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COST MANAGEMENT OF UKRAINIAN ELECTRIC POWER COMPANIES

Annotation. This article evolves the problem of complexity of Ukrainian electricity field in terms of the electric power companies' cost managing. The aspect of costs for environmental protection is pointed out. The importance of the managerial accounting principles in a costs management process is mentioned.

Key words: cost management, managerial accounting, electric power company, Ukrainian electricity field, alternative energy, legislation, management accounting principles.

International and domestic experience indicates that the electricity field is complex in terms of cost management. In context of the integration of Ukraine into the European economic space, the question that has to be answered is the efficiency of domestic electricity entities' sustainability. Ukrainian fuel and energy complex is characterized by negative consequences of the crisis. The competitiveness of enterprises in this industry depends on the price instability of energy source materials and electricity itself. We shall consider how to make a positive influence on developing of this problematic field for Ukrainian economy with the help of changing of cost management methods.

First of all, it is worth noting that the complex organizational structure of Ukrainian electric power field complicates the process of electric power companies' cost management. The electric power industry consists of power generating and power supplying enterprises. Therefore, special attention should be paid to the correct levers of influence distribution on the financial performance of these enterprises.

Proper response to the received information about the situation on the fuel and energy market, well-timed technological support and control over the plan implementation depend on sustainable management. An important normative document that assists managers in making decisions regarding cost apportionment is National accounting standard 16 "Costs" [1].

There are technical and manufacturing problems at this stage of the fuel and energy field's development of Ukrainian economy. Conventional power plants mostly have outdated equipment that needs to be upgraded. In addition, the power plant buildings themselves require full repairs or complete reconstruction in most cases, which leads to significant costs. That is why the main task of managerial accounting at such enterprises is to control the equipment's service life and technological level and to search for their upgrade costs minimization.

When it comes to manufacturing responsibility center of Ukrainian electric power companies, we can note the problem of well-timed provision of quality fuel. We can be convinced that the political aspect has a serious impact on the reliability of suppliers of raw materials for the electric power companies. That is why it is necessary to take into account the importance of the principle of timeliness of managerial accounting. The

principle of timeliness provides an immediate response to changes in the external environment of the enterprise, which may be a threat to its functioning. Rymar T.M. determines that one of the most important factors in reducing energy production costs is to increase the competitiveness of Ukrainian coal by increasing its annual production and reducing its costs, among other things due to reducing transport costs for its delivery [2].

Electricity field is associated with high production risks, which constantly constitute a threat to the safety of workers. A major step forward management of the electric power company is to provide technical reliability, specifically resistance to accidents and compliance of sanitary-hygienic standards by staff. We should not forget the negative experience of the Chernobyl accident and be careful about the failing risks, and prevent an industrial disaster. This aspect of labour protection and taking the necessary safety features must be taken into account while planning the costs of electric power companies.

Environmental protection is a pressing issue for the fuel and energy field not only in Ukraine but also in the world. This aspect is set as a norm on a governmental level in our country. The formation of sustainable environment is possible provided that pollutions are minimized. Regarding the cost management of the electric power companies, it is worth paying attention to constructing of such category of costs as environmental costs. The items of this category should consist of investments in environmental protection, payments for environmental services etc. The most prioritized solution in planning and managing the performance of electric power enterprises is focusing on the development of individual methods for cost managing, due to the company's characteristics.

As previously noted, the entrance of Ukraine into the international economic space has significantly influenced the proceeding of energy efficiency. Economic crises and political instability in the country forced entrepreneurs of the electricity field to focus on the problem of irrational use of traditional energy production resources, available in Ukraine. The right way of its solving is choosing of alternative methods and ways of fuel and energy resources consuming [3]. Renewable energy or alternative energy sources are up-to-date, they are mainly used by the world's major economies. However, the Ukrainian electricity field has been gradually expanding its unconventional horizons for renewable energy production over the last decade. As of November 2020, the share of energy produced from renewable sources amounted 8.1%, compared to 3.4% in 2019, while there is a share of energy produced by TPPs and CHPPs decreased by 4.6% over the same period, and the share NPPs decreased by only 0.1% [7].

The expansion of alternative power plants forecasting involves a high dependence on unstable natural conditions, which constitutes a number of risks and issues in making proper management decisions. The point to note is that the system of winning tenders for the construction of power plants and for the production of renewable energy is complex. It must be borne in mind that the electricity field in general depends not only on the market changes, but also on the legal restrictions and state control. It may increase the term for new projects approving and, as a result, move out sources of revenue. For example, Germany's wind energy (which produces 25% of the country's electricity) is struggling of the complicating of the Germany's authorities' tender system, which significantly slowed down the process of obtaining permission to the wind farm expanding [4]. However, when making any decision regarding the introduction of alternative ways to energy generating, it is important to adherence to the managerial principle of efficiency, keeping in mind that the result should exceed the costs incurred [5].

The energy audit is a process of analysis and control of energy consumption and the compliance with energy efficiency standards of the company. This process is an important regulatory and control aspect of the electric power companies' management [2]. Ukrainian "Energy saving" Law regulates the process of energy audit in a certain way [6]. This Law also indicates different ways to exploring of the sources for energy saving measures funding.

Summing up, Ukrainian fuel and energy complex is a quite problematic space of a national economy, regarding the regulation of its activities at the internal level. However, the existing prospects for the electric power field development were highlighted, according to the experience of the enterprises from the world's major economies. The cost management of electric power companies must be conducted according to the managerial accounting principles. Technological, manufacturing, ecological responsibility centres, labour protection sphere and safety features from industrial disasters require a special attention in a costs management process. The regulatory and normative documents used to determine principles and methods of costs appointment by Ukrainian electric power companies were denoted. The general provisions for mandatory specific measures were also mentioned.

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