal regulation and specific features of using in Ukraine); statistical, structural and comparative analysis (for exploring ways of advancement of financial leasing in Ukraine).

Key words: financial leasing, bank loan, financial and credit support, investment activity, enterprises.

**Tetiana Pimonenko**

*A conceptual framework for development of Ukraine's green stock market*

The article considers the key drivers for boosting the green stock market in Ukraine. The latest development trends of the world green stock market are highlighted. Based on the analysis of national regulatory framework for stock market and foreign practice of developing the green stock market, essential mechanisms of the green stock market functioning are identified. After an in-depth review of contemporary research papers, an assumption is made that the green stock market is a set of specialized institutions which form a platform for the permanent circulation of green securities (issue, purchase and sale). It is emphasized that the green stock market should promote the circulation and efficient allocation of green financial resources, provide an opportunity to independently assess ecological and economic efficiency of entities, create conditions for fair competition in the market. Green finance is viewed as financial resources aimed at implementing green targets (mitigation of climate change, alternative energy use, clean technologies, energy-efficient (green) projects, etc.). The article determines the main goals and functions of the green stock market and systematizes principles of its functioning. It is concluded that the basic principles for boosting the green stock market include: compliance with the goals of sustainable development; social justice; protection of investors; regulation; monitoring; legal regulation; transparency. In order to ensure compliance with the transparency principle of the green stock market, it is necessary to develop a mechanism for identification, classification and accounting of green assets, according to which an appropriate classification of green financial resources can be developed. The article also describes the key players and their role in the development of the green stock market as an integral part of green finance. The findings confirm that the development of green securities (green bonds in particular) and green stock indices are the key drivers for boosting the green stock market.

Key words: green securities, green bonds, greent stock, issuer, market.

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**Yevheniia Voinova***The competitiveness of Ukraine's banks in the world banking market*

The article examines the market of banking services in Ukraine through comparing indicators of competitiveness of Ukrainian banks and banks with foreign capital in the domestic market and global market. Taking into account the network-type structure of banks, six groups of banks are determined according to the degree of branching, namely: systemically important banks, all-Ukrainian equilibrium banks, all-Ukrainian concentrated banks, regional banks, local individual banks, closed banks. A particular emphasis is placed on a range of banking services and pricing policies of banks groups. The classification of factors developed by M. Yokoi-Arai and N. Yoshino is used in order to assess the competitiveness of Ukraine's banks in terms of effectiveness and volume of services provided, information technology and resource management. About fifty indicators of banking activities performed by groups of banks with domestic and foreign capital are compared, and also best-performing banks in these groups are described based on the analysis of 82 operating banks in Ukraine. The article presents evidence that, under current conditions in Ukraine, banks with domestic and foreign capital are represented in all categories of banking services. It is pointed out that the highest competitiveness of Ukraine's banks is observed in developing the network of ATM terminals, promoting Internet banking and, thus, a wide coverage of banking services. It is noted that Ukraine's banks are less competitive in providing services for big businesses, international companies, funding projects, innovations and start-ups. The findings of the research paper can be useful for educational purposes as well as for professionals in the banking sector.

Key words: assessment of banking services transparency, Ukraine's banking services market, classification of banks, indicators of competitiveness.

**Vasyl Brych, Mykhailo Fedirko, Olena Borysiak***Approaches to implementing technologies of personnel management in thermal power enterprises*

The article refers to innovative forms of management in thermal power enterprises. It is pointed out that the subject matter of the research paper is approaches of implementing technologies of personnel management in thermal power enterprises.

The methodological framework consists of general research methods and also economic and statistical techniques, namely: systemic and structural analysis, statistical method of economic analysis, empirical analysis to determine trends of personnel management in thermal power enterprises; induction and deduction method to improve approaches to implementing technologies of personnel management in thermal power enterprises; abstract-logical analysis, economic and mathematical programming to provide the rationale for introducing process and project approaches to implementation of personnel management technologies.

A number of trends relevant to staff resources in enterprises are highlighted. It is assumed that the low level of investment is due to the following factors: high depreciation costs of equipment and large consumption of natural resources, a rigid organizational structure, a lack of delegated decision-making and leadership, a top-down approach to making decisions, use of traditional technologies of staff motivation and development, harmful working conditions.

