

Shurpenkova Ruslana

*PhD in Economics, Associate Professor,
Associate Professor of the
Department of Accounting Technologies and Taxation
Ivan Franko National University of Lviv*

Sarakhman Oksana

*PhD in Economics, Associate Professor,
Associate Professor of the
Department of Accounting Technologies and Taxation
Ivan Franko National University of Lviv*

Шурпенкова Р. К.

*кандидат економічних наук, доцент,
доцент кафедри облікових технологій та оподаткування
Львівського національного університету імені Івана Франка*

Сарахман О. М.

*кандидат економічних наук, доцент,
доцент кафедри облікових технологій та оподаткування
Львівського національного університету імені Івана Франка*

DEVELOPMENT OF THE NATIONAL SYSTEM OF ACCOUNTING AND REPORTING IN THE CONDITIONS OF EUROPEAN INTEGRATION

Summary. The article examines the changes made that the methodology of accounting, as a science, in the context of European integration and the directions of development of the methodology of accounting development. The prospects for the further development of the accounting and reporting system in Ukraine in the conditions of European integration processes are substantiated. Based on the analysis of the international experience of applying IFRS, the main approaches that their implementation in practical use by business entities in Ukraine have been determined. The main problems of the full application of IFRS during the formation of financial statements are identified, as well as the future trends of the development of the accounting and reporting system in the conditions of the European integration of Ukraine are substantiated.

Key words: accounting, financial reporting, IFRS, EU Directive, regulatory regulation of accounting, European integration.

Formulation of the problem. On the way to the European integration of Ukraine, a significant number of requests regarding record keeping at domestic enterprises integrated into the European economic space appear. The development of the concept of building and maintaining accounting as financial accounting under the conditions of national standards during the implementation of European integration processes requires primary theoretical consideration.

The determination of the strategic development of Ukraine in the direction of partnership and cooperation with the European Union (EU) led to the emergence of obligations regarding the gradual adaptation of national legislation to EU legislation. In particular, the Association Agreement between Ukraine and the EU [1] provides for approximation of legislative regulation in such areas as customs law, banking law, intellectual property, accounting and reporting, tax system, etc.

Analysis of recent research and publications. A significant number of scientists were involved in the development of areas for improving the methodology of accounting and reporting. Among domestic authors, the estates of F. F. Butynets, S. F. Golova, S. F. Lehenchuk, V. M. Zhuka, N. M. Maluygi, M. M. Shigun, P. Ya. Khomina, M. V. Kuzhelny, A. M. Kuzminsky, M. S. Pushkary, V. V. Sopko, M. G. Chumachenko, among foreign economists the works of H. Anderson, M. F. Van Breda, R. V. Vila, D. Drury, D. Caldwell, M. R. Mathew, B. Needles, V. F. Palia, Y. V. Sokolova, M. H. B. Perera, B. Ryana, E. S. Hendriksen, Ch. T. Horngren.

The study of compliance of Ukrainian legislation with EU Directives in the field of accounting and auditing was carried out by experts of the Federation of Professional Accountants

and Auditors of Ukraine, the results of which were made public in the form of publications and presentations at round tables and conferences [2]. S. F. Golov studied the requirements of EU legislation regarding the financial reporting of enterprises of member states, as well as directions for improving the financial reporting of domestic enterprises with the aim of further harmonization with EU legislation [3, p. 3–17]. BUT. In the article [4, p. 6–10], Hura performed a comparative analysis of Directive 2013/34/EU and offered proposals for amendments to the legislation of Ukraine in the context of the implementation of the said Directive, taking into account international experience. O. S. Yatsunskaya paid attention to the study of the theoretical foundations and prerequisites of the process of implementation of IFRS in Ukraine according to the stages of its development, dynamics and structure [5, p. 173–182].

