

DOI: [10.55643/fcapter.1.48.2023.3952](https://doi.org/10.55643/fcapter.1.48.2023.3952)
Liudmyla Sas

D.Sc. in Economics, Professor of the Department of Accounting and Taxation, Vasyl Stefanyk Precarpathian National University, Ivano-Frankivsk, Ukraine;
 e-mail: sas_lyudmyla@ukr.net
 ORCID: [0000-0003-2053-0394](https://orcid.org/0000-0003-2053-0394)
 (Corresponding author)

Ivan Balaniuk

D.Sc. in Economics, Professor, Head of the Department of Accounting and Taxation, Vasyl Stefanyk Precarpathian National University, Ivano-Frankivsk, Ukraine;
 ORCID: [0000-0002-8320-6383](https://orcid.org/0000-0002-8320-6383)

Diana Shelenko

D.Sc. in Economics, Professor of the Department of Theoretical and Applied Economics, Vasyl Stefanyk Precarpathian National University, Ivano-Frankivsk;
 ORCID: [0000-0002-9214-7258](https://orcid.org/0000-0002-9214-7258)

Mariya Vasylyuk

D.Sc. in Economics, Professor of the Department of Accounting and Taxation, Vasyl Stefanyk Precarpathian National University, Ivano-Frankivsk, Ukraine;
 ORCID: [0000-0001-7372-4382](https://orcid.org/0000-0001-7372-4382)

Petro Matkovskyi

D.Sc. in Economics, Professor of the Department of Accounting and Taxation, Vasyl Stefanyk Precarpathian National University, Ivano-Frankivsk, Ukraine;
 ORCID: [0000-0001-9470-9974](https://orcid.org/0000-0001-9470-9974)

Liudmyla Hnatyshyn

D.Sc. in Economics, Professor, Head of the Department of Accounting and Taxation, Lviv National University of Nature Management, Lviv, Ukraine;
 ORCID: [0000-0003-4425-0514](https://orcid.org/0000-0003-4425-0514)

Received: 03/01/2023

Accepted: 11/02/2023

Published: 28/02/2023

© Copyright
 2022 by the author(s)



This is an Open Access article distributed under the terms of the [Creative Commons CC-BY 4.0](https://creativecommons.org/licenses/by/4.0/)

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) IN THE ACCOUNTING SYSTEM OF UKRAINE

ABSTRACT

The article is devoted to the issues of implementation and application of international financial reporting standards (IFRS) in the accounting system of Ukraine. The prerequisites and necessity of introducing IFRS into the accounting practice of domestic enterprises are outlined as a requirement of time, a market system of management and a necessary condition for integration into the European Union. Among the important factors of IFRS implementation is international cooperation; therefore, special attention is devoted to the coverage of Ukraine's foreign economic activity.

The key aspects of the process of implementation and application of IFRS in Ukraine have been reflected. The peculiarities of regulatory regulation of the formation and presentation of financial statements according to international standards are disclosed. Business entities that, in accordance with the legislation of Ukraine, are required to keep records and prepare financial statements in accordance with IFRS have been singled out.

The main problems of the application of IFRS in Ukraine have been clarified, in particular the differences between the requirements of international and national standards for approaches to accounting and disclosure of information in financial reporting. The ways to solve existing problems are outlined.

The expected positive results from accounting according to international standards in the direction of the development of international cooperation on the basis of increasing the trust of foreign partners in the quality of the information in the financial statements of domestic enterprises have been determined.

Keywords: international standards, accounting system, accounting, financial reporting, regulation, foreign economic activity

JEL Classification: M40, M41, F49, F36, F19

INTRODUCTION

The need to implement international standards in the accounting system of Ukraine is due to differences in the rules of accounting in different countries, given the different legal frameworks, features of the social, economic and political situation. Each country has its own national accounting standards, but they differ, which complicates the analysis of information and decision-making in the context of international trade, multinational corporations and the globalization of financial markets. According to the Law of Ukraine "On Accounting and Financial Reporting in Ukraine" [26], international financial reporting standards are documents adopted by the International Accounting Standards Board, which define the procedure for preparing financial statements, including its five main forms (so-called general purpose financial statements): statement of financial position, statement of comprehensive income, statement of changes in equity, statement of cash flows, notes to the financial statements.

