IMPLEMENTATION OF PRACTICAL RECOMMENDATIONS REGARDING THE ORGANIZATION AND METHODS OF COMPILING FINANCIAL STATEMENTS ACCORDING TO NATIONAL AND INTERNATIONAL STANDARDS

Abstract. The purpose of the study is theoretical justification and implementation of practical recommendations regarding the organization and methodology of financial reporting according to national and international standards. Financial reporting is crucial as a structured process that transcends merely being a system of indicators; it involves the detailed communication of an organization's financial information and performance metrics to a broad spectrum of stakeholders, including investors, creditors, regulators, and the public. This process encompasses the meticulous preparation, presentation, and interpretation of financial statements—namely balance sheets, income statements, cash flow statements, and statements of changes in equity. These documents collectively offer a comprehensive snapshot of an organization’s financial health and dynamics over a specified period, thus serving essential informational needs. The implementation of financial reporting not only adheres to but also reinforces the principles of transparency and consistency through compliance with established accounting standards such as Generally Accepted Accounting Principles (GAAP) or International Financial Reporting Standards (IFRS). Such adherence ensures the comparability and reliability of financial data presented. Moreover, the practice of revaluing property, plant, and equipment (PP&E) highlights how changes in fair value over time are captured, thus adjusting the carrying amount on the balance sheet and offering updated insights into the property status of an enterprise. Notes accompanying the balance sheet provide further details, including the nature and location of PP&E, significant accounting policies, and any related commitments or impairments. In essence, financial reporting acts as a pivotal information conduit in
market economies, facilitating informed decision-making and efficient resource allocation. It enhances market efficiency by reducing information asymmetry and supports corporate governance by ensuring management accountability. By providing a structured and standardized summary of financial data, financial reporting empowers stakeholders to make well-informed decisions, promoting economic growth and development while enhancing the transparency and integrity of corporate practices.

Keywords: Financial statements, National Standards, International Standards, Practical Recommendations, financial aspects

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ВПРОВАДЖЕННЯ ПРАКТИЧНИХ РЕКОМЕНДАЦІЙ ЩОДО ОРГАНІЗАЦІЇ ТА МЕТОДИКИ СКЛАДАННЯ ФІНАНСОВОЇ ЗВІТНОСТІ ЗА НАЦІОНАЛЬНИМИ ТА МІЖНАРОДНИМИ СТАНДАРТАМИ

Анотація. Мета дослідження полягає у теоретичному обґрунтованні та впровадженні практичних рекомендацій щодо організації та методології складання фінансової звітності згідно національних та міжнародних стандартів. Фінансова звітність є вирішальною як структурований процес, який перевищує просте бути системою показників; вона включає детальне спілкування фінансової інформації та показників ефективності організації до широкого спектру зацікавлених сторін, включаючи інвесторів, кредиторів, регуляторів та громадськість. Цей процес охоплює ретельну підготовку, презентацію та інтерпретацію фінансових звітів — а саме балансів, звітів про прибутки та збитки, звітів про рух грошових коштів та звітів про зміни у власному капіталі. Ці документи разом надають всебічний моментальний звіт фінансового здоров'я та динаміки організації за певний період, тим самим задовольняючи основні інформаційні потреби. Впровадження фінансової звітності не лише дотримується, а й посилює принципи прозорості та послідовності через дотримання встановлених бухгалтерських стандартів,
such as generally accepted accounting principles (GAAP) or International Financial Reporting Standards (IFRS). Such adherence ensures consistency, transparency, and comparability in the information presented. While financial indicators are indeed a crucial component of financial reporting, they are just one aspect of the broader process of communicating financial information effectively.

The government program for reforming the accounting system in Ukraine, along with the Law of Ukraine "On Accounting and Financial Reporting," likely outlines initiatives and regulations aimed at modernizing and standardizing accounting practices within the country. These measures are typically designed to enhance transparency, improve the reliability of financial information, and align...
Ukrainian accounting standards with international best practices, such as those outlined by the International Financial Reporting Standards (IFRS).

**Fig. 1. Components of such reforms and laws**

This involves aligning Ukrainian accounting standards with globally recognized standards to enhance comparability and transparency in financial reporting. Implementing measures to ensure that companies maintain accurate financial records and adhere to ethical accounting practices. Requiring companies to provide comprehensive and transparent disclosures about their financial performance, risks, and operations to stakeholders.

Enhancing the quality and independence of auditing practices to provide assurance on the reliability of financial information. Investing in training programs and resources to enhance the skills and expertise of accounting professionals in Ukraine. Encouraging the use of accounting software and digital tools to streamline accounting processes and improve efficiency and accuracy in financial reporting.