Highlighting previously unresolved parts of the overall problem. Since Ukraine has just started on the path of integration into the world space, and is still treading it quite uncertainly, there is still time in the country to bring everything in line with international standards, and for the development of all components of the economy, including accounting especially since all the prerequisites for this have been created. These prerequisites are: clarification and compliance in the conditions of active development of various accounting systems of the conceptual foundations and methodological basis of accounting; unification of the methodology for determining accounting data and financial reporting indicators, accounting terminology using international standardization practices; harmonization on the basis of international stand-

ards of financial reporting and taking into account domestic needs and possibilities of accounting methods of business and non-business activities (enterprises, financial institutions, public sector bodies); continuous professional education, implementation of the certification program of accountants and auditors with provision of conditions acceptable to the general public and an appropriate level of assessment.

At the same time, in connection with the European integration of Ukraine, a number of unsolved problems arise, there is no integral concept of formation and quality filling, clear content, content of integrated reporting, which needs development and improvement.

Formulation of the goals of the article. The purpose of the article is to substantiate the prospects for the development of the national accounting and reporting system based on a critical analysis of the current state of the European integration processes of Ukraine in the context of the approximation of legislative and regulatory regulation to the requirements of the European Union and the application of IFRS.

Presentation of the main research material. The result of the multi-vector implementation of the information function of modern accounting is the creation, or more precisely, the expansion of the information field for a wide range of users. Such a conclusion is the key basis for the modern stage of scientific research in the field of accounting in the context of publishing information about the results of operations. It is about a new format of financial reporting.

Since ordinary financial reporting often does not reflect the real value of modern enterprises and does not provide a holistic view of their activities, highlighting only certain aspects, the need for the emergence and formation of integrated reporting is ripe.

Today, of course, the concept of integrated reporting is far from new. This is a logical continuation of the concept of «sustainable development», which consists in expanding the range of information that is included in the reporting of enterprises and involves the preparation of a new reporting model, as a possible way of obtaining a more complete picture of the activity of the reporting enterprise, which reflects risks and opportunities and more logically combines factors together ESG (environmental, social and governance) and financial performance.

Integrated reporting is a requirement of our time and therefore it is widely used by companies of countries with developed economies and leading enterprises in Ukraine. Based on the published reports, it can be stated that the composition and format of the reports are approaching the requirements of the international standard. But this work should be continued. Research indicates that it is unrealistic to provide comprehensive information to all interested parties – users. Logic and practice show that it is also impossible to create a single algorithm for compiling and submitting integrated reporting for all interested parties. On the other hand, each company has its own peculiarities of functioning and development, which should be taken into account. Therefore, the option of creating a national standard for integrated reporting is impractical. It is enough for companies to comply with the requirements of the international standard of integrated reporting in order to provide interested users with information that should contribute to the company's popularity on the market and in society.

The main reasons for the emergence of integrated reporting were the non-compliance of its previous types with modern requirements (emergence of environmental hazards and other risks arising from corporate activities that were not disclosed in corporate reporting, but their disclosure using auxiliary reports or notes to financial reporting took place according to the residual principle).

The use of integrated reporting involves the rejection of separate publication of non-financial reporting, the information of which today does not provide sufficient trust on the part of users. In addition, at today's stage, non-financial reporting has difficulties in ensuring its timeliness and relevance. In particular, today there are no clear normatively established generally accepted recommendations for accounting and non-financial reporting. Non-financial statements are usually published with a time lag of several months compared to financial statements. This leads to the loss of relevance of information. The main drawback of modern non-financial reporting is that the information contained in it is not presented in the context of the company's business model and strategy. Therefore, the information provided in the accounting reports should contribute to obtaining answers to the actual problems of the functioning of social and economic systems.

Integrated reporting is already used in a number of companies. More than 1,000 companies around the world use it to communicate with their investors. On December 9, 2013, Ukraine launched the International Integrated Reporting Format. National companies are still on the way to integrated reporting [1].

In Ukraine, there are about 60 forms of sustainable development reporting, while only four enterprises (DTEK, Metinvest, SCM, Obolon) prepare them according to the relevant standards. Despite the fact that the mechanism for compiling integrated reporting is not yet perfect, a significant number of enterprises can experiment in reporting and make their own changes to the mechanism and principles of its compilation. Such freedom of action attracts those who are not afraid to use innovative technologies in their activities.

