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ADAPTATION OF ACCOUNTING AND REPORTING IN FOREIGN COUNTRIES IN ACCORDANCE WITH IFRS AND IMPLEMENTATION OF THEIR EXPERIENCE IN UKRAINE

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The vast majority of foreign countries, in connection with the globalization of the world economy, have chosen a path focused on bringing the national accounting and reporting system to the requirements of International Financial Reporting Standards (hereinafter IFRS). The practical experience of introducing IFRS into the accounting of foreign countries shows that there are significant difficulties that companies will face when implementing IFRS in Ukraine. Implementation of IFRS requires companies to adapt to new accounting standards and procedures, which is not an easy and costly process. At the same time, companies are faced with a number of problematic issues that require immediate resolution on the path to IFRS implementation, namely: insufficient level of theoretical knowledge and lack of relevant staff competencies, staff awareness of existing discrepancies between National Standards of Accounting and IFRS, limitation of financial resources for implementation (transition to new accounting policy and software), lack of proper infrastructure for effective implementation of new accounting standards. These problems complicate and worsen the process of adaptation of companies to IFRS and can lead to delays, errors and other negative consequences for the business as a whole. Directions for solving these problematic issues are necessary for the successful implementation of IFRS and ensuring compliance with high standards of financial reporting.

АДАПТАЦІЯ ОБЛІКУ І ЗВІТНОСТІ В ЗАРУБІЖНИХ КРАЇНАХ ВІДПОВІДНО ДО МСФЗ ТА ІМПЛЕМЕНТАЦІЯ ЇХ ДОСВІДУ В УКРАЇНІ

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Ключові слова:

МСФЗ, впровадження МСФЗ, система бухгалтерського обліку, англосаксонська система обліку, континентальна система обліку, південноамериканська система обліку, ісламська система обліку.

Переважна більшість зарубіжних країн, у зв'язку із глобалізацією світової економіки, обрали шлях, орієнтований на приведення національної системи бухгалтерського обліку і звітності до вимог Міжнародних стандартів фінансової звітності (надалі МСФЗ). Практичний досвід запровадження в бухгалтерський облік зарубіжних країн МСФЗ свідчить про наявність значні труднощі, з якими будуть стикатися компанії при впровадженні МСФЗ в Україні. Впровадження МСФЗ вимагає від компаній адаптації до нових стандартів та процедур обліку, що є не легким і витратним процесом. При цьому компанії зіштовхуються з низкою проблемних питань, які потребують негайного вирішення на шляху впровадження МСФЗ, а саме: недостатній рівень теоретичних знань та відсутність відповідних компетенцій персоналу, обізнаність персоналу в наявних розбіжностях між Н(П)С(Б)О та МСФЗ, обмеження фінансових ресурсів на впровадження (перехід на нову облікову політику та програмне забезпечення), відсутність належної інфраструктури для ефективного впровадження нових облікових стандартів. Ці проблеми призводять до затримок, помилок та інших негативних наслідків для бізнесу в цілому. Напрями вирішення цих проблемних питань є необхідним для успішного впровадження МСФЗ і забезпечення відповідності високим стандартам фінансової звітності.

Analysis of recent research and publications

Issues related to the development, transition and implementation of IFRS in the accounting process of companies in various countries of the world are widely covered in the works of famous foreign economists – J. Weygant, J. Williams, H. Gernon, H. Grüning, J. Dishar, B. Needles, T. Warfield.

The process of accounting transition from NP(S)BO to IFRS has always been among the scientific interests of the leading scientists of our country. The works of luminaries of national accounting such as F.F. Butynets, S.F. Golov, and V.M. Zhuk deserve special attention [3], A. G. Zagorodny, H. G. Kireytshev, Y. D. Krupka, V. V. Sopko.

Such scientists as: V. S. Korchak [3], B. M. Ambush [2], O. V. Pasko [5], K. S. Piddubna and L. I. Tymchyna [6], N. E. Tsitska [9], S. B. Shipina [10].

Setting objectives

The purpose of the article is to summarize the experience of implementing IFRS in the accounting of foreign countries and to determine the advantages and difficulties in using IFRS in the accounting and reporting of enterprises in Ukraine.

Presentation of the main research material

In modern conditions in the world, depending on the economic, political, regional features of the development of each country, several accounting systems have been formed and are operating. The general approach divides accounting systems into Anglo-Saxon, Continental, South American and Islamic.

In the Anglo-Saxon model of accounting, financial statements are considered as a source of information for creditors and investors. Almost all companies in the USA, Great Britain, Canada, Israel, Australia, Central America, and India are interested in providing information about their financial situation because they are present on the securities market.

In the continental model of accounting, the main users are state bodies, tax authorities therefore pay considerable attention to the legislative regulation of accounting. This model is used by such countries as Germany, France, Austria, Spain, Portugal, Denmark, Greece, and Norway.