Overall, the government program and related laws likely aim to modernize Ukraine's accounting system, promote transparency and accountability in financial reporting, and align with international standards to attract investment and support economic development. The direct application of International Financial Reporting Standards (IFRS) involves implementing these standards in the preparation and presentation of financial statements by entities within a country. In the case of Ukraine, if the government has adopted IFRS or has committed to convergence with IFRS principles, entities are required to follow these standards in their financial reporting practices. Here are some ways in which IFRS is directly applied: Financial Statement Preparation, Recognition and Measurement, Disclosure Requirements,

Entities are required to prepare their financial statements, including balance sheets, income statements, cash flow statements, and statements of changes in equity, in accordance with IFRS. Entities must recognize and measure assets, liabilities, equity, income, and expenses in accordance with the principles outlined in IFRS. This includes determining the fair value of certain assets and liabilities and applying specific accounting treatments for various transactions and events. IFRS mandates specific disclosure requirements to ensure transparency and provide users of financial statements with relevant information. Entities must disclose information about significant accounting policies, financial instruments, related party transactions, and other key areas as required by IFRS. For entities with subsidiaries, IFRS requires the preparation of consolidated financial statements, which present the financial position, performance, and cash flows of the group as a whole.

IFRS provides guidance on the preparation of interim financial reports, allowing entities to provide updated financial information to stakeholders between annual reporting periods. IFRS provides guidance on accounting for various types of transactions, such as business combinations, leases, revenue recognition, and financial instruments, ensuring consistency and comparability in financial reporting. Auditors are required to assess whether financial statements have been prepared in accordance with IFRS and provide assurance on their compliance with these standards.

Overall, the direct application of IFRS involves adhering to the principles, requirements, and guidelines set forth in the standards issued by the International Accounting Standards Board (IASB) in the preparation and presentation of financial information. This promotes transparency, comparability, and reliability in financial reporting across jurisdictions.

Direct application of international financial reporting standards (IFRS): public joint-stock companies; banks; insurance organizations; other enterprises and organizations (except budgetary institutions) that independently determined the expediency and date of application of IFRS.

Relevance of the topic. Market participants are interested in receiving complete and open information about the activities of others. Market relations generate the interest of borrowers and creditors, issuers and investors, banks and depositors, directors and shareholders. On the basis of transparent financial reporting, it is possible to see the effectiveness of decisions and the responsibility of decision-makers.

The introduction of IFRS into domestic practice increases the requirements for the professional level of accounting employees, makes an accountant whose professional and impartial advice plays an increasingly important role in making effective management decisions.
The purpose of the study is theoretical justification and implementation of practical recommendations regarding the organization and methodology of financial reporting according to national and international standards.

Description of previously conducted research. Several scholars and experts have contributed to the study of the organization and methodology of financial reporting according to national and international standards [1-8].

Description of the study. These scholars, among others, have likely published articles, books, and research papers addressing various aspects of financial reporting practices in Ukraine, including the organization and methodology of preparing financial statements according to both national and international standards. Their contributions have helped to advance knowledge and understanding in the field of accounting and finance within the Ukrainian context.

Financial reporting serves as the primary mechanism for providing information to users regarding the assessment of the property status of an enterprise. Specifically, the balance sheet (also known as the statement of financial position) is a key financial statement that offers insights into the property status of the enterprise at a particular point in time. Here's how: Assets, Depreciation, Revaluations and Disclosures.

The balance sheet lists the assets owned by the enterprise, which include property, plant, and equipment (PP&E). PP&E represents tangible assets used in the production or operations of the business, such as land, buildings, machinery, and vehicles. The balance sheet provides information on the historical cost, accumulated depreciation, and net book value of these assets, allowing users to assess their value and condition.

The balance sheet also includes information on accumulated depreciation, which reflects the systematic allocation of the cost of PP&E over their useful lives. Depreciation expense is typically recorded in the income statement, while accumulated depreciation reduces the carrying amount of PP&E on the balance sheet. Users can evaluate the level of depreciation expense relative to the carrying amount of PP&E to assess the rate of asset consumption and the estimated remaining useful life of the assets.

In some cases, enterprises may choose to revalue their property, plant, and equipment to reflect changes in fair value over time. Revaluations may result in adjustments to the carrying amount of PP&E on the balance sheet, providing users with updated information on the property status of the enterprise.

The balance sheet is accompanied by notes to the financial statements, which provide additional information about the property status of the enterprise. Disclosures may include details on the nature and location of PP&E, significant accounting policies related to the measurement and valuation of PP&E, commitments for the acquisition or disposal of property, and any impairments or write-downs of PP&E.
Overall, the balance sheet plays a critical role in meeting the information needs of users regarding the assessment of the property status of an enterprise. By providing detailed information on assets, depreciation, revaluations, and related disclosures, the balance sheet enables users to evaluate the composition, value, and condition of the enterprise's property holdings.

In a market economy, financial reporting plays a crucial role as an information link between various stakeholders, including investors, creditors, regulators, and the public. Financial reporting is indeed based on the summarization of financial accounting data, among other sources of information. Financial reporting serves as an information link in a market economy. Financial reporting provides transparency into the financial performance, position, and cash flows of an entity. By summarizing financial accounting data in the form of financial statements (such as balance sheets, income statements, and cash flow statements), financial reporting offers stakeholders a comprehensive view of the entity's financial health.