International Financial Reporting Standards are developed by an independent, privately held organization, the International Accounting Standards Board (IASB) [25]. The history of this organization dates back to 1973 when the Committee on International Accounting Standards (IASB) was established by signing an agreement between the accounting organizations of 10 countries (Australia, Canada, France, Germany, Japan,

Mexico, Netherlands, UK, Ireland, USA) [11; 50; 49; 45; 9]. Today, the Council unites representatives of accounting organizations from more than 120 countries [25]. Big states and companies of many nations are very fond of IFRS. The largest depositors to the IFRS Funds are such countries as France, Britain, China, and the European Union. The greatest donors in the sphere of private business are many companies in the USA, for example, Microsoft, Morgan Stanley Bank of America, Oracle Citigroup, CFA Institute), different firms in Germany (Adidas, Bayer, BMW and others), the "Big Four" audit firms (Deloitte, KPMG, PwC, Ernst & Young) [15].

The main task of the Council is to formulate in the interests of society uniform, high-quality, to apply universal accounting standards clear and ready. The high quality of standards is due to the complex and rather long procedure of their development and adoption [11; 50; 49; 45; 9; 34; 18].

LITERATURE REVIEW

These reasons determine the introduction of generally accepted, universal requirements for accounting and financial reporting, most authors, in particular: S. F. Holov, V. M. Kostiuhenko [11], S. Ya. Zubilevych, O. I. Mazina, S. A. Rohoznyi, O. V. Karpacheva, O. O. Diadiun [50], I. V. Zholner [49], M. P. Voinarenko, H. A. Ponomareva, O. V. Zamaziy [45], L. V. Tovkun [42], V. Onyshchenko [32], Y. V. Maksymiv, [20].

Accounting is the language of business. Financial statements based on international standards make this language international [15]. The formation of financial statements according to international standards has become one of the necessary conditions for domestic businesses to do business internationally and enter international capital markets. One of the main factors that led to the need to implement international standards is Ukraine's involvement in the world economic space (in 2020, foreign trade operations were conducted with partners from 234 countries) [38]. Ukraine's economy is classified as sufficiently open, which creates a close dependence on external influences [8], which, in turn, necessitates the adaptation of national legislation to international requirements, including in the field of accounting, in order to increase the confidence of foreign investors in the quality of information about the results of economic activities of domestic enterprises [42].

Analysis of legislative documents shows that the impetus for accounting reform in Ukraine was the Partnership and Cooperation Agreement between Ukraine and the European Communities and their Member States [2], signed in 1994. To ensure the implementation of this Agreement adopted a number of other regulations, in particular: Resolution of the Cabinet of Ministers of Ukraine "Accounting Reform Program with Application of International Financial Reporting Standards" [1]; Law of Ukraine "On Accounting and Financial Reporting in Ukraine" [26]; Law of Ukraine "On the National Program for Adaptation of the Legislation of Ukraine to the Legislation of the EU" [31]; Agreement on the waiver of copyright in limited areas (between the Fund for International Financial Reporting Standards and the Ministry of Finance of Ukraine) [3]; Strategy for the application of International Financial Reporting Standards in Ukraine [39]; Law of Ukraine "On Amendments to the Law of Ukraine "On Accounting and Financial Reporting in Ukraine" [27]; Joint letter of the National Bank of Ukraine, the Ministry of Finance of Ukraine, the State Statistics Service of Ukraine "On the application of international financial reporting standards" [30]. A detailed review of these documents is provided in our previous publications [35; 36; 47].

Thus, the need for Ukraine's transition to IFRS is a requirement of time, a market economy. Due to the need of fulfilling Ukraine's foreign policy treaty obligations to integrate into the European Union in order [35].

AIMS AND OBJECTIVES

The article aims to reveal the peculiarities of the implementation and application of international financial reporting standards as a conceptual basis for preparing financial reporting in Ukraine. In order to achieve the goal, it is necessary to find out the prerequisites and factors for the implementation of International Financial Reporting Standards in the accounting system of Ukraine; to outline the positive aspects and prospects of such reform, as well as to determine the problematic aspects of the application of IFRS in Ukraine and directions for their solution.