The South American accounting model is implemented in Brazil, Chile, Uruguay, and Peru. A feature of this model is the adjustment of financial reporting indicators taking into account changes in the price level due to high inflation and an unstable economic situation. Such requirements are aimed at the implementation of the state's annual budgets, and not for the interest of investors.

One of the forms of organization of accounting and financial reporting is the Islamic model, which is characteristic of Muslim countries and was formed under the influence of their national characteristics. This model has a number of features, in particular, it is prohibited to receive financial dividends for the sake of increasing income, and only market prices are used in the assessment of assets and liabilities [2].

The experience of countries with transition economies, which have switched to international accounting and

financial reporting requirements in accordance with IFRS, is of the greatest practical interest for the effective introduction of IFRS in Ukraine.

The transition to IFRS in Ukraine is of great importance for the country's development and its integration into the global economic space. The implementation of these accounting standards will allow Ukrainian companies to reliably reflect information about financial and economic activity in financial reporting, and will ensure a high level of its transparency, comprehensibility and content. In turn, this will contribute to increasing the confidence of both local and foreign investors in Ukrainian business, which, of course, will increase the level of the economy in the country and its further integration into the world economic system.

The transition to IFRS will also open opportunities for Ukrainian companies to conduct business more effectively on the international market. Compliance of accounting and reporting with the requirements of IFRS will contribute to the attraction of foreign investments and the expansion of opportunities for the use of external financial resources for the development of national companies. In addition, the transition to IFRS is an important element of improving the financial culture and management standards of companies in Ukraine. It stimulates the development of the professional environment and increases the qualifications of specialists in the field of finance and accounting.

Alignment of National Standards of Accounting with IFRS will also help to avoid financial scandals and contribute to the stability of the financial sector. This is important for maintaining public trust in the country's financial system and creating a favorable climate for the development of business and the economy as a whole.

Thus, the transition to IFRS in Ukraine is an important step on the way to modernizing the financial system, increasing its competitiveness and attracting foreign investments.

The transition to IFRS can be a complex process for several key reasons:

1. The Ukrainian system of financial accounting and reporting may differ from IFRS in terms of methodology and approaches, which complicates their implementation.

2. The transition to IFRS requires adaptation of the financial system, accounting and reporting processes, which can be time-consuming and resource-consuming.

3. The country's companies may face a shortage of qualified personnel who have at least an understanding of IFRS and theoretical knowledge of their application.

4. Insufficient technical infrastructure or outdated software can complicate the implementation of IFRS and the processing of financial information [4].

5. The implementation of IFRS may require significant changes in financial reporting and accounting policies of companies, which may challenge their business processes and resources. IFRS implementation can also be a costly process, especially for smaller companies or those with limited financial resources.

6. The need to amend the legislation governing financial reporting can also complicate the process of implementing IFRS.

All these reasons can lead to various challenges and difficulties during the implementation of IFRS in Ukraine.

The application of IFRS in Ukraine may encounter some problematic aspects due to a number of factors:

1. Insufficient readiness of users for changes:

- a significant number of Ukrainian companies, especially small and medium-sized ones, may not be sufficiently prepared for the transition to IFRS due to the lack of proper knowledge and qualifications in the field of international accounting;

- implementation of IFRS requires rethinking of accounting methods and training of personnel for new requirements and standards.

2. Tax system and legal environment:

- the current taxation system and legal environment in Ukraine do not fully meet the requirements of IFRS;

- the ambiguous interpretation of accounting terms in the current legislation, even at the level of our state, distorts the ambiguity of the terminology in both NP(S)BO and IFRS.

3. Financial constraints and cost of implementation:

- implementation of IFRS may increase costs for accounting services and staff training;

4. Preparation of the relevant infrastructure:

- implementation of IFRS may require software updates and implementation of new accounting and financial reporting systems;

- companies may face difficulties in completing these tasks due to lack of necessary resources or technical knowledge.

Taking into account these problematic aspects, the management staff of companies should constantly monitor the process of changes in the legislation of our state on the implementation of IFRS and save financial resources for the training of relevant personnel and the modernization of the accounting infrastructure in the company [1].

In order to reduce the problematic aspects related to the implementation of IFRS in Ukraine, based on the experience of foreign countries, company management needs to take several strategies and measures.

First, it is important to provide adequate training and training to staff to ensure they are ready for the new requirements and standards. This may include conducting trainings, seminars, round tables and courses on IFRS issues, improving the qualifications of employees.

Secondly, companies should analyze the difference between Ukrainian and international standards and develop strategies for their adaptation and problem solving. It is also important to carefully plan financial resources and take into account the costs of IFRS implementation in budget planning. To increase staff awareness and prepare for the implementation of new standards, companies can conduct educational events and inform their staff about the importance and necessity of IFRS.

