

Regulatory, Legal and Practical Principles of Modern Financial Accounting Policy

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Abstract: Business in market conditions requires clear and effective accounting and reporting rules in the company. The accounting policy is developed by each organization individually in accordance with the working conditions and requirements. At the same time, the key goal of the accounting policy at the enterprise lies in ensuring the reliability of its financial and information systems. Qualitative accounting is a powerful business management tool. Therefore, more and more attention is paid to scientific and applied economic literature to the formation, analysis and optimization of accounting policy, which is more than ever due to the need for time nowadays. The purpose of the academic paper is to highlight the primary legal and practical features of the enterprises' accounting policy at the current stage of developing the economic system. In the course of the research, the analytical and bibliographic method was used to study the scientific literature on the issues of forming the accounting policy of enterprises. Along with this, induction, deduction, analysis, synthesis of information, system-structural, comparative, logical-linguistic methods, abstraction and idealization were applied to study and process data. By the way, the research authors conducted the questionnaire survey in online mode to practically clarify the most important issues related to organizing the accounting policy of enterprises. Based on the research results, the primary and most important theoretical aspects of the issue of accounting policy in the enterprises were established. At the same time, the standpoints of scientists and teachers of higher educational institutions specializing in economic specialties and heads of enterprises' financial departments regarding the key aspects of this issue were investigated.

Keywords: Accounting and reporting in the company, preparation of financial statements, accounting and analytical functions of management, accounting policy, accounting.

INTRODUCTION

Competently developed accounting policy contributes to increasing the efficiency of company management, its prospective development, convenience and transparency of accounting and management accounting. This type of policy combines the norms of state regulation and the requirements and needs of the subjects of market relations on organizational and accounting issues. It makes it possible to use ac-

counting information for capital management and plays a significant role in implementing corporate strategy.

The theoretical part of the present research substantiates the concepts, components and factors of accounting policy formation of enterprises.

The practical part of the study includes clarification of the primary goals of accounting policy formation. Their implementation will ensure an increase in the efficiency of its use, factors affecting the choice and justification of the accounting method, the primary tasks of the accounting policy, in the implementation of which enterprises face difficulties of an organizational and technological nature. It also comprises the basic aspects of accounting, which at the moment have a

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request for thorough scientific refinement for the further introduction into practice of enterprises' accounting activity.

Based on the research results, conclusions were made regarding the issues raised. In particular, the survey made it possible to find out that the most important goals of the accounting policy at enterprises are primarily the rationalization of cash flows and approximation to international accounting and financial reporting standards. Along with this, scientists and company heads note that several factors influence the choice and justification of the accounting method, the most important of which are as follows: the system of reporting to owners and other users of financial information, the strategy of financial and economic development, material and technical equipment, personnel qualifications, technological characteristics of production, legislation and prospects for its changes. At the same time, the primary tasks of the accounting policy, in the implementation of which enterprises face difficulties of an organizational and technological nature, are the creation of an effective accounting information system, tax accounting to optimize taxation and create an effective information system for making management decisions. Along with this, as the results of the conducted research show, the methodology and technology of accounting are the aspects that currently require additional scientific study and proposals for optimizing accounting activities for future practical application in this sphere.

LITERATURE REVIEW

The economic activity of each enterprise is regulated by a system of regulatory acts, which include laws, normative documents of the government, ministries and departments, international norms, as well as the enterprises' internal documents. Companies must carry out accounting and preparation of financial statements in accordance with the principles and methods established by law (Diadiun, 2020). To conduct these processes, the professional qualities of e-commerce managers are determined (Akimov, O., Karpa, M., Parkhomenko-Kutsevil, O., Kupriichuk, V. & Omarov, A., 2021) with an indication of international management experience in the field of national security (Akimov, O., Troschinsky, V., Karpa, M., Ventsel, V. & Akimova, L., 2020).

Methodical and organizational management of the accounting system at the enterprise is carried out by the state, which adopts regulatory documents with specific recommendations, a list of rules, separate accounting methods and procedures, establishing accounting principles (Kwarteng, Agyenim-Boateng & Simpson, 2023).

The accounting policy at the enterprise determines the ideology of the company's economy, and promotes the strengthening of accounting and analytical functions in corporate management. It helps quickly respond to changes in the production process, effectively adapt the production system to the conditions of the external environment, reduce economic risk and achieve success in competition (Zhang, 2022).

