

NATIONAL ECONOMY'S MARKET MECHANISMS OF ACCOUNTING, ANALYSIS AND AUDIT

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ACCOUNTING OF FIXED ASSETS: INTERNATIONAL EXPERIENCE AND NATIONAL PRACTICE

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fixed assets, international accounting standards, accounting regulations, accounting organization, depreciation.

The article presents the results of a comparative analysis of international experience and national practice of accounting for fixed assets at the enterprise. At the same time, special attention is required to research and improve the accounting of fixed assets, because they occupy a specific weight of non-current tangible assets of the enterprise. It is proved that today's conditions of harmonization of the national accounting model with the model according to international standards determine new aspects of development and ensuring the improvement of the organizational and methodological nature of fixed assets. The article analyzes the international experience, method and efficiency of application in the economic activity of the enterprise of accounting according to international standards, as well as a comparison of practical application with national standards in terms of active adaptive technical progress. Particular attention is paid to the analysis of theoretical aspects of recognition of fixed assets, accounting for the initial valuation of assets, revaluation of fixed assets, the method of depreciation in Ukraine and in developed countries. In particular, the differences between national and international standards in terms of approaches to the use of accounting estimates in the receipt of fixed assets and their operation are analyzed. It is substantiated that in the process of European integration of Ukraine the creation of a quality accounting system to ensure investment and innovation processes becomes relevant. Particular attention should be paid to the optimal choice of depreciation policy, the abandonment of the fiscal approach to depreciation in favour of economic. Scientifically substantiated proposals are presented to improve the procedure for revaluation of fixed assets in order to provide information for management decisions on the choice of depreciation method, which will satisfy the specifics of a particular enterprise.

ОБЛІК ОСНОВНИХ ЗАСОБІВ: МІЖНАРОДНИЙ ДОСВІД ТА НАЦІОНАЛЬНА ПРАКТИКА

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Ключові слова:

основні засоби, міжнародні стандарти бухгалтерського обліку, положення (стандарт) бухгалтерського обліку, організація обліку, амортизація.

У статті наведено результати порівняльного аналізу міжнародного досвіду та національної практики обліку основних засобів на підприємстві. При цьому особливої уваги вимагає дослідження та удосконалення обліку основних засобів, адже вони займають питому вагу необоротних матеріальних активів підприємства. Доведено, що сучасні умови гармонізації національної моделі обліку з моделлю за міжнародними стандартами визначають нові аспекти розвитку та забезпечення удосконалення організаційно-методичного характеру ведення основних засобів. У статті проаналізовано міжнародний досвід, спосіб та ефективність застосування в господарській діяльності підприємства ведення бухгалтерського обліку за міжнародними стандартами, а також порівняння застосування на практиці з національними стандартами в умовах активного адаптаційного технічного прогресу. Особливу увагу приділено аналізу теоретичних аспектів визнання основних засобів, обліку первісної оцінки активів, переоцінки об'єктів основних засобів, способу нарахування амортизації в Україні та в розвинених країнах. Зокрема, проаналізовано

відмінності між національними та міжнародними стандартами в частині підходів до використання облікових оцінок при надходженні основних засобів та при їх експлуатації. Обґрунтовано, що в процесі євроінтеграції України набуває актуальності створення якісної системи бухгалтерського обліку для забезпечення інвестиційно-інноваційних процесів. Особливу увагу при цьому необхідно приділяти питанням оптимального вибору амортизаційної політики, відмови від фіскального підходу у нарахуванні амортизації на користь економічного. Наведено науково обґрунтовані пропозиції стосовно удосконалення процедури переоцінки основних засобів з метою інформаційного забезпечення управлінських рішень щодо вибору методу амортизації, який буде задовольняти особливості специфіки конкретного підприємства.

Statement of the problem

Fixed assets usually account for the majority of non-current assets of the enterprise. Therefore, transparent and reliable information on fixed assets is of great importance for managers in analyzing the assessment of the financial condition and performance of the enterprise.

The main tasks of fixed assets accounting are: correct and timely reflection of the receipt, disposal and transfer of fixed assets; control over their presence and storage in places of operation; timely and accurate calculation of depreciation (depreciation) of fixed assets and its correct reflection in the account; determination of repair costs, as well as control over the rational use of funds allocated for this purpose; detection of objects that are not used; control over the efficiency of use, search for reserves to increase the efficiency of machines, equipment, etc.; prompt provision of the company's management with the necessary information about the state of fixed assets through the automation of accounting and computer work on the basis of modern computer technology [1]. Reforming the accounting system in Ukraine should ensure that these tasks are met.

In order to attract new investments to the country, there is an urgent need to improve the investment climate, because due to the difference in methods of accounting for fixed assets in the standards of investors and host countries, the analysis of profitability and feasibility of investment becomes more difficult. Ukraine is developing and integrating into a new economic space where there are no outdated and complex accounting methods. In the light of recent events, Ukraine needs to move to international accounting standards, in particular with regard to fixed assets, which help to build a decent platform for conducting competitive, environmentally friendly business and enhancing business reputation.