METHODS

In the process of research, the following methods were used: generalization – in order to consider and summarize theoretical knowledge on the implementation and application of international financial reporting standards; systematization – to organize the collected information, the systemic method – to ensure consideration of the processes of implementation and application of IFRS in the relationship and interdependence of the relevant components; deduction and analysis – in order to identify the stages of implementation and application of international standards by domestic businesses [48];

summary – in order to form a comprehensive algorithm for the implementation of IFRS on the basis of selected stages and components; the graphic method – to more clearly display textual information and the algorithm of implementation and application of IFRS in Ukraine.

The information base of the study consisted of legislative and regulatory documents, scientific works of domestic and foreign authors, online materials of professional publications for accountants, the official website of the Ministry of Finance of Ukraine, the official website of the IFRS Board.

RESULTS

The implementation and application of international financial reporting standards by business entities in Ukraine requires consideration and accounting of a number of factors that have led to this process; defining the scope of standards; a regulatory framework for the methodology of financial reporting and the procedure for its submission; existing problematic issues of application of IFRS in Ukraine and directions of their solution; finding out the positive results of the implementation of IFRS. These aspects are summarized by us graphically in the form of a structural and logical scheme (Figure 1).

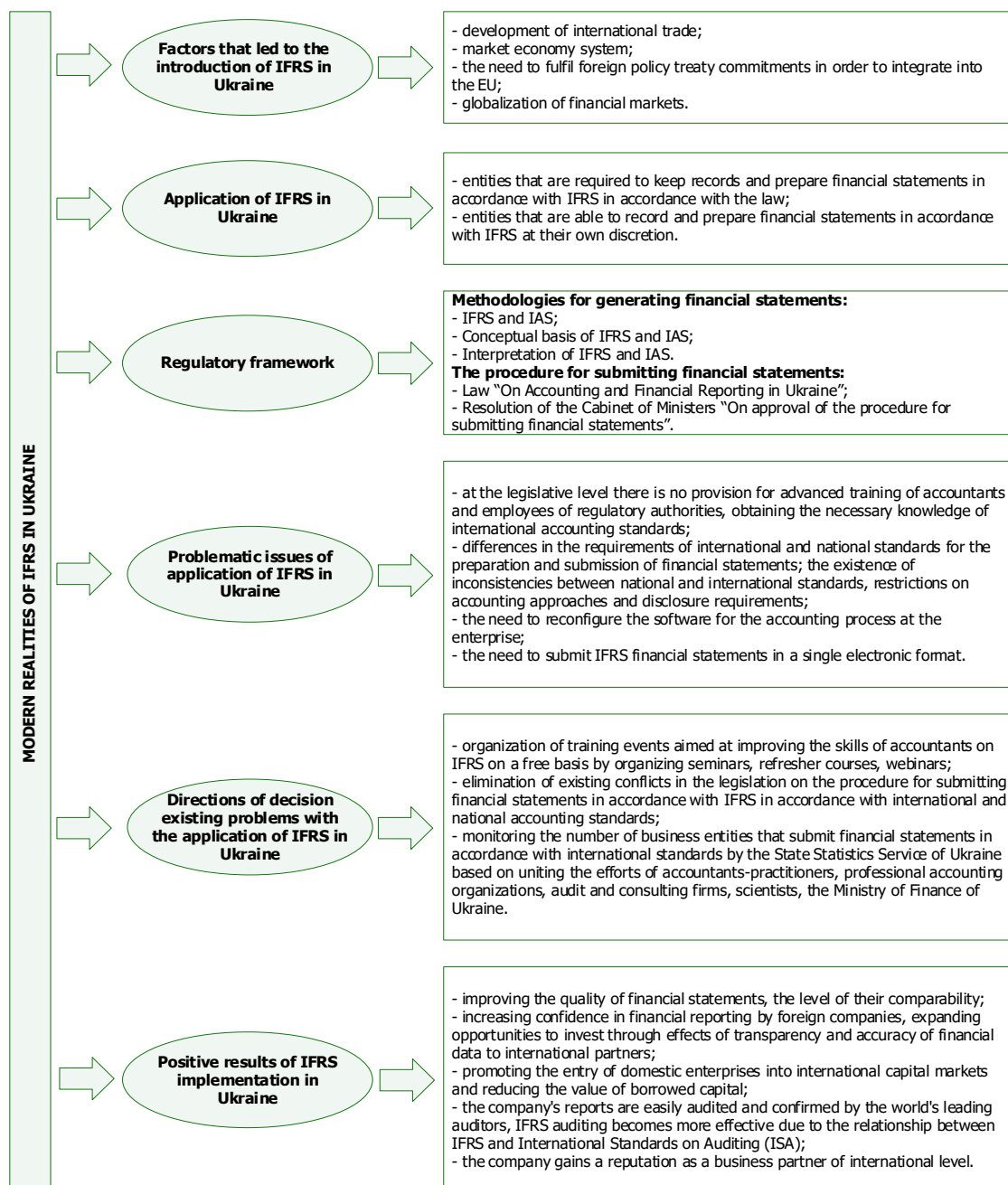


Figure 1. Key aspects of the IFRS implementation process in the accounting system of Ukraine. (Source: prepared by authors)

Among the factors that led to the introduction of IFRS in Ukraine, an important place belongs to the development of international trade. Therefore, within the framework of this study, we consider it appropriate to analyze this factor in more detail. Other aspects of the mentioned problem will be the objects of our further scientific research.

According to the State Statistics Service [38], in 2021 exports of goods amounted to USD 68,072.3 million, and imports – USD 72,843.1 million. The export-import coverage ratio was 0.93. Foreign trade operations were conducted with partners from 104 countries.

The volume of exports of goods to the European Union amounted to USD 26,793.0 million, or 39.4% of its total volume. The most important exports of goods (Figure 2) among the member states of the European Union were made to Poland, Italy and Germany and the Netherlands. Among other countries, the largest exports were to China, Turkey, the Russian Federation, and India. Imports of goods from the European Union amounted to USD 28,954.3 million, or 39.7% of the total, in particular, the largest imports came from Germany, Poland and Italy. Among other countries, the largest imports of goods came from China, the Russian Federation, Belarus, the United States and Turkey.

