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DOI <https://doi.org/10.26661/2414-0287-2022-4-56-08>**PRESSING QUESTIONS OF FORMING OF REPORT ARE ON FINANCIAL RESULTS  
(TO THE REPORT ON GROSS INCOME OF ENTERPRISE)****Saienko O.R., Somchenko V.V., Derevytska O.L., Schetinina A.R.***Zaporizhzhia National University**Ukraine, 69600, Zaporizhzhia, Zhukovsky str., 66**vika\_znu72@ukr.net*

ORCID 0000-0001-8979-9354, 0000-0003-4860-0964

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(a report is on a gross income),  
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Standards

The article is sanctified to the study of the modern practice of forming a Report on financial results (To the Report on gross income) and order of transformation of information in accordance with international and national standards. The comparative analysis of reflection is conducted in the accounting of incomes and charges for National Accounting Standards and International Financial Reporting Standards. A necessity is analyzed for Ukraine's enterprises applying international financial reporting standards. The comparative analysis of information opening is conducted in Report on financial results on international and national standards. Approaches are considered for forming and presenting reports on financial results (To the Report on gross incomes) used in the registration systems of different world countries. The features of methods of presentation of information are considered about charges depending on the necessities of analysis of charges. It is accented to problem questions concerning the order of forming and transformation of data in the Report on financial results to influence the acceptance of administrative decisions. Undertaken a study allowed to distinguish fundamental problems in forming of Report on financial results (To the Report on gross incomes) on national standards. The ways of optimization of format offer «Report on financial results» and a maximal approach to IFRS. Paid attention order of the realization of analysis of the Statement about financial results and the influence of the got results, particularly on the acceptance of administrative decisions.

**АКТУАЛЬНІ ПИТАННЯ ФОРМУВАННЯ ЗВІТУ ПРО ФІНАНСОВІ РЕЗУЛЬТАТИ  
(ЗВІТУ ПРО СУКУПНИЙ ДОХІД ПІДПРИЄМСТВА)****Саєнко О.Р., Сьомченко В.В., Деревницька О.Л., Щетиніна А.Р.***Запорізький національний університет**Україна, 69600, м. Запоріжжя, вул. Жуковського, 66***Ключові слова:**фінансові результати діяльності,  
звіт про фінансові результати  
(звіт про сукупний дохід),  
прибуток, доходи, витрати,  
національні положення  
стандарти бухгалтерського  
обліку, міжнародні стандарти  
фінансової звітності

Стаття присвячена вивченню сучасної практики формування Звіту про фінансові результати (Звіту про сукупний дохід) та порядку трансформації інформації у відповідності до міжнародних та національних стандартів. Проведено порівняльний аналіз відображення в обліку доходів та витрат за П(С)БО та МСФЗ. Проаналізовано необхідність для підприємств України застосування міжнародних стандартів фінансової звітності. Проведено порівняльний аналіз розкриття інформації у Звіті про фінансові результати за міжнародними та національними стандартами. Розглянуто підходи до формування та подання Звіту про фінансові результати (Звіту про сукупні доходи), що застосовуються в облікових системах різних країн світу. Розглянуто особливості способів подання інформації про витрати залежно від потреб аналізу витрат. Акцентовано на проблемних питаннях щодо порядку формування та перетворення інформації у Звіті про фінансові результати з метою впливу на прийняття управлінських рішень. Проведене дослідження дозволило виділити основні проблеми при формуванні Звіту про фінансові результати (Звіту про сукупні доходи) за національними стандартами. Запропоновано шляхи оптимізації формату «Звіт про фінансові результати» та його максимальне наближення до МСФЗ. Приділено увагу порядку проведення аналізу Звіту про фінансові результати та визначено вплив отриманих результатів на прийняття управлінських рішень.

**Formulation of the Problem**

Regulatory acts of Ukraine regulating accounting and financial reporting are constantly being transformed in order to comply with current European legislation. At the current stage of economic development, one of the essential tasks of management is the formation of information by business entities about the financial results of their activities in accordance with the requirements of IFRS. This is due to the fact that different approaches to the formation of financial reports can complicate the transformation of information and influence the adoption of management decisions in the conditions of Ukraine’s further integration into the global economic space.

**Analysis of the Recent Research And Publications**

Questions related to the problems and prospects of forming a report on financial results in accordance with the requirements of International Financial Reporting Standards are reflected in the works of many domestic scientists such as M.T. Belukha, F.F. Butynets, K.V. Bezverkyh, S.F. Golov, A.G. Zagorodnii, S.V. Ivakhnenkov, H.G. Kireitsev, L.I. Lavrinenko, S.O. Levitska, E.V. Mnykh, V.V. Sopko, et al. The following foreign scientists were engaged in researching the methodological foundations of the international accounting and reporting system: J. Weygant, J. Williams, H. Gernon, H. Grüning, J. Dishar, B. Needles, T. Warfield.

The issue of forming financial statements following IFRS, taking into account the expansion of the scope of its application and increasing the requirements for disclosure of information in financial statements, remains relevant.

