

- чтобы оценить компетентность и работу штатных бухгалтеров в разрезе правильного ведения бухгалтерского учета;
- в случае смены финансового директора, главного бухгалтера или директора организации;
- для проверки экономической финансовой отчетности перед сдачей ее в государственные органы и управление статистики;
- в преддверии налоговой проверки;
- при желании уменьшить судебные риски;
- при возникновении долгов и больших издержек производства;
- если руководство планирует продать или приобрести работающий бизнес;
- перед привлечением дополнительных сторонних инвестиций.

Таким образом, в современном деловом мире заключение независимого аудитора о достоверности бухгалтерской и финансовой отчетности служит лучшим подтверждением надежности и честности компании. Кроме того, аудиторское заключение будет необходимо для подтверждения имиджа и деловой репутации компании при заключении договоров и соглашений с партнерами или различными кредитными организациями.

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### FEATURES OF ACCOUNTING OF FINANCIAL INSTRUMENTS IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

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**Abstract.** The article is devoted to the peculiarities of accounting for financial instruments in accordance with the current requirements of International Financial Reporting Standards. The paper defines which assets and liabilities are classified as financial instruments for accounting purposes.

The principles of their measurement and what information about them should be reflected in the accounting policies are presented.

**Key words:** financial instruments, accounting policies, cash instruments, derivative instruments, financial asset, financial liabilities, capital instruments.

Financial instruments play an important role in the development of the country's economy in general and its economic entities in particular, that is, at the macro- and microeconomic levels. The volume and structure of financial instruments, in turn, are determined by the economic situation in the country (the amount of accounts receivable, the amount of money supply in the country and organizations, the volume of investments in securities, etc.). At each stage of the country's economic development, its own structure and volume of financial instruments are formed that meet the needs of certain parts of the economy [1, p.187].

There are four International Financial Reporting Standards dedicated to financial instruments, namely:

IAS 32 - Financial Instruments: Presentation [2];

IAS 39 - Financial Instruments: Recognition and Measurement [3];

IFRS 7 - Financial Instruments: Disclosures [4];

IFRS 9 - Financial Instruments [5].

These standards determine the procedure for the recognition and subsequent accounting of financial instruments at each stage of their "life" in the balance sheet and the display of the results of such accounting in the financial statements of the company at the reporting date.

The definition of a financial instrument is presented in paragraph 11 of IAS 32 Financial Instruments: Presentation, according to which a financial instrument: a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

IAS 32 distinguishes several groups of financial instruments. First, you need to decide what kind of financial instruments the company owns: cash instruments and derivative instruments.

Therefore, cash instruments include financial assets, financial liabilities, capital instruments, and derivative instruments - futures, forwards, options and swaps.

Financial asset: any asset that is:

- 1) cash;
- 2) an equity instrument of another entity;
- 3) a contractual right:
  - to receive cash or another financial asset from another entity; or
  - to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity; or
- 4) a contract that will or may be settled in the entity's own equity instruments and is:
  - a non-derivative for which the entity is or may be obliged to receive a variable number of the entity's own equity instruments;
  - a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments. For this purpose the entity's own equity instruments do not include instruments that are themselves contracts for the future receipt or delivery of the entity's own equity instruments;
  - puttable instruments classified as equity or certain liabilities arising on liquidation classified by IAS 32 as equity instruments.

According to IFRS 9, all financial assets are measured at fair value, then, for the purpose of further measurement, the entity classifies financial assets into those that will be measured at amortized cost or fair value.

Thus, when an enterprise first recognizes a financial asset, it must immediately classify it in one of three groups (paragraph 4.1.1 of IFRS 9):

- measured at fair value through profit or loss;
- measured at fair value through other comprehensive income;
- measured at amortized cost using the effective interest rate.

The allocation of assets to these classes occurs on the first application of IFRS 9 and thereafter on the initial recognition of each new asset. This allocation is made in accordance with two criteria: the characteristics of the contractual cash flows (or they are solely the payment of principal and interest on it) and the business model that applies to these assets (contains assets to be settled or for sale or for both purposes).