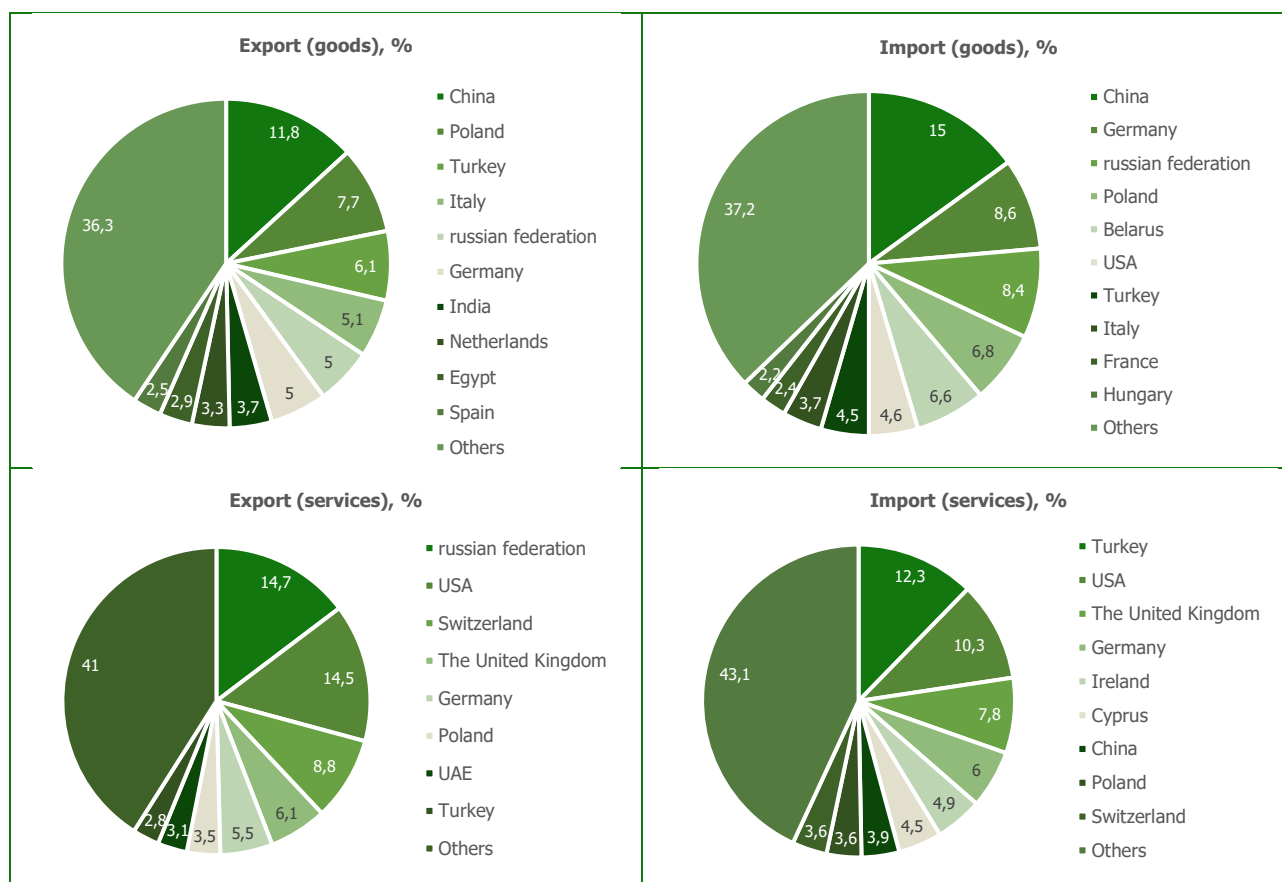


Figure 2. Geographical structure of Ukraine's foreign trade in 2021 (by main partner countries). (Source: formed on the basis of [38])

Regarding the export of services, in 2021 it amounted to USD 13,156.5 million, import of services – USD 7,593.4 million. The export-import coverage ratio was 1.7. Foreign trade operations were conducted with partners from 82 countries. The volume of exports of services to the European Union amounted to USD 4,423.0 million, or 33.6% of its total volume. Among the countries which belong to the European Union, the largest exports of services were carried out by Germany and Poland. Among other countries – the Russian Federation, the United States, Switzerland, Great Britain, the United Arab Emirates and Turkey provided the most services.

Imports of services from the European Union amounted to USD 3,333.4 million, or 43.9% of the total. Among the EU countries, the largest volumes of services came from Germany, Ireland, Cyprus and Poland. Among other countries, the largest volumes of import services were provided by Turkey, the United States, the United Kingdom, China, and Switzerland.

The basis of the commodity structure of Ukrainian exports (Table 1) belongs to products of plant origin, base metals and articles thereof, fats and oils of animal or vegetable origin, mineral products, mechanical and electrical machines, finished

