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ORGANIZATION OF ACCOUNTING IN THE COUNTRIES OF THE EUROPEAN UNION: CURRENT PROBLEMS AND PROSPECTS OF IMPROVEMENT

ABSTRACT

It is investigated that the manifestation of accounting policy of a certain level in the field of accounting is the establishment of regulatory limits, which are accounting and financial reporting, their enshrinement in legislative documents. It is noted that the implementation of international financial reporting standards in the country takes place in conditions and under the influence of specific economic, political, legal, and cultural factors. Regulators who have identified a typical list of aspects that affect the process of applying IFRS are analyzed. There are differences in the formation of economic indicators around the world, so the Law "On the National Program for Adaptation of Ukrainian Legislation to European Union Legislation", i.e. accounting of enterprises, is identified as one of the priority areas in which Ukrainian legislation was adjusted. The experience of EU countries in the organization of accounting is studied. It is determined that the recommendations for the annual financial statements in Poland should contain at least the balance sheet, income statement and additional information on the financial statements; provide true and reliable information about the assets, liabilities, financial condition, and profits or losses of the company; published by each company in the relevant national register of enterprises. In Ireland, tax differences arising from double taxation, pre-agreed payments for government-related losses, and other tax benefits such as trade losses, trade payments, production losses, and production payments are also recognized separately in tax reporting. It is noted that in European countries - Germany, Sweden, Greece, Italy, Spain, and Portugal - the calculation of taxable income under tax law is based on the same calculation methods that provide information on tax revenues and expenses in the accounting system and tax reporting only for a database of accountants. Recommendations have been developed to improve accounting in EU countries.

Keywords: accounting, IFRS, directive, revenue, tax, standards

JEL Classification: H83, M41, N24

INTRODUCTION

Globalization of the world economy, the need to ensure the transparency of international capital markets and strengthen the protection of investors' rights lead to new requirements for improving the methodology of collection, processing, and exchange of economic information about the economic activities of Russia and economic entities. The use of IFRS when entering international markets significantly widens the range of potential investors. Statement of financial results is an integral part of the financial report and the main source of information about the economic and financial performance of the enterprise. This form of reporting helps evaluate the success of the enterprise and determine which (own or borrowed) sources of financing the enterprise.

LITERATURE REVIEW

The organization of accounting in the countries of the European Union was studied in their works by the following foreign and domestic scientists: Nesterenko M. [6], Tovkun

L.V. note harmonization of accounting systems can have different forms (adaptation of legislation, unification of legislation, implementation, standardization, etc.). This leads to the process of reducing the differences between the principles of accounting in different countries. However, in each country, there may be certain differences in accounting and the system of standards governing them [8].

Cuc L., Horga P. note that there are directives of the European Union (hereinafter - EU), which are legislative acts establishing general requirements for the preparation, content, and presentation of financial statements [9].

Luca F. D., Berardino D. D. emphasize that at the regional level, that is, in a group of countries with similar national traditions, in our case the EU countries, there is a clear tendency to unify accounting legislation, but not to say about its global class [10].

Hayes R. S., Baker C. R. emphasize that due to the development of integration processes, more and more attention is paid to the processes of standardization of accounting and reporting. Accounting standardization refers to how countries introduce principles such as IFRS without any changes [11].

Scientists Semenets, A., Panfilov, O., Kuzkin, Ye., Kuznetsova, S., Hladii, I. in their work emphasize that any country choosing the path to the harmonization of the accounting system at the international level faces the choice of accounting and financial reporting standards [12].

However, little attention is paid to the development of accounting organizations in the countries of the European Union among scientists. Issues of development and improvement of accounting would be able to highlight the peculiarities of functioning of different accounting systems with regard to their peculiarities and get acquainted with the accounting system in EU countries, as well as clearly understand the differences and characteristics of accounting in different countries of the world.

The purpose of the study is to highlight the organization of accounting in the European Union based on current issues and recommendations on the prospects for improvement.

METHODOLOGY AND METHODS

The following general scientific methods of research were used to achieve certain objectives of the study: analysis, induction, deduction, synthesis. The information base of scientific research - the regulatory framework of Ukraine and EU member states, scientific papers and conference materials, materials of periodicals, reports, and other documents of professional organizations.

RESULTS

The main condition for the effective functioning of any business entity is a well-built integrated accounting system that ensures the creation and implementation of long-term, transparent accounting principles as a specific element of accounting and reporting. The manifestation of the accounting policy of a certain level in the field of accounting is the establishment of the regulatory boundaries by which accounting and financial reporting are conducted, their fixation in the legislative documents. Against the background of standardization of accounting, international standardization was created, which has approximations of accounting policies.