Clear methodological approaches to the formation of the content of integrated reporting are regulated by the International Standard for Integrated Reporting, developed by the International Council for Integrated Reporting, adopted in December 2013. The purpose of this standard is to establish the guiding principles and elements that determine the general content of an integrated report, as well as to explain the fundamental concepts underlying them. [2] Therefore, according to the Standard, the integrated report is aimed at providing detailed information about the external environment that has an impact on the enterprise; resources and formed business connections, which he uses and which he influences. Key are the requirements regarding the reflection of the capital of the enterprise – financial, production, intellectual, human, social, reputational and natural. Highlighting performance information in such content allows reporting users to assess the company's ability to create value over time. Undoubtedly, this is a much wider spectrum of information content of reporting. The content of the integrated report will depend on the specific circumstances of the given enterprise.

It should be noted that according to the international standard of integrated reporting, professional judgment should be applied in the basis of principled approaches to the preparation and qualitative filling of integrated reporting. Therefore, of course, the content of integrated reporting of various enterprises will have its own characteristics. Accordingly, it is impossible to create a single algorithm for compiling and submitting integrated reporting, since each company has its own peculiarities of functioning and development. However, the dominant characteristic of integrated reporting for all interested parties is the presentation of information regarding the assessment of an enterprise's ability to create value over a specified period. Integrated reporting allows corporate enterprises to show the connection between organizational strategy, management, financial results and the social, environmental and economic context of operations. Integrated reporting, and

accordingly, its qualitative content, must evolve due to the need to reflect changes in the enterprise itself, in the external environment, in the business environment, and in the needs of users [6, p. 167–170].

Integrated reporting has its pros and cons. The obvious disadvantages include the lack of a strict form of reporting, the possibility of speculating on the data provided in the reporting, because despite the significant amount of non-financial information, there is currently no generally accepted model of non-financial reporting. There are only mandatory requirements of the bodies of various jurisdictions – mainly these are the requirements of the securities and exchange commissions and the European Union:

- for public enterprises to disclose any information that is likely to affect the share price;
- separate principles applicable to some parts of business reporting, such as business reviews in Europe;
- more specific requirements regarding the disclosure of certain categories of information, for example, those related to the company's management.

Examples of the unification of this reporting model were the proposals of the IFRS Committee under the document «Management Comments» (Management Commentary) and the Directive on improving the reports of the European Union (EU Accounts Modernization directive). The requirements of the Directive provide that:

- the annual report must contain an adequate overview of the development and results of the enterprise's work and its current state, as well as a description of the significant risks and uncertainties that affect the enterprise. The review should include a balanced and comprehensive analysis of development, performance and current status in accordance with the scale and complexity of operations;
- in order to ensure an understanding of the development of the enterprise, its results and state, it is necessary to include in the reporting, along with financial, and non-financial key performance indicators relevant for this enterprise, including issues of labor and environmental protection;
- as part of such an analysis, references and additional comments on the meaning of the articles appearing in the report should be provided in the annual report. Advantages include the novelty of reporting, its understanding and ease of perception. It allows the enterprise to attract potential customers and shareholders not only on the basis of operations of the past period, but also on the basis of the forecast of future activity in the short-, medium- and long-term periods. Such a step allows you to attract a larger number of customers and partners.

One of the further directions of regulation of the accounting and reporting system in Ukraine will be the harmonization of NP(S)BO and IFRS, as there are certain inconsistencies and inconsistencies, in particular:

- the structure and content of the principles of financial reporting in NP(S)BO do not coincide with IFRS;
- sometimes there are discrepancies between the composition and content of the principles in NP(S)BO and IFRS;
- some principles of accounting in NP(S)BO, which are analogues of IFRS principles (continuity of enterprise activity, substance over form, prudence), have differences in interpretation;
- all principles of IFRS are disclosed in more detail and contain a larger number of examples than in NP(S)BO [7, p. 685–692].