food, chemical and related products industries, wood and wood products. The largest volumes of exports to the European Union were products of the agro-industrial complex and the food industry.

Table 1. Commodity structure of Ukraine's exports and imports in 2021. (Source: formed on the basis of [38])

Types of goods and services	Exports		Imports	
	thousand dollars USD	%	thousand dollars USD	%
In total - goods	68072328.8	100.0	72843126.6	100.0
Including Products of plant origin	15538028.4	22.8	2130534.2	2,9
Fats and oils of animal or vegetable origin	7037234.2	10.3	444037.8	0,6
Mineral products	8414372.7	12.4	14968772.0	20,5
Products of the chemical and allied industries	2815603.7	4.1	9742952.9	13,4
Base metals and articles thereof	15990999.1	23.5	4372529.3	6,0
Machinery, equipment and mechanisms; electrical equipment	5260165.9	7.7	14205993.3	19,5
Means of land transport, aircraft, floating vehicles	676435.9	1.0	7572383.8	10,4
Total - services	13156457.5	100.0	7593386.1	100.0
Including Transport services	5314659.4	40.4	1733675.1	22.8
Telecommunications, computer and information services	3856569.3	29.3	661873.6	8.7
Material resources processing services	1528014.8	11.6	10182.0	0.1
Business services	1437293.0	10.9	1115883.4	14.7
Travel services	337430.9	2.6	1578014.9	20.8
Government and government services	9307.0	0.1	1098063.5	14.5