Analysis of recent studies and publications

Many domestic and foreign scientists, including N. G. Vygovskaya, T. G. Gaiduk, A. A. Gnatyuk, N. O. Gura, Z. G. Zhivko, N. A. Ivanova, dealt with the problems of recognition and evaluation of fixed assets, O. I. Koblyanskaya, S. O. Levitskaya, O. O. Osadcha, I. I. Sakhartseva, S. V. Svirko, L. K. Suk, N. M. Tkachenko, V. G. Shvets, S. P. Yaroshenko and others. Comparative analysis of fixed assets accounting according to international and national standards is presented in the works of A. A. Kasych, S. M. Kafka, N. V. Klyukha, N. M. Pirets, V. I. Popovych and others.

The analysis of the studied scientific sources proves that the issue of improving the accounting of fixed assets based

on international accounting standards is the subject of active discussion of scientists. However, the issue of accounting and information support of management decisions on the choice of depreciation method, which will satisfy the specifics of a particular enterprise, remains insufficiently disclosed.

Objectives of the article

The objective of the article is to analyze the international experience and national practice of accounting for fixed assets and provide scientifically sound proposals to improve the revaluation of fixed assets in order to provide management decisions on the choice of depreciation method that will meet the specifics of a particular enterprise.

The main material of the research

Different countries use International Financial Reporting Standards as a basis for accounting or adjust national accounting based on concepts, standards and rules of conduct. Thus, the countries of the European Union use the IAS 16 Property, Plant and Equipment [2], taking into account their accounting and reporting legislation.

In accordance with the IAS 16 Property, Plant and Equipment, items of property, plant and equipment have a tangible form and are recognized as an asset through the criteria for compliance with the tangible asset. There are two criteria for recognition as a tangible asset:

- the probability of obtaining economic benefits from the use of the object;
- the value of the object can be reliably determined.

Under the IAS, an item of property, plant and equipment may be measured at historical cost, fair value or residual value, depending on the method of accounting.

The accounting experience of most European countries shows that the actual costs of assembly and installation, transportation, construction, retrofitting and other costs of bringing an asset to a ready stage of commissioning are included in the initial cost of an item of property, plant and equipment.

However, in the Netherlands and the United Kingdom, such assets are allowed to be carried at market price, revalued or revalued at the time of acquisition. Belgian law requires the inclusion in the balance sheet of newly introduced objects at a lower value of the initial or market value [3].

With regard to Ukraine, the current the UAS 7 Property, Plant and Equipment [4] is generally consistent with the content of the IAS 16 Property, Plant and Equipment [2], but when comparing the two documents, there are

significant differences. The main feature of these differences is the conceptually different main focus of accounting methods of valuation and depreciation.

In developed countries, fixed assets accounting is built to accelerate investment and innovation processes both at the individual enterprise and at the state level as a whole. Ukraine has a strong fiscal approach. Recently, there has been a significant convergence of accounting and tax accounting in national accounting. In fact, the main tax differences aimed at increasing the company's tax base of income tax are formed in terms of accounting for fixed assets. But the domestic model of accounting for fixed assets in accordance with the UAS 7 "Fixed assets" [4] creates a greater tax base and does not stimulate innovation processes than the accounting model under the IAS 16 "Fixed assets" [2].

This is especially expressed in depreciation. Depreciation is the even distribution of the value of an item of property, plant and equipment over its useful life, with the value transferred to the cost of the finished product.

The depreciation accrued by an enterprise in accordance with the methods provided for in the accounting policy is called economic. Depreciation that is recognized in taxation is called tax (fiscal).

In most foreign countries use different methods of adjusting accounting depreciation for tax purposes. For example, in France, straight-line depreciation, accelerated depreciation and reduction factors are used (1.5 - for fixed assets with a depreciation period of 3 - 4 years; 2.0 - with a term of 5 - 6 years; 2.5 - with a term of more than 6 years), but the liquidation value is not determined. In Belgium, the amount of depreciation for taxation can be recognized within 40% of the value of accrued depreciation, in the UK - 25%.

In some foreign countries the parallel calculation of economic and tax depreciation is used (Great Britain, the Netherlands, Spain, France). If the economic depreciation is greater than the tax, the difference is accounted for as an extraordinary loss [5].

In Ukraine, the general procedure for determining depreciation deductions in accounting and tax accounting is close to European practice, but differs significantly functionally, in particular, the lack of innovation and investment incentives and in terms of control over the use of depreciation. To stimulate innovation and investment processes in developed countries, the economic approach dominates in the regulation of depreciation accounting, according to which depreciation is the fulfillment of the company's obligation to restore the used fixed assets. In domestic practice, the fiscal approach to the perception of depreciation still dominates, according to which depreciation deductions are considered as a cost part that reduces the object of taxation, a kind of tax benefit. [5]

Another significant difference is the approach to the use of accounting estimates in the receipt of fixed assets and their operation. In Ukraine, when purchasing or producing fixed assets are credited to the balance sheet at cost (historical) value. The costs that form the initial cost, both for the UAS 7 "Fixed assets" [4] and for the IAS 16 "Fixed assets" [2], in general, are generally identical. However, national practice generally does not use the calculation of

fair value measurement due to the complexity of the calculation related to the need for revaluation, the fiscal consequences of this and the difficulty of accounting for possible tax differences.