Accounting policy should be understood as the scope of activities of government agencies or institutions, established through national and international accounting associations, aimed at the normalization or standardization of accounting.

An important tool is the accounting policy of the enterprise, through which you can optimally combine state regulations and the initiative of the enterprise in organizational and accounting issues.

To assess progress toward compliance with global accounting standards, the IFRS develops country-specific IFRS application profiles. Based on an analysis of the information contained in the country profiles, approaches to the application of IFRS by resident companies in each of the 166 countries have been determined.

Nearly all countries (156 of 166) must maintain one set of high-quality global accounting standards. Only Albania, Belize, Bermuda, Cayman Islands, Egypt, Macao, Paraguay, Suriname, Switzerland, and Vietnam have not made this commitment. Relevant government authorities in all countries (except Belize, Bermuda, Cayman Islands, Egypt, Macao, Suriname, Switzerland, and Vietnam) publicly recognize IFRS as a single set of global accounting standards. Because of the lack of a public statement, IFRS are widely used by publicly responsible entities (stock exchanges and financial institutions) in Belize,

Bermuda, Cayman Islands, and Switzerland.

Adoption and implementation of international financial reporting standards in the country take place in the environment and under the influence of specific economic, political, legal, and cultural factors [11]. International Federation of Accountants based on various surveys of experts in the field of international financial reporting, representatives of national professional accounting organizations, national standardization bodies, regulators determined the typical list of aspects affecting the process of IFRS application [12]:

- motivation for the implementation of IFRS for government agencies and enterprises;
- regulation of the process of implementation, application, and adjustment of IFRS in the practice of business entities;
- historical and cultural aspects of the accounting and reporting system of each country;
- availability of content, complexity, and structure of IFRS;
- availability of high-quality translation of IFRS in the language of the country which is planning to introduce IFRS;
- additional financial expenses for business entities in the process of implementation of IFRS;
- availability of educational programs in higher educational institutions and professional organizations for the implementation of high-quality IFRS training for students and professional accountants.

The state accounting policy is a normative legal regulation of organization and methods of financial accounting and preparation of financial statements in the territory of the country. The purpose of state accounting policy is to reduce (erase) differences in the way financial information is presented, evaluated, and reported by companies, as well as to limit fluctuations in the quantity and quality of the information in published financial statements. The process of globalization of the world economy, the need to strengthen investor protection, and the transparency of international capital markets have created new requirements for the creation of an information base for companies. Therefore, the existence of the interstate level of accounting policy is due to the modern globalization processes, which result in the formation of state associations.

It should be noted that there are differences in the formation of economic indicators around the world because the law "On the national program of adaptation of Ukrainian legislation to the legislation of the European Union", so the accounting of enterprises is defined as one of the priority areas in which the adjustment of the Ukrainian legislation. Given the obligations of the state in the field of harmonization of national legislation with the legislation of the European Union, as well as requirements for financial statements of economic entities entering international capital markets, to improve the transparency of financial reporting of domestic entities, providing its comparison with foreign companies contributing to foreign investment, the need to create organizational and legal conditions for the application by economic entities of international standards To standardize financial reporting coefficients a system of International Financial Reporting Standards was created. The introduction of International Accounting Standards should be carried out using observance of rules by all subjects of economic activity that make up the system of accounting legislation and establish state regulation of unified methodic bases of financial statements. Legislative and regulatory support of accounting is aimed at creating optimal conditions for further development and financial reporting in Ukraine.

Introduction of the Law of Ukraine "On Amendments to the Law of Ukraine "On Accounting and Financial Reporting in Ukraine" [1], firstly, expands the list of enterprises for which from January 1, 2018, becomes mandatory. IFRS in the preparation of financial statements, secondly, must implement the Directive of the European Union on annual financial reporting and related reporting of certain types of enterprises [2], which was updated in 2013. It should be noted that there are certain differences between the requirements, standards, principles set out in IFRS and defined in the new EU Directive. Regulation of the European Parliament and the Council of the European Union № 1606/2002 allows the preparation of financial statements by national and international standards.

Regulation 1606/2002 of the European Parliament and of the Council of July 19, 2002, on the application of international accounting standards requires companies whose securities are admitted to trading on EU member states' regulated markets to prepare consolidated financial statements based on approved IFRS. This regulation has a direct effect and is mandatory for consolidated financial statements of publicly traded companies, and also allows the extension of the application of IFRS to the separate financial statements of publicly traded companies. Generally, companies that are not required to apply IFRS prepare their accounts based on the Accounting Act and the EU Directives [3].