Achieving full compliance with NP(S)BO and IFRS should be considered a difficult task due to the following factors:

- IFRS are aimed at large transnational corporations and companies that actively participate in the purchase and sale of shares on international stock markets;

- IFRS should be considered as a certain compromise between different accounting systems of different countries of the world;

- during the development of IFRS, a certain level of economic and socio-cultural development is taken into account, which should ensure the quality of application and use of IFRS;
- IFRS do not provide answers to all questions regarding the peculiarities of accounting of events, operations, objects of company activity;
- the style and form of presentation of information in IFRS differs significantly from the language of normative documents;
- the current system of the State Statistics Service in Ukraine does not provide for the use of arbitrary forms of financial reporting, as well as the wide use of professional judgment of accountants for the interpretation of certain events and transactions during their reflection in financial reporting.

According to the results of the research conducted by the authors, the conclusion emerges that the accounting reform in Ukraine is superficial and does not take into account the interests of various groups of specific users of financial information. This is its weakness from the point of view of practical implementation of the envisaged measures. It is important to realize that IFRS is not a universal concept, but one of the accounting options in the interests of financial institutions.

In addition, the problem of the spread of the tendency to separate accounting and financial reporting, which were always based on the only factual information about the economic operations of the enterprise, based on documented accounting data, was revealed.

In modern conditions, enterprises still keep records according to national standards, and reports are submitted according to new requirements – according to international ones, according to the procedure of transformation of accounting data. This leads to the fact that in the accounting data there are assets, information about which is not contained in the reporting, and vice versa, assets that are not reflected in the accounting appear in the reporting, which is a fundamental problem of the organization of accounting, designed to optimize the accounting process [8, p. 105–108].

It is worth noting that it is very important for the owners or management of the enterprise to develop the correct strategy for the implementation of IFRS. There are two main approaches to solving the issue of transferring financial statements to international standards: transformation of financial statements prepared in accordance with national standards to IFRS reporting; conversion or 27 keeping parallel with national management accounting standards, in accordance with IFRS. The transformation of reporting according to national standards, in accordance with the requirements of IFRS, can be carried out by the method of full transformation (transfer of accounting data at the end of the period by reclassification of reporting items or business transactions and making adjustments, in accordance with IFRS) or full transformation taking into account the requirements for conversion into foreign currency (transfer of accounting data for NP(S)BO at the end of the period to IFRS requirements with additional conversion into foreign currency, in accordance with established exchange rates).

The main stages of the transformation of financial statements, in accordance with the requirements of IFRS, are listed in Table 1.

Any enterprise in the course of its activity has goals to achieve the highest result from its activity, and this is impossible without effective management. Recently, the implementation of IFRS in the practice of business entities is interpreted not only as a necessity of the international community, but

Stages of financial reporting transformation

STAGES	Characteristic
STAGE 1.	Definition initial conditions: – goals drafting reporting, according to with IFRS and its potential users; – forms reporting – definition external auditors who _ will be confirmed financial reporting; – definition experts for evaluation assets in the first application of IFRS.
STAGE 2.	Definition give the first application of IFRS.
STAGE 3.	Analysis basic differences and development of the Regulation on accounting politics enterprises, in accordance with IFRS.
STAGE 4.	Drafting transformational tables and analysis received information.
STAGE 5.	Transformation Report on the financial condition and the Report on the total income.
STAGE 6.	Drafting Traffic report _ money funds in and Report on own capital.
STAGE 7.	Formation Note to the year financial reporting.

Source: compiled by the authors

also as their adoption when preparing financial statements. As a result, the process of preparing and drawing up financial reports must be organized in accordance with the law and provide users with complete, true, unbiased information about the financial results of the activity and the financial condition of the enterprise. IFRS, unlike some national reporting rules, are based on principles, not rules, that is, the main thing is the economic essence of the process.