**Setting the Objectives**

The article’s purpose is to study the methodological principles of accounting and disclosure in financial statements of information about the financial results of enterprises following the requirements of IFRS and A.S.

**The Presentation of Primary Research Material**

The correctness of determining the financial results of enterprises is regulated by the following national accounting standards: N.A.S. 1 “General requirements for financial reporting” [1], AS. 15 “Incomes” [2], AS. 16 “Expenses” [3]. In accordance with the international approach to revenue generation, IAS1 “Financial reporting”

[4], and ISFR15 “Revenue from contracts with customers” [5] are regulated. As for the accounting of costs and their reflection in reporting (as AS. 16 in Ukraine), such a general international standard does not exist.

When comparing the order of recognition, assessment, and reporting of expenses and income according to national and international standards, the order of their recognition is primarily highlighted. The comparative characteristics of income and expense accounting according to A.S. and IFRS are given in the table. 1.

The analysis results confirm that national and international standards have a lot in common regarding the issues of determining and recognizing income and expenses. However, the issue of classifying expenses and income in IFRS is related to the professional judgment of accountants, i. e., enterprises separate certain items of income and expenses at their own discretion, based on experience, relevance, materiality, and the best and most complete disclosure of information about their activities.

When comparing the requirements of IAS1 and NAS. 1 regarding the formation of the Report on financial results, it can be noted that the requirements of NAS. 1 ensures the approximation of this Report to the structure of the Statement of profit or loss and other comprehensive income. In particular, this concerns the provision of information on other comprehensive income. But IASB and NAS. have their own approaches to forming the Report on financial results. Thus, IAS1 allows alternatives when submitting information about other aggregate income. When forming a domestic report, a single report consisting of two separate sections is proposed: one is intended to display financial results, and the other is for developing other aggregate income [6].

But the strict regulation of the Report on financial results according to national standards and the high degree of detail in its articles do not contradict international standards.

Following international accounting standards, two methods of presenting cost information are defined depending on the classification methods: the method of the nature of costs and the method of the cost function.

That is, enterprises have the right to independently choose one of the two classification methods depending on traditions, industry factors, and the nature of the enterprise.

National standards provide for the display of expenses by two methods. In section, I of form No. 2, “Report on financial results (Report on total income),” income and

Table 1 – Comparative characteristics of income and expense accounting under AS. and IFRS

Incomes		Expenses	
A.S.	IFRS	A.S.	IFRS
NAS 1 [1], AS. 15 [2]	IFRS 15 [5]	AS 16 [3]	There is no separate accounting standard
Income is recognized when economic benefits increase in the form of assets or liabilities decrease, which leads to an increase in equity, provided that the assessment of income can be reliably determined (except for its growth at the expense of owners' contributions)	The recognition of income occurs simultaneously with the recognition of an increase in economic benefits during the accounting period in the form of income or an increase in the utility of assets, or in the form of a decrease in liabilities, which results in an increase in equity (except for an increase related to participants' contributions).	Expenses are recognized when economic benefits decrease in the form of the disposal of assets or increase in liabilities, which leads to a decrease in equity (except for its decrease due to its withdrawal or distribution by owners)	Expenses are recognized simultaneously with the recognition of a decrease in economic benefits during the accounting period in the form of disposal or depreciation of assets or the form of liabilities, resulting in a reduction of equity (with the exception of a decrease due to payments to participants)

expenses are grouped depending on the defined functions. In section III of this form, costs are grouped by elements, but the list of economic elements is strictly regulated. It does not provide an opportunity to highlight the industry specifics of the enterprise.

To date, at the legislative level, a list of business entities that are obliged to prepare reports according to international standards has been determined.

Under today's conditions, the issue of transferring financial reporting to international standards can be solved by two methods. The first method is the transformation of accounting statements prepared in accordance with AS into statements that comply with IFRS. The advantages of the reporting transformation include low financial and time costs. The disadvantages include the fact that the reporting obtained as a result of the conversion has a high information risk since subjective assessments are inevitable during its implementation. The degree of this risk directly depends on the qualifications of the performers.

Another method consists of parallel accounting according to national standards and IFRS. Parallel accounting has a high level of information reliability but requires significant costs from the company: staff training, software costs, etc.

In addition, it is long-term since an optimal system of parallel accounting must be formed (compilation of a parallel plan of accounts in a format corresponding to IFRS, transfer of balances from the Ukrainian Plan of accounts to accounts of the new plan with simultaneous adjustments and further daily parallel accounting) [6].

Before forming financial statements according to international standards, it is necessary to analyze foreign practices for preparing financial statements (table 2). International accounting standard 1, "Presentation of financial statements," provides a complete set of financial statements.

This list includes the Statement of Profits and Losses and other comprehensive income for the period in which information on the results of the economic entity is provided.

In most countries, the Statement of Financial Results is called the "Profit and Loss Statement." Almost all countries have no standard form of the Report, and only a list of articles that must be displayed for full information disclosure is established. The Report can have different formats: horizontal (incomes and expenses are grouped separately) or vertical (income and expenses are presented sequentially). The vertical structure makes it possible to determine intermediate indicators (gross profit, pre-tax

result) during calculating the net financial result, which is necessary information for the analysis of activities. Therefore, this form of Report is most often used.