According to another viewpoint, the enterprise's accounting policy is a complex of actions aimed at forming a system of methodological techniques, methods and procedures of or-

ganization and accounting, corresponding to the enterprise's specifics and its owners' interests (Dey et al., 2022).

Accounting policy as a specific element of the accounting system should create organizational and methodological conditions for achieving such results as rational use of the company's property, ensuring information management. It should provide an opportunity to constantly monitor the personnel's effectiveness, and create an independent and subordinate internal control service while providing information to the owner about the company's financial results and organizing management accounting subsystems (De et al., 2020), (Jesus, Antunes & Mendonça, 2019). Ukrainian authors developed digitalization, taking it as the main trend of modern development in the world economy (Bezrukova, N., Huk, L., Chmil, H., Verbivska, L., Komchatnykh, O., & Kozlovskiy, Y., 2022).

Accounting principles aim to create an optimal, consistent and structured framework for compiling reliable reporting and making effective economic decisions based on it. When drawing up a regulatory document on the accounting policy at the enterprise, it is advisable to form a special commission to develop such a document. If necessary, it is expedient to conclude an agreement with an auditing (consulting) company on developing the most effective accounting policy norms (Dey et al., 2020), (Zhao, 2019).

Uniform rules establishing international standards for companies around the world allow comparing financial reporting indicators of companies in the economy's different sectors. The comparability of indicators is ensured precisely by the presence of regulation by accounting policy norms, since this internal regulation contains a system of principles, methods and procedures that the business unit has chosen in accordance with international standards for record-keeping, reporting and corporate governance (Fan et al., 2022), (Farooque et al., 2022). Based on process modeling, on the example of the safety of machine-building enterprises (Kryshtanovych, M., Akimova, L., Akimov, O., Kubiniy, N. & Marhitich, V., 2021) using adaptive management for enterprise resource planning (Akimova, L., Akimov, O., Maksymenko, T., Hbur, Z. & Orlova, V., 2020). Based on the analysis of the production and sale of organic products, the proposal of effective methods and ways of functioning of agricultural enterprises (Ostapenko, R., Herasymenko, Y., Nitsenko, V., Koliadenko, S., Balezentis, T. & Streimikiene, D., 2020).

RESEARCH METHODOLOGY

A practical study of modern tendencies in the accounting policy of enterprises was carried out by surveying 216 scientists conducting studies in the field of accounting and management accounting and teachers of higher educational institutions of economic specialties, as well as 255 heads of enterprises' financial departments of various economic sectors in Zhytomyr, Ivano-Frankivsk, Odesa, Cherkasy and Kyiv regions of Ukraine. The research was conducted using the Survey Monkey service.

RESULTS AND DISCUSSION

Primarily, during the research, the survey participants expressed their viewpoint regarding the goals of forming the