Stakeholders use financial reporting information to make informed decisions. Investors analyze financial statements to assess the profitability, solvency, and growth prospects of companies before making investment decisions. Creditors evaluate financial reports to determine the creditworthiness and risk profile of borrowers. Governments and regulatory bodies rely on financial reporting data to monitor compliance with accounting standards and regulations. Financial reporting facilitates the efficient allocation of resources in the economy. By providing timely and accurate information about the financial performance and prospects of businesses, financial reporting helps investors and creditors allocate capital to the most productive uses, thereby promoting economic growth and development.

Financial reporting contributes to the efficiency of capital markets by reducing information asymmetry between market participants. Timely and accurate financial reporting ensures that relevant information is available to investors and creditors, enabling them to make well-informed decisions and reducing the likelihood of market distortions or inefficiencies. Financial reporting enhances corporate accountability and governance by holding management accountable to shareholders and other stakeholders. By providing a standardized framework for reporting financial information, financial reporting helps ensure transparency, integrity, and accountability in corporate reporting practices.

Overall, financial reporting serves as a critical information link in a market economy, facilitating decision-making, resource allocation, market efficiency, and corporate governance. By summarizing financial accounting data in a structured and standardized format, financial reporting enables stakeholders to access timely, relevant, and reliable information to support their economic activities and investment decisions.

The effectiveness of decisions and the responsibility of decision-makers are crucial aspects of governance, management, and accountability within organizations. Here's how they intersect (Fig. 2):
Fig. 2. Effectiveness of decisions and responsibility of decision-makers

The relationship between decision effectiveness and the responsibility of decision-makers is symbiotic. Responsible decision-making contributes to decision effectiveness by ensuring decisions are made with integrity, consideration of stakeholders, and adherence to ethical and legal standards. Conversely, effective decisions demonstrate the competence and accountability of decision-makers in fulfilling their responsibilities.

In organizational contexts, fostering a culture of accountability, transparency, and ethical behavior is essential for promoting responsible decision-making and improving decision effectiveness. This involves establishing clear decision-making processes, providing access to relevant information, promoting open communication, and holding decision-makers accountable for their actions and outcomes. Additionally, ongoing evaluation and feedback mechanisms can help identify areas for improvement and enhance decision-making practices over time.

Conclusions. Implementing practical recommendations regarding the organization and methodology of financial reporting according to national and
international standards involves several key steps: Training and Education, Internal Controls and Processes, Adoption of Accounting Software, Engagement with Professional Bodies, Benchmarking and Peer Review, External Audit and Assurance, Stakeholder Engagement.

Provide training and education to accounting professionals, preparers of financial statements, auditors, and other stakeholders on the requirements and best practices of financial reporting standards. This ensures that individuals involved in the financial reporting process understand their roles and responsibilities and are equipped with the necessary knowledge and skills to comply with standards effectively. Establish robust internal controls and processes to ensure the accuracy, completeness, and reliability of financial reporting data. Implement procedures for data collection, recording, validation, and reconciliation to minimize errors and discrepancies in financial statements. Regularly review and update internal controls to address emerging risks and changes in regulatory requirements. Invest in accounting software and technology solutions that facilitate the preparation and presentation of financial statements in compliance with national and international standards. Automated software can streamline the financial reporting process, improve data accuracy, and enhance efficiency by eliminating manual errors and reducing the time required for data entry and consolidation. Engage with professional accounting bodies, regulatory authorities, and standard-setting organizations to stay updated on changes in accounting standards, interpretations, and guidance. Participate in consultations, forums, and industry events to share insights, provide feedback, and contribute to the development of accounting standards and practices. Conduct benchmarking exercises and peer reviews to compare the organization's financial reporting practices with industry peers and best-in-class performers. Identify areas for improvement and implement changes to align with leading practices and standards. Learn from successful examples and case studies to enhance the quality and relevance of financial reporting. Collaborate with external auditors to ensure independent assurance and validation of financial statements. Seek input from auditors on compliance with accounting standards, the adequacy of disclosures, and opportunities for enhancement. Address audit findings and recommendations to strengthen the reliability and credibility of financial reporting.

Foster a culture of continuous improvement by encouraging feedback, innovation, and learning within the organization. Regularly review financial reporting processes, policies, and procedures to identify opportunities for optimization and efficiency gains. Implement feedback mechanisms to capture insights from stakeholders and incorporate lessons learned into future reporting cycles.

Engage with key stakeholders, including investors, analysts, regulators, and the broader community, to understand their information needs and preferences. Tailor financial reporting practices to meet the diverse requirements of different user groups and enhance transparency, accountability, and trust in the organization's financial reporting.
By implementing these practical recommendations, organizations can strengthen their financial reporting practices and ensure compliance with national and international standards, thereby enhancing transparency, reliability, and relevance in financial reporting.

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