Directive 2013/34/EU on Annual Financial Statements, Consolidated Financial Statements, and Related Statements of Certain Types of Companies was adopted by the European Parliament and Council in June 2013. The main objective was to simplify financial reporting rules, including rules for filing and disclosure of financial information by adjusting the tax burden for the type and size of the company. Thus, the Directive introduced a classification of all enterprises into five groups, i.e.,

micro, small enterprises, medium enterprises, large enterprises, and public interest enterprises, and specified the classification criteria in detail. For each group, the rules for financial reporting and presentation of financial information were defined, as well as the use of simplifications. Member states must transpose the provisions of the Accounting and Financial Reporting Directive into national law by January 1, 2016. In Poland, the provisions of Directive 2013/34/EU are gradually being implemented in the accounting standards set out in the Accounting Act. The Sejm of the Republic of Poland adopted an amendment to the law introducing the provisions of the directive on microenterprises on July 11, 2014, and on other entrepreneurs on July 23, 2015 [4].

IFRS not only generalize the acquired experience but also actively influence the development of the domestic accounting and financial reporting system in Ukraine. Therefore, it is important to identify the advantages and problems of the implementation of IFRS in national legislation. The benefit is that the preparation of financial statements by international standards allows [8]:

- compare financial statements based on uniform reporting principles;
- attract investment through the transparency and clarity of reporting provided by adherence to reporting rules and the availability of multiple explanations for reporting;
- obtain the necessary information (which is described in more detail in such reports) to make management decisions;
- reduce the cost of borrowed capital (no need to carry out unnecessary analysis, comparison, and translation according to the standards understandable to the investor);
- increase international investments and access to foreign markets, taking into account the fact that the Ukrainian stock market is currently unable to ensure the implementation of long-term investment strategies;
- promote the standardization of IT accounting systems;
- to give the accountant some flexibility to work within the parameters set by IFRS, on the assumption that IFRS are less strict than national standards;
- ensure greater confidence of potential investors for whom the application of IFRS is proof of the reliability and transparency of the information received;
- audit under IFRS, which is more effective due to the link between IFRS and International Accounting Standards (IAS), a common understanding of the objectives of financial reporting, etc.

For example, in Poland, the directives for annual financial statements in Poland must contain at least a balance sheet, a profit and loss statement, and additional information to the financial statements; provide true and fair information about the assets, liabilities, financial position, and income or loss of the company; and be published by each company in the appropriate national business register [5]. Companies subject to an annual audit prepare a statement of changes in equity and a statement of cash flows. Companies prepare financial statements as of the last day of the year. The principles for the valuation of assets, liabilities, and property rights and the determination of financial results should be applied by clause 4 "Valuation of assets and liabilities, determination of financial results" of the Accounting Law. The provisions of the Accounting Act of 1994 regulating accounting in Poland are applicable to legal persons registered in Poland or whose registered offices or management boards are located in Poland. The Act defines foreigners, foreign companies operating through branches or registered subsidiaries, as obliged to keep complete accounting records in accordance with Polish law.

It is necessary to take a closer look at the formation of accounting in EU countries.

The UK uses the "share deferral" method, which means that tax differences are reported on a company's tax return on Form CT600 under "Charges and Dismissals: Capital Allocations for Business Management, Management Expenses".

Spain is a country with different rules for determining taxable income and financial reporting at the same time. Deferred depreciation, inventories, and rents levy deferred taxes, so Spanish accounting uses deferred taxation under the liability method, although taxes are paid on assets only when the financial situation is expected to improve with certainty [6].

In Ireland, tax differences are shown on your CT1 tax return in section 9, "Deductions, redundancies, allowances, and benefits". A separate form is completed for each type of tax difference, and management fees, overhead expenses, and others that differ from the accounting records for income tax purposes are recorded separately. Tax differences arising from double taxation relief, pre-agreed payments for losses related to public settlements, other tax benefits - trade losses, trade payments, production losses, production payments - are also recognized separately in the tax returns [7].

In the Netherlands and Switzerland, there is no generally accepted form of balance. Accounting regulations do not prohibit the use of both forms of accounting (vertical and horizontal). There is no clearly defined order of classification of balance

sheet items. In European countries - Germany, Sweden, Greece, Italy, Spain, and Portugal - the calculation of taxable income is based on the same calculation methods that provide for the formation of information on tax revenues and expenses in the accounting system, and tax reports are generated exclusively based on accounting information. One of the peculiarities of German accounting is that all taxes are included in the total amount in the income statement, regardless of whether they are paid in advance or divided into different provisions. This makes it impossible to determine the actual tax situation of an enterprise for the year.

Swedish company law and Swedish accounting law do not account for deferred taxes, so the financial result calculated in the accounting records and reflected in the last line of the tax return is taxable. "However, deferred taxes may appear in the consolidated financial statements after adjustments and connection with the incorporation of foreign subsidiaries".