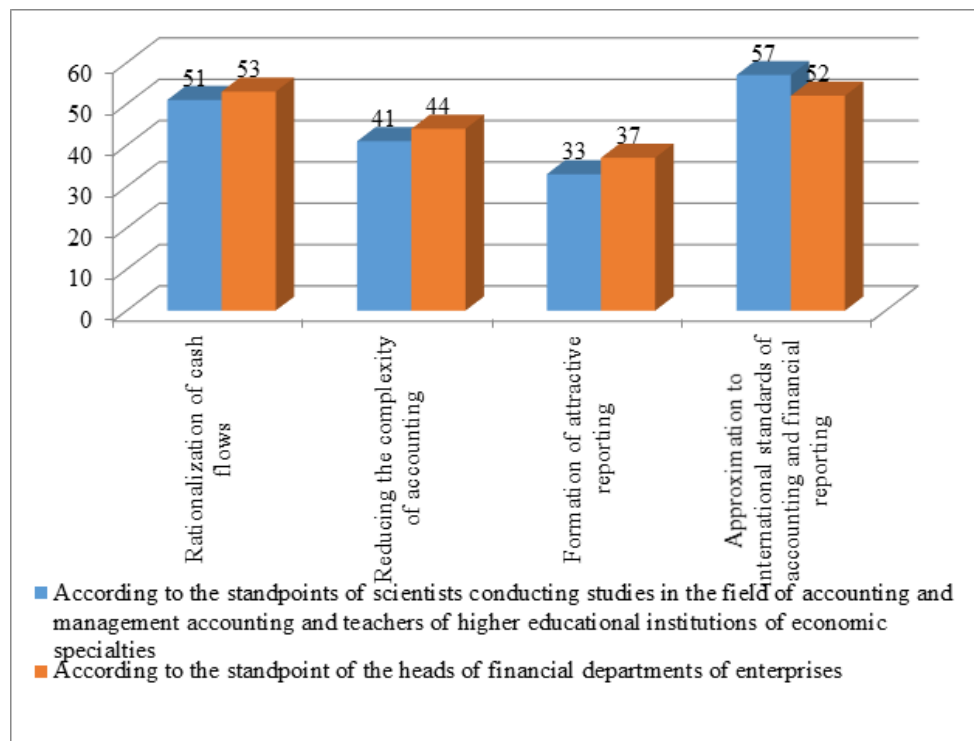


Fig. (1). The primary goals of accounting policy formation, the implementation of which will ensure an increase in the efficiency of its use, %.

Source: compiled by the authors.

accounting policy, the implementation of which will ensure an increase in the efficiency of its use (Fig. 1):

According to the survey participants' standpoint, currently, in the conditions of rapid development of the economic and management system, as well as taking into account the dynamically growing requirements for the quality of management, the most important goals of the accounting policy at enterprises are primarily the rationalization of cash flows and approximation to international standards of accounting and financial reporting.

During the survey, the respondents identified the following factors influencing the choice and justification of the accounting method (Fig. 2):

It can be observed from Fig. (2) that several factors influence the choice and justification of the accounting method. The most significant factors are as follows: the system of reporting to owners and other users of financial information, the strategy of financial and economic development, material and technical equipment, personnel qualifications, technological characteristics of production, legislation and prospects of its changes.

Achieving the set goal is possible through the company's performance of specific tasks. According to the survey participants' standpoint, the primary tasks of the accounting policy, in the implementation of which enterprises face difficulties of an organizational and technological nature, are as follows (Fig. 3):

Creation of an effective accounting information system in accordance with current legislation; keeping tax records to

optimize taxation; creation of an effective information system for making managerial decisions.

During the survey, the respondents highlighted the following aspects (elements) of the accounting policy, which at the moment have a request for further scientific refinement (Fig. 4).

As evidenced by the results of the conducted research, accounting methodology and technology are aspects currently requiring additional scientific study and proposals for optimizing accounting activities for future practical application in this sphere.

The accounting policy of the enterprise is, primarily the policy of the owner or the body authorized by him, which manages the enterprise in accordance with laws and statutory documents. Therefore, this owner or the body chooses the subjects of accounting, forming the organization's financial and operational accounting principles (Guarnieri, Cerqueira-Street & Batista, 2020).

The company independently develops an accounting model that allows providing all interested users with information about the company's activities, adhering to the consistent application of accounting methods chosen by the company (Gui, Lei & Le, 2022).

The process of forming the accounting policy is influenced by regulatory documents, and by external and internal aspects of the company's work. The latter depend on the field of activity, branch specifics of work, specific features of the organizational structure, and the purpose of the organization's activities. External factors significantly impact on ac