The paper provides recommendations on approaches to organizational structure of personnel management. It is concluded that little interaction between business units and insufficient use of technologies for staff development stem from the linear functional model of organizational structure. Particular attention is given to the importance of introducing process approaches to personnel management through horizontal and vertical integration of activities. Project approaches are also considered to be useful for implementing technologies of personnel management in thermal power enterprises. The article suggests ways for project team formation (think tanks / business incubators) and further innovative development of thermal power enterprises. Special reference is made to implementing growth-oriented technologies for personnel management and project team formation in thermal power enterprises. Finally, a set of methods for recruiting project managers are developed.

Key words: personnel management system, labor market, thermal power market, energy market, housing and public utilities, process approach, project approach, technologies of project team formation.

### **Yakiv Averkin**

#### *Cost behavior in enterprises of the brewing industry*

The article points out that enterprises operating in a competitive environment are facing challenges of formulating and making sound managerial decisions, which will enable entities to increase production and business efficiency. As shown in the paper, there is a need of operational cost analysis in enterprises, which will not only help them optimize processes, but also enable companies to plan and forecast further growth in the brewing industry by taking into account trends of previous years.

After reviewing the research studies relevant to cost management in manufacturing enterprises, it is confirmed that cost management in enterprises of the brewing industry needs to be improved. This might be explained by the fact that enterprises of the brewing industry use various manufacturing technologies, which poses difficulties for comparing the stages of development of each enterprise in the industry. Special aspects of cost behavior in enterprises of the brewing industry are highlighted.

The purpose of the article is to reveal common factors of cost behavior and describe classifications of costs in enterprises of the brewing industry. A special reference is made to a theoretical framework and practical recommendations on improving cost behavior in enterprises of the brewing industry.

For the purpose of the article, the following research methods are applied: induction, deduction and comparison. These methods make it possible to classify costs according to certain criteria, and thus increase production and business efficiency of brewing enterprises.

The analysis suggests that cost management should be based on features (criteria) which take into account cost value, making managerial decisions and regulation / control over production and business operation of enterprises.

The suggested criteria are supposed to serve as a basis for developing operational plans of brewing enterprises. A series of theoretical considerations on cost behavior formulated in the article are of applicable nature and may be applied into practice.

Finally, the paper provides recommendations on cost management in enterprises of the brewing industry.

Key words: managerial accounting, costs, profit, item of cost, information.

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**Iryna Ometsinska*****Features of formation of overall costs for goods (works and services) in managerial accounting for pricing purposes***

The article examines the economic substance and structure of technological, production and overall costs for goods (works and services). It is found that technological costs include direct expenses of enterprises, whereas production costs also include variable production overhead costs and constant apportioned production overhead costs. In managerial accounting for pricing purposes, overall costs are viewed as production costs for goods (works and services) plus administrative expenses, sales expenses and other expenses of operating activities. The article argues that expenses of other operating activities, which should be taken into account while forming overall costs for goods (works and services), include the following expenses: expenses for initial recognition and movements in the values of assets measured at fair values; research and development costs; expenses for purchase / sale of foreign currencies for performing operating activities; uncollectible accounts expenses and provision for bad and doubtful debts; currency exchange losses; loss in value; material deficiencies / losses within natural norms; acknowledged fines, forfeitures and financial penalties.

On the other hand, it is considered unreasonable to take into account a number of expenses such as: costs of sold production supplies; expenses for research and development of brand new goods (works and services); material losses / deficiencies exceeding natural norms; expenses for social and cultural facilities.

It is pointed out that expenses over a period are an integral part of operating costs of domestic enterprises. Therefore, cost optimization is seen as an effective tool for pricing, increasing profitability of enterprises, and managing their growth. The article captures how cost optimization of expenses over a period contributes to: detailed item-wise accounting of such expenses; justified grouping of expenses by cost centres and responsibilities; staff motivation; reasonable allocation of expenses over a period of operating activity between types of goods (works and services).

Key words: overall costs for goods (works and services), production cost, expenses over a period, pricing, managerial accounting, cost optimization.