When preparing financial statements according to international standards for the first time, company managers and accounting services may face the following main problems:

1) lack of qualified specialists who can understand and apply IFRS. Moreover, we are talking not only about the preparation of the report, but also about its use and understanding. The most effective method of learning IFRS is learning in the process of implementing standards in a specific company;

2) the occurrence of additional costs due to the need to purchase new software, with the help of which reporting would make the work of the staff much easier and reduce the possibility of making mistakes;

3) the need to collect additional information required by IFRS, to include additional functions in the job duties of employees of subdivisions;

4) complexity of individual standards. The most difficult elements of IFRS to understand today are the standards devoted to the reporting of financial instruments, in particular investments in securities, derivatives, receivables and payables [10].

Conclusions. Accounting through the reporting system is designed to form and provide users with reliable information about the financial status and results of the companies' activities without special reference to meeting the needs of state fiscal authorities.

This approach to financial reporting will allow business entities to fully transition to the application of IFRS. In the nearest perspective of the development of the accounting and reporting system in Ukraine, we should expect the prevalence of the IFRS application process, further harmonization of NP(S)BO taking into account the requirements of IFRS and EU Directives.

The improvement of accounting in Ukraine is determined by many external and internal factors, in particular, the development of European integration processes in Ukraine, the development of international cooperation. In such conditions, international accounting standards should be considered as one of the main factors for the continuation and activation of the accounting reform in Ukraine. Thus, the further development of accounting theory is connected with the integration of all subsystems and types of accounting into a single information system. Of course, generally accepted postulates in accounting are not dogmatic in nature and they can change. However, such changes should be scientifically based and take into account both the specifics of the development of the national economy and the mentality of the country and practicing accountants.

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**РОЗВИТОК НАЦІОНАЛЬНОЇ СИСТЕМИ БУХГАЛТЕРСЬКОГО ОБЛІКУ І ЗВІТНОСТІ
В УМОВАХ ЄВРОІНТЕГРАЦІЇ**

Анотація. У статті розглядають зміни, що вносять в методологію бухгалтерського обліку, як в науку, в контексті євроінтеграції та напрямки розвитку методології бухгалтерського розвитку. Обґрунтовано перспективи подальшого розвитку системи бухгалтерського обліку і звітності в Україні в умовах євроінтеграційних процесів. На основі аналізу міжнародного досвіду застосування МСФЗ визначено основні підходи до їх імплементції у практичне використання суб'єктами господарювання в Україні. Визначено основні проблеми повноцінного застосування МСФЗ під час формування фінансової звітності, а також обґрунтовано майбутні тенденції розвитку системи бухгалтерського обліку і звітності в умовах європейської інтеграції України. Обґрунтовано необхідність побудови нової моделі фінансової звітності в Україні, в умовах переходу на МСФЗ та інтеграції українських підприємств у світову спільноту. Інтегровану звітність розглянуто як умову дотримання доктрини сталого розвитку та інструмент, який в найближчій перспективі забезпечить адекватну оцінку ефективності діяльності підприємств ХХІ століття зацікавленими сторонами ринкових відносин. Інтегрована звітність знаходиться на етапі становлення, а її загальні принципи носять рекомендаційний характер, повної заміни та відмови від традиційної звітності не відбудеться. Однак, після прийняття офіційного стандарту інтегрованої звітності вона може замінити більшість звітів. Для більшості підприємств, у тому числі й вітчизняних, це суттєво скоротить час та процедуру формування звітності, дозволить більш творчо підходити до її складання. Гармонізація бухгалтерського обліку в Україні відповідно до вимог міжнародних стандартів бухгалтерського обліку й звітності в умовах євроінтеграції та всебічного розвитку світового партнерства, яка вимагає дотримання структурованої логіки, базується на наукових обґрунтуваннях зумовила дослідження сутності інтеграції облікових систем і розвиток організації бухгалтерського обліку та її форм, аналіз міжнародного досвіду з питань комплексного підходу до вирішення проблемних аспектів організації бухгалтерського обліку.

Ключові слова: бухгалтерський облік, фінансова звітність, МСФЗ, Директива ЄС, нормативне регулювання бухгалтерського обліку, євроінтеграція.