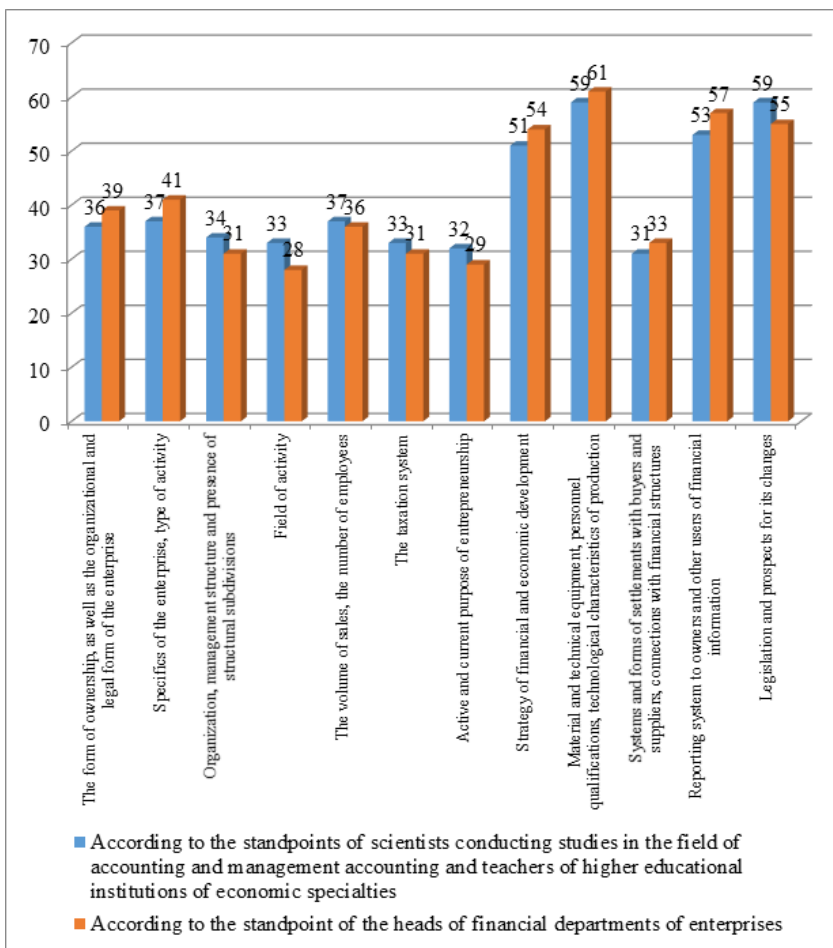


Fig. (2). Factors influencing the choice and justification of the accounting method, %.
Source: compiled by the authors.

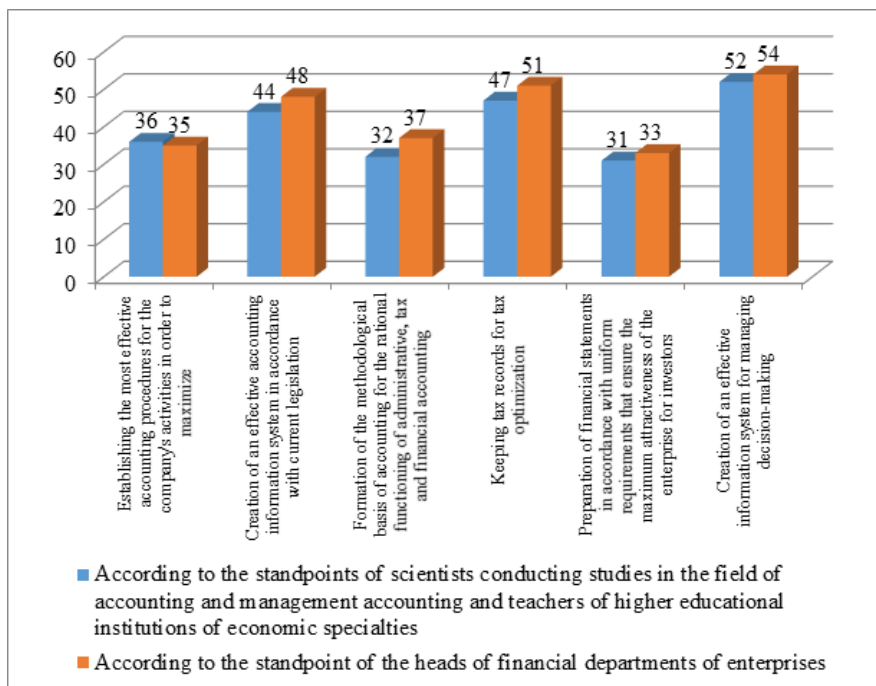


Fig. (3). The primary tasks of the accounting policy, in the implementation of which enterprises face difficulties of an organizational and technological nature, %.
Source: compiled by the authors.