**Valentyna Yasyshena*****The evolution of intangible assets in terms of social and economic development concepts***

The article presents evidence that historically the emergence of intellectual property rights dates back to the pre-industrial stage of society's development. The issuing of letters patent in England led to further development of intangible assets worldwide. The study considers chronologically social and economic development concepts which have been researched in academic papers of prominent scholars, namely, A. Smith, F. List, F. Knight, F. Machlup, W. Rostow, J. Galbraith, D. Bell, P. Drucker, and then highlights the key aspects that have affected the evolution of intangible assets. Thus, on the basis of reviewing the concepts developed by outstanding scholars, it is pointed out that the growth of intangible assets has been driven by knowledge and that a post-industrial society is based on unprecedented technological breakthroughs. Special reference is made to information viewed as the key production resource of a post-industrial society, whereas knowledge is seen as its internal source of progress. In a post-industrial society, people are regarded as capital. The essential importance and role of intellectual capital in company operations are embodied in professional and managerial skills of personnel.

As shown in the article, there are not only research development concepts, but also normative documents, such as the Bulletin entitled «Amortization of intangible assets», in which intangible assets are identified as accounting items. Furthermore, the international system of intellectual property protection has been enhanced by the introduction of Paris and Berne Conventions.

The paper also describes how the concept of intangible assets, which appeared in Ukraine's legislation in 1993, is seen in the national legal system, specifically as intellectual property objects including industrial property and other items of property and use. With the introduction of Ukrainian Accounting Standards (UAS) 8 into the national legislation, it was firstly emphasized that intangible assets are non-monetary assets that, on the one hand, are non-material and, on the other hand, can be identified.

The article also stresses that today's society is passing a new stage of post-industrial development, which is accompanied not only by a rapid growth of service industries, science and education, but also by a significant increase of specialized knowledge in various fields. Finally, the need for further research of intangible assets is identified, since intangibles have a great impact on enterprise value and the competitiveness of the national economy as a whole.

Key words: evolution, concept, intangible assets, intellectual property, patent, valuation.

### **Khrystyna Kuzma**

*Internal control: the substance and features of organization in enterprises performing commission operations*

The article considers various points of view on the concept of internal control that have been put forward by researchers in recent studies. And thus a revised definition of this concept is proposed. It is found that internal control is an integral part of management of any type of enterprise. The concept of internal control system is thoroughly examined, the latest thoughts on the meaning of the term are analysed, and a revised definition of this concept is suggested. The role of internal control system in enterprises performing commission operations is determined. The paper emphasizes that effectiveness of internal control in enterprises performing commission operations depends on its proper organization. As the results indicate, there are three stages of exercising internal control in enterprises performing commission operations. It is noted that the main stage of exercising internal control in enterprises performing commission operations plays a crucial role. The study indicates that the organization of internal control and its maintenance in enterprises of commission trade depend on who supposed to take charge of control procedures, committents or commission agents. The paper presents ways of internal control over commission operations exercised by both committents and commission agents. It is pointed out that internal control carried out by committents and commission agents plays different roles. The key components of exercising internal control by commission agents are determined.

In order to examine economic phenomena and processes a number of general and specific research methods are used in the article, namely: generalization, grouping and comparison, analysis, etc.

Key words: internal control, enterprise, commission operations, internal control system, organization of internal control.



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**Volodymyr Priadko***The current state of accounting of financial expenses*

The article examines legal acts which regulate the process of collecting information on financial expenses in accounting and financial reporting. It is pointed out that loans bearing interest include: bank loans, issued bills, issued bonds, etc. The economic substance of financial expenses as an item of accounting is highlighted. The types of financial expenses are presented and the procedure for their recognition by different economic entities is disclosed in accordance with the requirements of national accounting standards.

The system of accounting which is used by corporate issuers when the transactions are displayed, due to the accrual of various types of interest on borrowings, is disclosed. The essence and types of both qualifying and non-qualifying assets are considered in accordance with the requirements of Ukrainian Accounting standard 31. Capitalized and non-capitalized expenses are characterized. The procedure of capitalization of financial expenses is presented and the algorithm of distribution of such expenses is described.

It is proved that the costs recognized in the part of the depreciation of the premium, accrued on financial investments, recorded at amortized cost, should be reflected in other activities in subaccount 975, which is proposed to be called «Costs of changes in the value of financial investments».

Key words: borrowing, financial expenses, borrowing costs, qualifying asset; non-qualifying asset, capitalized financial expenses, non-capitalized financial expenses.