In this Report, the company's revenues are correlated with its expenses to determine profit (loss). The Report reflects the results of the company's operations for a certain period (usually a year). Also, the Report on total income can be submitted in two forms: a single report on total income, two statements (a statement showing components of profit or loss (separate income statement) and a statement beginning with profit or loss and delivering components of other comprehensive income (Statement of comprehensive income)).

Currently, in Ukraine, the Statement of Financial Results (Statement of Comprehensive Income) consists of four sections:

- One (1) financial result.
- Two (2) total incomes.
- Three (3) The elements of operating costs.
- Four (4) The calculation of the profitability of shares.

The Ukrainian accounting system is historically more conservative. It is characterized by strict regulatory and legal regulation and a significant impact of tax legislation on accounting rules. On the one hand, it seems to reduce the risks of manipulating reported information, making it impossible to distort it. On the other hand, the strict limits of information disclosure do not provide an opportunity to disclose in the reporting the specifics of the activity (in particular, the branch) of an individual enterprise. Income and expenses that are not included in the enterprise's financial results but are directly related to the increase (decrease) in equity capital are recognized as other comprehensive income.

According to IAS1, total comprehensive income changes in equity during the period as a result of transactions and other events, except for those changes arising from transactions with owners acting following their authority [7].

This income measure includes all components of "profit and loss" and other comprehensive income. Other total income comprises items of income and expenses that are not recognized in profit or loss, namely:

- changes from revaluations (revaluations and markdowns) of non-current assets;
- changes from revaluations (revaluations and markdowns) of financial instruments;
- accumulated exchange rate differences (arising as a result of the recalculation of reporting of foreign activities according to AS. 21 or IAS21;

Table 2 – Foreign practices of drawing up the Statement of Profits and Losses

Country	Structure of the Profit and Loss Statement
Germany	The Report is built according to the vertical form. Classification of report articles is presented in one of two formats – cost or functional. More traditional is the cost format focuses on the characteristics of production.
Switzerland	The specific form of information submission is not defined. The Report can be submitted in vertical or horizontal format. Income and expenses can be classified by nature or function, and data for the previous period must be provided.
Italy	The Report is built according to the vertical form. Classification of income and expenditure items is based on the functional principle.
Portugal	The Report is built in a horizontal format and presented in the form of two columns: expenses and losses – on the left and revenue and income – on the right. The classification of report articles is presented in a functional format. Also, the income statement provides a detailed item breakdown like the balance sheet.
Moldova	The Report is built according to the vertical form. The classification of the articles of the Report provides for the grouping of income and expenses from operating, investment, and financial activities, as well as the allocation of an extraordinary result. The principles of construction and presentation of the Report are similar to Ukrainian requirements.

– Share of other aggregate income of associated and joint enterprises.

According to IAS, financial statements must be submitted annually, while the procedure for preparing and submitting interim financial statements is regulated by a separate IAS34 “Interim Financial Statements” [8] (there is no analog in the domestic system).

IAS1 does not require that the financial year coincides with the calendar year, nor does it prohibit the practice of preparing annual statements for 52 weeks. This is due to the fact that in many foreign countries, the reporting year for companies begins with the month or quarter of their creation and registration. This approach is convenient for auditing companies and regulatory bodies, as it allows you to distribute the workload during the calendar year evenly.

It should also be noted that in different countries of the world, the order of construction of the mentioned Report has certain objective differences caused by the peculiarities of economic, social, and political development. These differences significantly complicate the analysis of information and decision-making during the development of international trade, transnational corporations, and the globalization of financial markets. In addition to financial statements, companies can also provide financial reviews that contain a description of the financial results of operations, economic conditions, as well as uncertainty factors that must be taken into account during the formation of financial statements (changes in business conditions and their consequences, sources of financing, disclosure of information about other resources companies) [8].

## The Conclusions and Prospects for Further Scientific Research

The issue of harmonizing financial reporting according to the requirements of IFRS is currently relevant. After all, Ukraine aims to become a member of the E.U. in near future. Therefore, reporting that meets the principles of international standards makes it possible to evaluate and analyze the attractiveness of a business entity from the point of view of investors and creditors. At today's international standards implementation stage, the country has already laid the foundation and is constantly working on building a high-quality accounting and financial reporting system. Enterprises that constantly prepare financial statements according to IFRS can safely switch to international standards in preparing statements and accounting, which minimizes labor costs for parallel accounting or reporting transformation.

Based on the analysis of the content of domestic standards, it can be noted that they have many common features and approaches with the provisions of IFRS. However, there are still differences between them. This applies to such issues as the display of other operating and other income and expenses, the classification of types of activities, the presentation of components of other aggregate income, and the formats of presentation of operating expense elements.

Thus, the optimization of the “Report on financial results” format and its maximum approximation to IFRS would allow foreign users of financial statements to obtain more detailed information about the business entity's activities, which is a necessary component when considering issues of possible investment.

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