

## БУХГАЛТЕРСЬКИЙ ОБЛІК, АНАЛІЗ ТА АУДИТ ACCOUNTING, ANALYSIS AND AUDIT

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### FINANCIAL ACCOUNTING IN THE SYSTEM OF ACCOUNTING AND ANALYTICAL SUPPORT OF SUSTAINABLE DEVELOPMENT OF THE ENTERPRISE

### ФІНАНСОВИЙ ОБЛІК В СИСТЕМІ ОБЛІКОВО-АНАЛІТИЧНОГО ЗАБЕЗПЕЧЕННЯ СТАЛОГО РОЗВИТКУ ПІДПРИЄМСТВА

*The article points to the need to build a system of accounting and analytical support for sustainable development, which will be a reliable information base for making effective management decisions. It is determined that the system includes an accounting subsystem, the basis of which is financial accounting. The purpose of financial accounting is to ensure the preparation and disclosure of information about the financial condition and results of the enterprise, which are related to economic, environmental and social aspects of the activity. The content of the component composition of financial accounting is analyzed. The methodological, organizational, methodical and technological aspects of the study of financial accounting are revealed, which provide an opportunity to establish its reserves as an information resource for the management of sustainable development of the enterprise. The information possibilities of financial accounting for the purposes of enterprise management are defined.*

**Keywords:** *financial accounting, sustainable development, system of accounting and analytical support, organizational aspect, methodical aspect, technological aspect.*

*Метою статті є визначення підходів до побудови фінансового обліку у складі системи обліково-аналітичного забезпечення сталого розвитку, як інформаційної бази для прийняття ефективних управлінських рішень. У статті вказано на необхідність побудови системи обліково-аналітичного забезпечення сталого розвитку, яка буде надійною інформаційною базою для прийняття ефективних управлінських рішень. Визначено, що система включає облікову підсистему, яка включає підсистеми другого порядку, до яких слід віднести інформаційну підсистему фінансового обліку, інформаційну підсистему управлінського обліку, інформаційну підсистему обліку нефінансових показників. Основою облікової підсистеми є фінансовий облік, призначення якого полягає у забезпеченні підготовки та оприлюдненні інформації про фінансовий стан та результати діяльності підприємства, що пов'язані з економічними, екологічними та соціальними аспектами діяльності. Проаналізовано зміст компонентного складу фінансового обліку. Розкрито методологічний, організаційний, методичний та технологічний аспекти дослідження фінансового обліку, які забезпечують можливість встановити його резерви як інформаційного ресурсу для управління сталим розвитком підприємства. Встановлено, що організаційний аспект дослідження включає управлінський, формальний і податковий підхід. Доведено важливість управлінського підходу,*

який передбачає використання фінансового обліку для вирішення багатоцільових завдань в управлінні підприємством. Розкрито особливості формального підходу до організації фінансового обліку, який нівелює його можливості для прийняття управлінських рішень. Проаналізовано податковий підхід до організації фінансового обліку, який передбачає орієнтацію фінансової звітності на задоволення інформаційних потреб фіскальних органів. Визначені інформаційні можливості фінансового обліку для цілей управління підприємством. Встановлено переваги та недоліки фінансового обліку як системи генерування інформації для прийняття рішень в управлінні сталим розвитком підприємства.

**Ключові слова:** фінансовий облік, сталий розвиток, система обліково-аналітичного забезпечення, організаційний аспект, методичний аспект, технологічний аспект.

**JEL Classification:** M15; M41

**Formulation of the problem.** A qualitatively new level of management and decision-making in the context of sustainable development implies that accounting information should be financial and non-financial in nature, cover past and future events, reflect internal processes and characterize the external environment. The formation of a set of data adequate to user requests will preserve the relevance and position of accounting in the management loop and its positioning not as a registrar of past events, but as a major component of the information environment of sustainable development.

The accounting subsystem, as the basis of the system of accounting and analytical support for sustainable development, includes subsystems of the 2nd order (functional elements):

- information subsystem of financial accounting;
- information subsystem of management accounting;
- separate (special) subsystem of accounting of non-financial indicators.

Under these conditions, it is important to disclose the content of financial accounting as a functional element (subsystem of the 2nd order) of the accounting subsystem of the accounting and analytical support system, which will meet the information needs for sustainable development management.

**Analysis of recent research and publications.** Research of theoretical and methodological aspects of the content of financial accounting on the basis of works of such domestic and foreign authors as P.S. Bezrukykh [1], F.F. Butynets [2], S.F. Golov [3], I.V. Kalnytska [4], V.O. Kovalev [5], Y.D. Krupka [6], V.F. Paliy [7], M.L. Pyatov [8], Y. V. Sokolov [9], V.V. Sopko [10] allowed to define its conceptual provisions taking into account the concept of sustainable development and the transformed foundations of accounting in terms of sustainable development. At the same time, there are a number of problems associated with the study of information capabilities of financial accounting to solve the problems of sustainable development management.