In addition, investing in the necessary infrastructure for IFRS implementation, such as software and accounting systems, can greatly facilitate the process. The involvement of external experts and consultants can also be useful for companies facing difficulties in the implementation of IFRS, providing them with professional

support and advice on the implementation of the standards. The overall goal of these measures is to reduce the risks and problems associated with the implementation of IFRS and to ensure a successful transition to new financial reporting standards.

Modern technologies can play an important role in solving problems related to the implementation of IFRS in Ukraine. Accounting, auditing and analysis software can simplify the implementation of IFRS by automating the processes of gathering, processing and summarizing financial information.

The use of cloud storage for storing and processing financial information can ensure data availability and collaboration on it for all company personnel, helping to reduce the risk of errors and improve the efficiency of financial information processing.

The use of analytical tools will help companies understand the requirements of IFRS and identify areas where changes or improvements are needed, allowing to respond more effectively to the requirements of the standards.

The creation of interactive online resources and courses on IFRS will contribute to increasing the level of staff knowledge and preparation for the implementation of standards, allowing company employees to independently study and develop in this area and apply the acquired knowledge in practice [7]. The use of modern technologies can greatly facilitate the process of IFRS implementation and help companies effectively solve problems related to this process.

To solve the problems related to the implementation of IFRS in Ukraine, companies should first conduct an assessment of the current state, including checking the existing accounting systems, personnel qualifications and the level of awareness of the new standards. In the future, there is a need to invest in training your staff on IFRS, update internal policies and procedures in accordance with the requirements of the standards, as well as consider your financial capabilities and take into account the costs of implementing IFRS in budget planning. In addition, it is important to invest in the necessary infrastructure for the implementation of IFRS, such as software and accounting systems, and to engage external consultants and experts for professional support and advice on the implementation of the standards. These steps will help companies successfully adapt to new IFRS requirements and ensure compliance with financial reporting standards.

Considering the experience of foreign countries, additional issues that are important to solve when implementing IFRS in Ukraine are:

- Strategic planning. Companies should develop an IFRS implementation strategy, taking into account the specifics of their business model and market conditions, which will help determine the priorities and resources needed for successful implementation.

- Communication with stakeholders. It is important to establish an open and effective exchange of information with all stakeholders, including directors, shareholders, customers and regulators, precisely because clear communication will help ensure support and understanding for IFRS implementation.

– Risk management. Companies should implement a process of identification and assessment of potential risks associated with the implementation of IFRS, and develop strategies to manage them and reduce the impact on business.

– Monitoring and updating. After the introduction of IFRS, it is important to constantly monitor the effectiveness of work on the new accounting and reporting standards, with the aim of timely making the necessary adjustments. Implementation of IFRS may require significant investment and resources, but at the same time may lead to increased attractiveness for investors and development of the financial market.

– Need to change management culture. In addition to technical and personnel aspects, the transition to IFRS may require changes in corporate culture and management practices to meet the requirements of international standards.

– Impact on financial analysis. The introduction of IFRS changes approaches to the organization and conduct of financial analysis, which requires a rethinking of its methodology and tools.

Thus, based on the experience of foreign countries regarding the organizational and methodological algorithm of accounting transition from national requirements to IFRS requirements, we came to the conclusion that this process for many domestic companies requires a comprehensive approach taking into account various aspects, from technical to strategic. The transition to IFRS will undoubtedly increase the international competitiveness of Ukrainian companies due to greater transparency and standardization of financial reporting, which, in turn, will become accessible and understandable to international investors, which will contribute to the attraction of investments and the development of the economy.

Conclusions and prospects for further scientific research

In the process of analyzing the problems of IFRS implementation in Ukraine, it became obvious that the transition to these standards is an important step for the Ukrainian economy.

Recognition of the need to adapt the Ukrainian system of financial accounting and reporting to international standards by introducing the latest technologies in the process of collecting, processing and summarizing information, improving the qualifications of employees, adapting a modern management and accounting system in the company. This will contribute to the improvement of transparency and credibility of financial reporting, which, in turn, will increase the confidence of both internal and external investors.

In the modern conditions of IFRS implementation, the training of qualified personnel and the development of the relevant infrastructure are an urgent issue. Without a proper understanding of the standards and adequate technical support, implementation can become an unattainable task.

The issue of ensuring the proper financial and legal environment of companies for the introduction of IFRS into the accounting process deserves special attention. This includes both the development of relevant legislative acts and ensuring compliance of these acts with international norms and standards.

Thus, the implementation of IFRS in Ukraine is a difficult but necessary task that requires a comprehensive approach and joint efforts on the part of the state, business and specialists in the field of finance and accounting. Only in conditions of cooperation and responsibility can success be achieved in this direction and the economy be brought to a new level.

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