The standard states that “a financial asset is measured at fair value if the following conditions are met:

- The financial asset is held within a business model, the purpose of which is to collect contractual cash flows;

- Cash flows are exclusively payments of the principal amount of the debt and interest on the outstanding part of the principal amount of the debt ”[5].

A financial asset is measured at amortized cost if, first, the financial asset is held within the entity's business model for generating cash flows, and secondly, these flows are payments of principal and interest on its outstanding amount.

Amortized cost is calculated using the effective interest method, which discounts estimated future cash receipts through the expected life of the financial asset. That is, amortized cost reflects the cash flows from a financial asset that the company will receive if it holds the asset to maturity.

So, for example, bank deposits today is one of the main instruments for investing temporarily free funds. Deposits may include renewal conditions at a fixed or current market rate and early withdrawals. Such conditions, as a rule, meet the criterion of contractual cash flows containing only the repayment of principal and interest, and, therefore, allow accounting at amortized cost [6].

The valuation of financial investments under IFRS 9 depends on the business model that applies to them.

Therefore, for some companies, such investments are a tool for generating short-term profits that can be sold at any time under favorable circumstances. This means that the business model for the purposes of IFRS 9 is to hold for selling, even if some investments are sometimes held to maturity, and therefore the investment must be measured at fair value through profit or loss. For other businesses, investing in bonds is just in case. They can be held until maturity, or they can be sold if there is a sudden need for cash. This business model is mixed, and therefore requires accounting at fair value through other comprehensive income, subject to the criterion of contractual cash flows [6, p.32].

As for trade receivables, in most cases, they are measured at fair value, with the exception of the presence of a significant financing component in the contract with the buyer. Under IFRS 9, an entity measures trade receivables at the transaction price if the trade receivables do not contain a significant financing component.

If there is a significant financing component in the contract, the customer's receivable will be recognized in the balance sheet at present value, and the difference between the original estimate and the amount payable will represent interest (finance) income in the statement of comprehensive income. At the same time, according to IFRS 15 - Revenue from contracts with customers [7], the discount rate is used that would be used for similar financing transactions between parties with similar credit characteristics.

The accounting policy of the company should contain provisions on the regulation of the accounting methodology for those objects that arise in accordance with IFRS. Financial instruments are among the most difficult in terms of identification.

For each group of financial assets, the accounting policies should include the following provisions [8, 9].

1. Cash:

- Analytical sections of cash accounting;
- The procedure for reflecting exchange rate differences;
- Method for the preparation of the Statement of Cash Flows.

2. Financial investments (equity instrument of another company):

- Analytical sections of accounting for such instruments (by share size);

- The method of subsequent measurement (through other comprehensive income).

3. Accounts receivable (contractual right to receive cash or other financial asset) and contractual right to exchange financial instruments on terms that are potentially beneficial to the enterprise:

1) Analytical sections of the accounting of such instruments (in the context of counterparties or types of obligations).

2) Determination of the method for the subsequent measurement of financial assets:

- At amortized cost according to the effective rate model (if the asset is held to collect the principal and interest on it or to sell it);

- At fair value through profit or loss.

Financial liability: any liability that is:

1) a contractual obligation:

- to deliver cash or another financial asset to another entity; or

- to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the entity; or

2) a contract that will or may be settled in the entity's own equity instruments and is

- a non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments or;

- a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments. For this purpose the entity's own equity instruments do not include: instruments that are themselves contracts for the future receipt or delivery of the entity's own equity instruments; puttable instruments classified as equity or certain liabilities arising on liquidation classified by IAS 32 as equity instruments.

When an enterprise first recognizes a financial liability, it must immediately classify it into one of two groups (paragraph 4.2.1 of IFRS 9):

- measured at fair value through profit or loss;

- measured at amortized cost using the effective interest rate.

