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## **ACCOUNTING OF CREATING AND USING RESERVE FOR UPDATE, UPGRADE OF FIXED ASSETS ON ENTERPRISE**

A fixed asset is one of the most important factors of any production. Enterprises, that have at their disposal fixed assets, must not only strive to upgrade them, but make the best use them, especially in the current conditions of finance deficit and productive investments.

Research of the fixed assets at the macroeconomic level, according to the State Statistics Service of Ukraine confirmed that the problem of their use is relevant. The initial (revalued) value of fixed assets and the degree of their deterioration are increasing in dynamics. The greatest degree of deterioration is observed on service companies, because depreciation of fixed assets and wages are the main components of the services cost. A large proportion of deterioration is observed on enterprises of the public sector of economic: defense, education, scientific research, health care. Least depreciated fixed assets is objects of establishments sports, arts organizations, catering, because the cost of enterprises fixed assets these activities is very low compared to other areas of the production of goods and services.

The question of accounting expenses for improvement of fixed assets covered in scientific works of authors such as M.I. Bondar, A. Gumenyuk, V.V. Hlyvenko, V.M. Dyba, N. Dovgopol, O.O. Izmaylova, Ya.D. Krupka, V.S. Len', T.P. Ostapchuk, V.S. Tereshchenko and others. However, it continues to the search rational ways to accumulate funds for update, upgrade of fixed assets in the current economic conditions, and not formed a unified view of the methodological principles of accounting finance such costs.

The purpose of research is to analyze current practice and development proposals for the accounting of creating and using reserve for update, upgrade of fixed assets.

In the process of managing buildings, machinery and other means of labor, which

are part of the fixed assets, gradually lose part of its useful properties, in other words going on their depreciation. It is through depreciation is carried out compensation in cost of fixed assets. That is the cost of acquisition fixed assets partially tolerated on the cost of manufactured goods (works, services) and returned to the manufacturer in the price realization. The disadvantage of this method is its incompleteness, because when you receive money from sale of goods (works, services) management link use the proceeds at its own discretion, not separating at the same time depreciation share on updating and upgrading of existing fixed assets of the enterprise.

We consider necessary for enterprises to separate the share of depreciation by their «reservations» with a clearly defined goal – for covering future costs of updating and upgrading of fixed assets.

The source forming a reserve should be not expenses of enterprise, should be profit. Depreciation charges to update (upgrading) of fixed assets expedient accounted on account 48 «Targeted financing and revenue targets». In this case accounting will be carried out the following entry: Debit 44 «Retained profits (accumulated losses)» and Credit 48 «Target financing and target receipts». In addition, funds received as target financing have severely limited direction of use, that will promote their use in updating (upgrading) of fixed assets.

Accounting legislation does not contain valid methods of calculating the amount of funds for updating and upgrading of fixed assets. In order to avoid cost overruns and definition of rational amounts of financial resources that can be excluded from the turnover on updating (upgrading) of fixed assets, it is recommended to determine the limit deductions to the reserve. We consider that the amount of financial provision must be equal to the amount depreciation charges accrued during the reporting period.

The study of the economic thought genesis concerning to accounting the creation and use provision for update, upgrade of enterprise fixed assets led to the conclusion about the feasibility of its formation. Creation provision for updating and upgrading fixed assets is an additional stable domestic source of financing of expenses for this purpose.

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