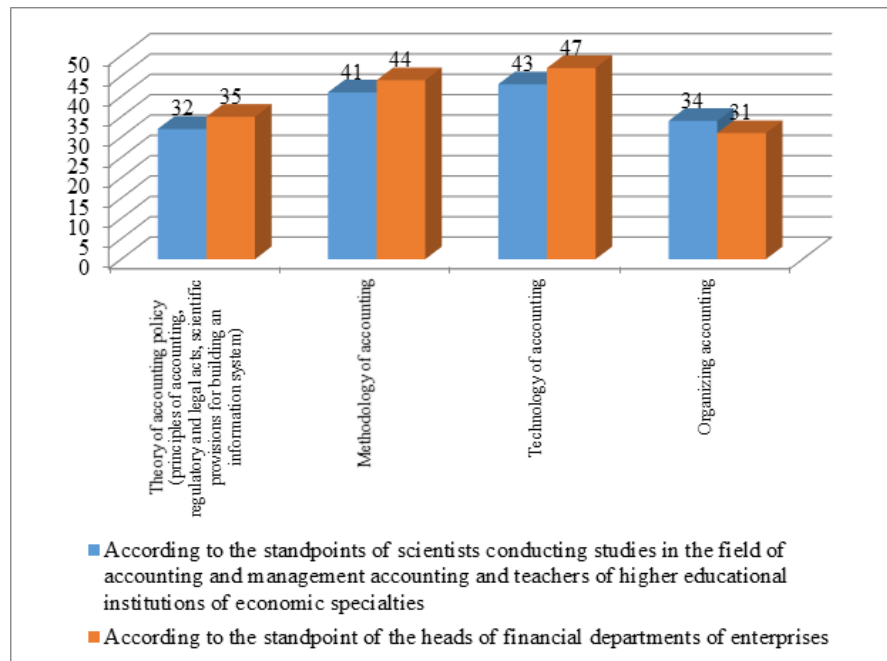


Fig. (4). Aspects (elements) of the accounting policy, which at the moment have a request for thorough scientific refinement for further introduction into the practice of accounting activity, %.

Source: compiled by the authors.

accounting policy, as it is formed under the direct influence of regional and national accounting policy, as well as international norms regulating accounting and management accounting issues (Kristensen & Mosgaard, 2020), (Schroeder, Kartika & Uwe, 2019).

The approved accounting methodology makes it possible to reduce the risks of identifying inconsistencies or misunderstandings during audits of the enterprise's financial activities by audit firms and tax inspectorates. If the enterprise does not have an accounting policy or it has not been properly approved, unreasonable changes have been made. After the approval of the changes, no adjustments have been made to the profit for previous periods; the supervisory authority may declare the balance sheet of the enterprise to be invalid. It should also be mentioned that the accounting policy reduces the probability of accounting. It is especially advisable to pay attention to this issue in the case when a third-party organization maintains the accounting, or the company's accounting is frequently updated. A properly formed accounting policy makes it possible to provide all interested parties with detailed and reliable information about the results of operations and the actual financial state of the enterprise, which is necessary for making justified decisions (Kumar et al., 2022), (Lee & Raschke, 2020), (Saidani et al., 2022).

The development of an accounting policy is a complex and long-term process, primarily due to the fact that the organization of accounting is influenced by the approved but dynamic accounting method. When drawing up documents that establish the rules of the accounting policy at the enterprise, it is necessary to take into account the influence of various factors, the specifics of the company's activities and the legal framework regulating all aspects of its work (Malesios, Dey & Abdelaziz, 2018), (Prieto-Sandoval, Jaca & Ormazabal, 2018).

The application of uniform standards makes it possible to objectively evaluate the results of companies' activities on international financial markets. It ensures openness, transparency and comparability of financial statements of business entities for interested parties and investors (Rosa, Sasanelli & Terzi, 2019).

CONCLUSIONS

Thus, the analysis of the scientific literature on the research topic and the questionnaire results showed that the accounting policy is a set of principles, methods and procedures used by the company to prepare and submit financial and management reports. The enterprise independently, taking into account the regulatory legal acts' requirements, develops an accounting model with the aim of providing all interested users with information about the enterprise's activities. The analysis of materials on the research topic made it possible to establish several factors influencing the choice and justification of accounting methods and standards. The study of scientific literature also showed that currently, scientists' considerable attention is paid to aspects of the accounting policy of companies relating to changes in the legal framework and the market situation. Competently developed accounting policy contributes to the efficiency of company management, increasing the prospects for its development, convenience and transparency of accounting.

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