Under IFRS 9, the initial measurement of the financial liability is based on the fair value (IFRS 13) minus acquisition or issue transaction costs. For each of these groups in the accounting policy, it is necessary to fix the following provisions [8, 9]:

1. Obligations to transfer cash or other financial asset that are to be transferred to another entity:

- Analytical sections of the accounting of such instruments (in the context of counterparties or types of obligations);

- The method of subsequent measurement of financial assets at amortized cost according to the effective rate model.

2. Obligations to exchange financial instruments on potentially unfavorable terms for the company:

- Analytical sections of the accounting of such instruments (in the context of counterparties or types of obligations).

- The method of subsequent measurement of financial assets at fair value through profit or loss.

No less interesting is the issue of accounting for transactions, the measurement of which is based on equity instruments. Equity instruments are a type of financial instruments associated with contracts for the use of equity instruments - securities that provide the right to participate in the distribution of the company's profits. The recognition of such securities as financial instruments (equity instruments) depends on their type and form of settlements with counterparties.

Measurement of such accounting items is carried out at the fair value of the assets exchanged or settled obligations.

Since, by their nature, equity instruments do not give an unconditional right to receive cash, and any payments on them are directly dependent on the results of the issuer's operations, cash flows on equity instruments are never payments of principal and interest. Therefore, such assets should be carried at fair value through profit or loss.

To mitigate the effect of revaluation of equity instruments on the bottom line, IFRS 9 allows for each such instrument to be decided to be revalued through other comprehensive income instead

of profit or loss. Such a decision must be made and duly documented at the date of the first application of IFRS 9 for existing investments in equity instruments and at the date of initial recognition for investments that will be subsequently acquired. This decision cannot be renegotiated in the future and, therefore, the related investment will be revalued through other comprehensive income prior to disposal. However, dividends from them are still recognized in profit or loss, but all other changes in fair value are never included in profit or loss, even on disposal.

In accordance with § 2 of IFRS 2 - Share-based Payment [10], transactions are recognized as equity instruments under contracts where:

- the company pays for the goods or services received in shares;
- the company, to settle for the goods or services received, assumes obligations that are subject to repayment in cash, but the amount of which depends on the price of the company's share instruments;
- the counterparty is given the right to choose the method of settlement - either in cash or in shares.

Thus, the securities that are used to pay off the debt under the contract to the supplier are either recognized as equity instruments, or are the basis for assessing the amount of the contract, or are an alternative to the monetary form of settlement.

To recognize a contract as an equity instrument, one should be guided by IAS 32 (§15–18). The analysis of these provisions of the standard allows us to compile a list of contracts for the purchase of equity instruments (equity instruments) that cannot be recognized as equity instruments. Thus, a contract is not an equity instrument if:

- contains a condition according to which the entity can receive or transfer its own equity instruments;
- to execute it, the entity must transfer a non-fixed amount of its own equity instrument;
- to execute it, the entity must transfer or receive a fixed amount of its own equity instrument in exchange for an unfixed amount of cash or another financial asset. Such a contract is considered a financial asset or financial liability.

If an entity must transfer or receive a fixed amount of its own equity instrument in exchange for a fixed amount of cash or another financial asset in order to fulfill a contract, then the contract is an equity instrument (§17 of IAS 32).

In order to organize accurate and reliable accounting of financial instruments in terms of financial assets and liabilities, it is necessary to transparently and clearly document transactions with them. It is advisable to formalize transactions for the acquisition of a financial instrument by order of the head, which will indicate the specific purpose of the acquired financial asset or obligation, disclosing the terms of exchange, repayment, etc. Of course, this does not apply to operations for the sale of products or the purchase of services and goods - the terms of these transactions should be detailed in contracts, and further measurement of debts - in the provisions of the accounting policies (in terms of determining doubtful debt and calculating a reserve, discount conditions).

Thus, on the basis of the conducted research, it can be concluded that the main task after the recognition and classification of financial instruments is their measurement. For an initial measurement, it is important to calculate the acquisition costs properly. Subsequent measurements are entirely dependent on the purpose of holding the financial instrument.

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