**Formulation of the goals of the article.** The purpose of the article is to determine the approaches to the construction of financial accounting as part of the system of accounting and analytical support of sustainable development, as an information base for making effective management decisions.

**Presentation of the main research material.** Taking into account the legal framework for accounting and information needs of sustainable development, the accounting subsystem should be formed as a single system, which includes information subsystems of the 2nd order – subsystems of financial accounting, management accounting and a special subsystem of accounting for nonfinancial indicators.

From the standpoint of management, financial accounting is the main part of its accounting support. The main purpose of financial accounting is to ensure the preparation and publication of information about the results of the enterprise as a whole and its financial condition, in accordance with the requirements of legislation and accounting standards. Financial accounting acts as a link between economic activity and management entities, because: first, it measures economic activity through the registration of data about it for further use; secondly, processes the data and transforms them into useful information; third, it transmits information in the form of reports to those who use it to make management decisions.

The content of the component composition of financial accounting shows that the subsystem of financial accounting generates accounting information about the property of the enterprise, its liabilities, equity, results of operations, including environmental and social components and other accounting information required by a wide range of users for making optimal management decisions. Accounting information generated in the subsystem of financial accounting has unique qualities and it accounts for most of the information about the state of the enterprise. The subsystem of financial accounting is characterized by continuous observation in obtaining data, continuity and interconnectedness in the reflection of business transactions to be accounted for.

However, the subsystem of financial accounting does not fully ensure the formation of information about socially responsible activities of the enterprise as a basis for sustainable development. To solve management problems, accounting information of financial accounting is presented in fragments, not in full. It should be concluded that the scale of the enterprise increases the range of management decisions. In turn, there is a growing need for the amount of accounting information provided. In this context, there is a problem of adequacy of accounting and reporting information for the purposes of sustainable development management.

Understanding the information generated by the subsystem of financial accounting is an understanding of the methods of its creation. Methods of creating financial information – is the choice of forms of its presentation and conceptual methodological principles underlying the interpretation of the facts of economic activity of organizations [8, p. 48].

Users of accounting information generated in the financial accounting subsystem should take into account that the methods of financial presentation of information about the company (ie recognition of business facts, their evaluation, grouping, distribution of their impact on reporting periods, inclusion of data in financial statements, etc.) – is "only a set of conventions defined either by regulations or by the organization itself. And the main condition for understanding accounting financial information is knowledge of these conventions and taking into account their changes "[8, p. 9]. It is enough to change the depreciation rate, the method of cost allocation or inventory valuation, and the company from profitable (according to the financial statements) can become unprofitable or vice versa. However, the real financial condition of the enterprise will not change.

Thus, the methodology of financial accounting cannot be and has never been impartial. Different interests of participants in business processes lead to a certain distortion of financial accounting data both in terms of financial condition and in the calculation of financial results and profitability, respectively. As a result, the reliability of financial statements is distorted, which accordingly affects the results of financial analysis and, consequently, the formation of accounting and analytical information for the purposes of managing the sustainable development of the enterprise.

The organizational aspect of the study of the subsystem of financial accounting in the context of its information capabilities for the purposes of enterprise management includes management, formal and tax approach.

The managerial approach to the organization of financial accounting involves full awareness of managers of the importance of its information capabilities for the purposes of enterprise management. Under this approach, financial accounting is a system formed to solve the multi-purpose tasks of the enterprise management system by providing information to a wide range of users to make informed management decisions. Such information includes, first of all, information about the financial condition of the enterprise, the results of its activities, which allows users to assess both past economic phenomena and future prospects for enterprise development. Management entities, using accounting information of financial accounting for management purposes, should interpret it in relation to management decisions, taking into account the methodology of its formation and understanding of the real capabilities of the subsystem of financial accounting.

However, as practice shows, most business leaders approach the formation of the subsystem of financial accounting formally, based only on the requirements of its organization in accordance with applicable law. The formal approach to the organization of financial accounting is characterized by the minimization of costs for financial accounting and reporting, which leads to ignoring the information needs of the management system of sustainable development of the enterprise. The results of the financial analysis under the formal approach will be unacceptable for management. This is primarily

due to the lack of understanding on the part of managers of the importance of using financial accounting information for management purposes.

