

*V. Redko, Master student  
I. Zamula, D. Ec., Prof.,  
N. Krushynska, language advisor  
Zhytomyr State Technological University*

## **REVENUE AND EXPENSE RECOGNITION OF HUMANITARIAN ASSISTANCE IN NON-PROFIT ORGANIZATIONS**

Accounting in profit organizations has some differences with the accounting in business, which economic activity purpose is profit. Although the law concerning accounting and reporting and national standards required for use as profit and non-profit organizations but some definitions in the national standards are not appropriate for non-profit organizations. In particular, the definition of cost given in P (S) 1, which connects costs with a decrease of economic benefits. And there are no economic benefits for non-profit organizations, in particular, operations to provide humanitarian aid.

On the other hand, the definition of income in the targeted funding is regulated by P (S)15 "Income": received marking revenue recognized in the period in which incurred costs related to the conditions targeted funding. Targeted funding is not recognized as income until such time as there is no evidence that it will be received venture to meet the conditions for such funding. So the question arises: how to recognize revenue and expenses from transactions with humanitarian aid and the transfer of its recipients?

To address this issue and it was implemented a procedure for accounting of humanitarian aid, approved by the Ministry of Finance of Ukraine on December 14, 1999, №298.

Humanitarian aid is a target address assistance in cash or in kind, in the form of non-repayable financial assistance or donations or aid in the form of work, services provided by foreign and domestic donors to recipients of humanitarian aid in Ukraine or abroad.

Humanitarian aid is a form of charity and is available exclusively in compliance with art. 4 of the Act [1]. The law divides concepts such as recipients and donors of humanitarian aid. According to the Law [2], the recipients of humanitarian aid are a legal entity registered in the Unified Register recipients of humanitarian aid.

They include:

- organization of disabled veterans of war and labour, and budgetary enterprises, institutions and organizations;
- charitable organizations;
- Red Cross of Ukraine, creative unions, public organizations established for conducting environmental, recreational, amateur, sports, cultural, educational and scientific activities;
- religious organizations.

Recipients of humanitarian aid are persons who need such assistance. Guarantees of humanitarian aid with legal status may be its recipients.

Donors are persons who voluntarily provide humanitarian assistance to recipients of humanitarian aid.

In accordance with paragraphs 1.2 of Procedure №298, if humanitarian aid is obtained in the form of cash or inventory, it should reflect on Dt accounts, which accounted for cash, commodities, stocks and other property, and Kt account 48 "Targeted funding and trust income. " Thus the flow of humanitarian aid is shown as a receiver and a purchaser. Transfer grantees of humanitarian aid should be reflected in the reverse order. That is, according to the instructions №298, during the operation flow of humanitarian assistance to transfer its recipients to determine income under the P (S) 15 is not necessary, what the Finance Ministry reiterated that letter. If the humanitarian aid received for their own activities, then, according to paragraph pp.1.4 and second paragraphs 1.2 Instruction №298, we must determine income and expenses. While such operation it appears as follows:

*Table 1.4*

Accounting in humanitarian aid

<b>Content operations</b>	<b>Dt</b>	<b>Kt</b>
Receipt of cash or inventory	30, 31, 20, 28	48
Recognition of expenses	23	30, 31, 20, 28
Receiving services (with simultaneous admission costs)	23	48
Revenue recognition (realization is at a time when recognized expense)	48	745

Regarding P (S) 21 "Effects of Changes in Foreign Exchange Rates" it should be noted that the Finance Ministry determines the flow of foreign currency as a monetary item. Hence, the definition of exchange differences on monetary items in foreign currency held on the date of settlement and the balance sheet date. Exchange differences on recalculation of cash in foreign currency and other monetary items of operations recorded in other operating income (expenses). Also, please note that according to Art. 7 of the Law of Ukraine "About humanitarian aid" humanitarian aid in the form of foreign currency, payable to an account in foreign currency recipient of humanitarian aid is not the subject for compulsory sale of the interbank market and must be used only for the intended purpose [1].

So, in non-profit organizations there are many features and outstanding issues concerning the construction of accounting that determine the need for the development of appropriate regulations. The basis of such documents should be registered in the concept of non-budget non-profit organizations that would take into account their specificity, methodological features and keeping them system approach to problem solving.

## REFERENCES

1. Law of Ukraine "About humanitarian assistance"
2. Law of Ukraine "About approval of determining the structure of non-profit institutions (organizations): features of the State Tax Administration Order of Ukraine, dated on July 03, 2000. Number 355 [electronic resource] / Access: <http://zakon1.rada.gov.ua/cgi-bin/laws/main.cgi?nreg=z0451-00>.