In most European countries, accounting is the source of information for tax returns. The study of foreign experience has highlighted two main approaches for calculating taxable income:

- calculation of taxable income according to current accounting data;
- calculation of taxable income using accounting financial result (profit, loss) adjustments before deduction of tax expenses.

Improvement of control over the system of accounting and financial reporting of enterprises should begin with the improvement of audit methodology, that is, the adoption of regulatory and legal documents and methodological recommendations, which should clearly and unambiguously regulate all aspects of the audit of accounting and financial reporting, based on the world experience of the supreme audit institutions on issues and features of the audit of the accounting system.

Solving the problem of legal and methodological support of state control will allow the creation of a completely new system of state control at the level of all administrators of budgetary funds; introduction of modern methodological, logistical, logistical and informational, and effective state control; analysis of the execution of management decisions, examination of their impact on the subject of financial control; making management decisions aimed at their improvement based on the results of financial control [3].

Also, significant levers in solving the problem of the quality of accounting and effective management of the enterprise are improvement of the system of training and retraining of personnel in the field of accounting and financial reporting; ensuring financial and legal awareness of citizens; promotion of economic efficiency; introduction of the procedure for applying international standards in the preparation of financial statements by business entities; transition to automated accounting system - the introduction of a single computer network at enterprises, which will reduce the labor intensity of the accounting process.

CONCLUSIONS

It should be noted that International Financial Reporting Standards are a set of compromises and general accounting options. IFRS are not dogmatic, normative documents regulating specific accounting methods and reporting principles. They are purely informational in nature, that is, they are not mandatory.

The experience of accounting and financial reporting integration processes in Europe shows that for a long time (more than 40 years) there has been a gradual harmonization of accounting systems of member states by adapting national legislation and harmonizing accounting methodologies of different countries. The EU has developed several directives on the harmonization of financial reporting in order to reduce the diversity of accounting and financial reporting procedures. Further development of harmonization was observed in the 1990s when it was decided to expand the system of comparability of reporting and improve international accounting standards. European integration and state policy of Ukraine on an adaptation of national legislation to European standards, taking into account global experience of accounting harmonization in EU countries, should define a list of priorities for approximation of current and future legislation of Ukraine to EU legislation, which is an important condition for strengthening economic relations between Ukraine and the EU in the near future.

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ОРГАНІЗАЦІЯ БУХГАЛТЕРСЬКОГО ОБЛІКУ В КРАЇНАХ ЄВРОПЕЙСЬКОГО СОЮЗУ: СУЧАСНІ ПРОБЛЕМИ ТА ПЕРСПЕКТИВИ ВДОСКОНАЛЕННЯ

Досліджено, що проявом облікової політики певного рівня у сфері бухгалтерського обліку є встановлення нормативних лімітів, якими є бухгалтерський облік та фінансова звітність, їх закріплення в законодавчих документах. Відзначено, що впровадження міжнародних стандартів фінансової звітності в країні відбувається в умовах і під впливом конкретних економічних, політичних, правових і культурних факторів. Проаналізовано регулятори, які визначили типовий перелік аспектів, які впливають на процес застосування МСФЗ. Зазначено, що в усьому світі існують відмінності у формуванні економічних показників, тому Закон «Про національну програму адаптації законодавства

Україні до законодавства Європейського Союзу», тобто бухгалтерський облік підприємств, визначено як одну з пріоритетних сфер, у якій українське законодавство було налаштовано. Досліджено досвід країн ЄС щодо організації бухгалтерського обліку. Визначено, що в Польщі рекомендації щодо щорічної фінансової звітності повинні містити принаймні баланс, звіт про прибутки та збитки й додаткову інформацію до фінансових звітів; надавати правдиву та достовірну інформацію про активи, зобов'язання, фінансовий стан та прибутки або збитки компанії; опубліковані кожною компанією у відповідному національному реєстрі підприємств. В Ірландії податкові різниці, що виникають унаслідок звільнення від подвійного оподаткування попередньо узгоджених платежів за збитки, пов'язані з державними розрахунками, інших податкових пільг – торговельних збитків, торгових платежів, виробничих збитків, виробничих платежів, також визнаються окремо в податковій звітності. Зазначено, що в європейських країнах – Німеччині, Швеції, Греції, Італії, Іспанії та Португалії – розрахунок оподатковуваного доходу на основі податкового законодавства базується на тих самих методах розрахунку, які надають інформацію про податкові надходження та витрати в системі бухгалтерського обліку й податкову звітність виключно з бази інформації бухгалтерів. Були розроблені рекомендації щодо вдосконалення бухгалтерського обліку в країнах ЄС.

Ключові слова: облік, МСФЗ, директива, дохід, податок, стандарти

JEL Класифікація: H83, M41, N24