Thus, in the absence of setting specific goals and objectives for the subsystem of financial accounting by the subjects of management, its purpose is shifted to the formal organization in accordance with the requirements of laws and regulations. This approach is to some extent related to the presence in the accounting practice of enterprises subsystem of management accounting, which, according to managers, is an information system for the purposes of enterprise management. However, the statement that financial accounting does not meet the objectives of enterprise management only because the functioning of management accounting, which generates information for management, is erroneous, because financial accounting for its functional purpose provides information for management, forms in the management system along with the analysis communication [9, p. 25]. At the same time, financial accounting is limited only by the needs of managing the processes for which it is intended to account— to provide information about the overall financial condition of the enterprise.

The tax approach to the organization of financial accounting is characterized by the tax orientation of financial statements. This is due to the fact that, according to some business leaders (especially for small businesses), the real user of financial statements in most cases are the fiscal authorities. Under this approach, the objectives of taxation are considered a priority, and financial statements are fiscal in nature and do not reflect the actual financial condition of the enterprise and the results of its activities. In this case, the purpose of financial accounting is shifted to meet the interests of fiscal authorities, which leads to a significant reduction in the value of financial accounting information in the management of the enterprise.

The methodological aspect of the study of the financial accounting subsystem allows us to conclude that to achieve sustainable development in the financial accounting subsystem should use a methodology that takes into account the specifics of business processes, which will form a transparent accounting environment, and on this basis ensure efficiency and quality of information. making management decisions. To obtain quality information suitable for the management of sustainable development of the enterprise, the company should develop new requirements for procedures for data generation in accounting through the development of a chart of accounts, the introduction of special forms of primary documents, accounting registers and additional reporting forms that will provide regular monitoring of basic directions and sources of sustainable development of the enterprise.

The technological aspect of the study of the subsystem of financial accounting is that the basis of the accounting process are the relevant accounting operations, which are elementary or complex actions with the data in order to obtain intermediate or final accounting indicators. Operations characteristic of the accounting process are divided into mechanical (receipt of documents, their transfer for storage, registration), processing (grouping, compilation, accounting), creative (drawing conclusions, explanatory notes, certificates, proposals). The set and sequence of these operations form the technological stages, which, in turn – the technology of the accounting process. Thus, the technological aspect of the subsystem of financial accounting reflects the relationship of individual stages of the accounting process: the initial registration and documentation of economic life, reflection in the accounting registers, systematization and generalization of accounting information. The use of computerized form of accounting in the implementation of accounting technology eliminates the discreteness of accounting and, accordingly, increases the efficiency of internal and external reporting.

In the process of disclosing all aspects of the study of the subsystem of financial accounting (methodological, organizational, methodological and technological) in the context of its information capabilities for the purposes of enterprise management, the following generalizations are made:

1) the advantages of financial accounting in the system of accounting and analytical support of sustainable development are that the data are systematized, documented, accounting is carried out constantly, which ensures regular preparation of financial statements;

2) the subsystem of financial accounting forms the information for management of sustainable development of the enterprise only in a part of financial indicators on condition of accurate allocation in it of components (subsystems) of the account of ecological and social activity;

3) financial statements, which are based on the results of accounting, do not reflect the results of environmental and social activities, and therefore do not meet the needs of individual users;

4) the formation of financial statements is based on the financial concept of capital preservation, the purpose of which is to make a profit, while information about the degree of social activity of the enterprise and, accordingly, its sustainable development, and ultimately the value of the enterprise, cannot be obtained;

5) the methodology of financial accounting does not provide reflection in the financial statements of indicators for certain types of capital (social, intellectual, natural, human);

6) information generated in the subsystem of financial accounting reflects the facts that occurred in the past, at the same time for certain purposes of sustainable development and prospects of the enterprise to achieve them requires information of a prognostic nature, which does not accumulate in the subsystem of financial accounting.

**Conclusions.** An effective system of accounting and analytical support for sustainable development by functional components: accounting, analytical and control will be a reliable information resource for developing and implementing enterprise strategy in the short, medium and long term, provided the relationship of sustainable development and accounting, control and analysis. The separation of a special system of accounting for non-financial indicators in the accounting subsystem will expand the information space of accounting and provide a basis for the preparation of integrated reporting and, as a consequence, the growing information needs of users.

In accordance with the interests of interested users, the modern accounting system should serve the following main purposes:

1) accounting for assets, liabilities and equity, preparation of public statements of financial position and financial results;

2) information support of management – providing the management staff with information necessary for making management decisions;

3) "accounting for the future", i.e. providing managers with information for the development of management decisions.

Financial accounting will provide information support to external and internal users in the field of sustainable development. The advantages of financial accounting can be realized only as part of the system of accounting and analytical support of sustainable development in cooperation with other functional components.

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