At the same time, the procedures and accounting for the revaluation of fixed assets under the IAS 16 "Property, Plant and Equipment" [2] and the UAS 7 "Property, Plant and Equipment" [4] of Ukraine do not differ significantly. In accounting, an enterprise revalues property, plant and equipment if its fair value differs materially from its residual value at the balance sheet date. The materiality threshold is determined by the company itself.

However, in contrast to developed countries, Ukraine is allowed to use only one method of accounting for revaluation. In accordance with the UAS 7 "Property, plant and equipment" [4], the revaluation is calculated by calculating a revaluation index equal to the fair value ratio an asset that is subject to revaluation to residual. This method is called in international practice - the method of proportional revaluation. In addition to this method, international standards also allow the method of calculating the amount of accumulated depreciation.

There are also differences in approaches to taxation of the amount of revaluation in different countries. In France, the law is allowed to reflect the revaluation of fixed assets, but the recognition of income from an increase in the value of the asset is accompanied by income tax on income arising. In the UK, there is no legal framework for revaluation, but most often use the recoverable amount [6]. In the US, the amount of revaluation is not taxed.

The Tax Code of Ukraine emphasizes the need for mandatory revaluation, at the end of the year at an inflation rate of the year in which the inventory is conducted, exceeds 10%. The revaluation includes the value of depreciable fixed assets, as well as the amount of accumulated depreciation on the indexation factor.

Revaluation at enterprises is voluntary, and the criteria for its implementation are determined independently. In accordance with paragraph 34 of the "Guidelines for the accounting of fixed assets" [7], it is recommended to take as a qualitative criterion a value equal to 1% of net profit (loss) or 10% of the fair value of the asset.

The need for revaluation of fixed assets may arise for reasons beyond the control of the enterprise, for example, due to high inflation, changes in legal requirements, market conditions. But more often the reason for a significant deviation of the carrying number of fixed assets from fair is incorrect management decisions at the time of their receipt.

Yes, the actual operating conditions of an item of property, plant and equipment may not be sufficiently taken into account and an incorrect accounting policy for property, plant and equipment may be adopted. For example, in order to avoid the need to take into account tax differences when accepting the expected useful life of an item of property, plant and equipment based not on the actual mode of its use, but on tax rules. Or, to simplify accounting for all items of property, plant and equipment that do not take into account the characteristics of depreciation, use the straight-line method of depreciation. All this leads to either an overstatement or, more often, an

understatement of the carrying amount compared to fair value.

For an illustrative example, consider the practice of revaluation of LLC "IMPEX".

In accordance with the Order on Accounting Policy, LLC "IMPEX" provides for: to carry out the procedure of determining the fair value of fixed assets that do not directly affect production, every three years; the materiality criterion is a difference of 10% between the

residual and fair value of a non-current tangible asset. The appearance of such a difference is sufficient for a revaluation. But the reasons for this significant deviation remain unclear.

For timely analysis of the reasons for the deviation of the value of fixed assets, we propose to introduce an internal document "Act of inventory procedures" in terms of revaluation of deviations from the accounting data and add it to the form OZ-12 (Table 1).

Table 1 – Act of inventory procedures in terms of revaluation of deviations from accounting data

Object of fixed assets	Quantity, items.	The book value	Cost by decision inventory. commissions	Deviation%	Decision on revaluation
1	2	3	4	5	6
Car MAZDA	1	148 055.50	344 000	56.96	Underestimate
Car IVECO 65C	1	44 133,48	46 340	5	Reassessment is unnecessary

Note: copyright development

From the calculation, it can be concluded that the deviation of the MAZDA car is quite significant and exceeds the possible causes of inflation. Further management analysis of the reasons for this situation revealed that the initial method of depreciation was chosen incorrectly. The specifics of using the car in the economic activity of the enterprise were not taken into account.

The proposed internal document contributes to the improvement of information support of management decisions on the choice of depreciation method that will meet the specifics of a particular enterprise.

Conclusions

In the process of Ukraine's entry into the European market, national provisions are increasingly becoming identical

with international standards. However, there are a number of issues that still differ, namely the establishment of the initial cost of property, plant and equipment, revaluation and depreciation.

Thus, the process of revaluation of fixed assets in the enterprise is accompanied by an increase in the book value of the object with the corresponding transfer of depreciation. To increase the efficiency of inventory procedures and reflect the revaluation in the documents of internal management, we have proposed – Act of inventory procedures in terms of revaluation of deviations from the accounting data, to identify the reasons for deviations of the residual value of fixed assets from fair value.

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