The basis of the commodity structure of Ukrainian imports is mechanical and electrical machinery, mineral products, chemical products and related industries, land vehicles, aircraft, floating vehicles, polymeric materials, plastics, base metals, finished foods, textiles, and products of plant origin. The largest volumes in the structure of exports of services belong to transport services – 40.4 % of the total, telecommunications services, computer and information services – 29.3%, material resources processing services – 11.6% and business – 10.9%. The structure of imports of services in 2021 was also based on transport services – 22.8% of total imports, business – 14.7%, state and government – 14.5%, related to travel – 20.8%, services in the field of telecommunications, computer and information – 8.7%.

The share of exports in the structure of GDP during 2011-2021 ranged from 39 to 52.6%, and the ratio between imports and GDP was 0.4-0.6 (Table 2).

Table 2. The level of openness of Ukraine's economy in 2011-2021. (Source: calculated on the basis of [38])

Years	Share of exports in the structure of GDP, %	The ratio between imports and GDP
2011	49.8	0.6
2012	47.7	0.6
2013	43.0	0.5
2014	48.6	0.5
2015	52.6	0.6
2016	49.3	0.6
2017	48.0	0.6
2018	45.2	0.5
2019	41.2	0.5
2020	39.0	0.4
2021	40,7	0,4

Thus, Ukraine's economy is classified as quite open, which creates close dependence on external influences, which, in turn, necessitates the adaptation of national legislation to international requirements, including in the field of accounting, in order to increase the confidence of foreign investors in quality of information on the results of economic activity of domestic enterprises.

The IFRS accounting methodology is determined by the following international documents:

- IAS (adopted in the period from 1973 to 2000) and IFRS (adopted in the period from 2001 to the present);
- The conceptual basis of IFRS;
- Interpretations (interpretations) of IAS and IFRS.

All these documents in Ukrainian translation are posted on the official website of the Ministry of Finance of Ukraine, in the section of accounting and auditing. The methodology of accounting, the formation of financial reporting in accordance with IFRS in Ukraine are determined by the above international documents, but the procedure and form of reporting are regulated by national law, including the Law "On Accounting and Financial Reporting in Ukraine" [26] and the Cabinet of Ministers reporting [41]. The Ministry of Finance of Ukraine has a Council for International Financial Reporting Standards, which helps businesses to adapt and implement international standards in the accounting system of Ukraine. In the European Union, IFRS have become mandatory since 2005 for all Member States when undergoing a listing procedure on the EU's stock exchanges. Financial reporting according to international standards in Ukraine was initially a requirement for the companies that prepared it for their foreign investors [15].

The process of official transition to IFRS at the legislative level in Ukraine began in 2012. "Pioneers", which from 01.01.2012 are required to move to accounting and financial reporting according to international standards were public companies, banks, insurers. Each year, the list of such entities has expanded [7; 10]. To date, in accordance with the Law "On Accounting and Financial Reporting in Ukraine" [26] enterprises of public interest, public joint stock companies, business entities operating in the extractive industries, as well as enterprises engaged in economic activities by types, the list of which is determined by the Cabinet of Ministers of Ukraine, compile financial statements and consolidated financial statements in accordance with international standards. Details of the list of business entities that are required to keep records and report in accordance with IFRS Resolution of the Cabinet of Ministers "On approval of the Procedure for submission of financial statements" [41]: public companies, companies issuing securities whose securities are admitted to trading on stock exchanges or securities on which a public offer has been made, banks, insurers, credit unions, business entities operating in the extractive industries, enterprises that according to the Law of Ukraine "On Accounting and Financial Reporting in Ukraine" belong to large enterprises, as well as enterprises engaged in economic activities according to the types established in the resolution. Other entities determine the appropriateness of applying international standards, however, in the event of a voluntary transition, they must enshrine this decision in the accounting policy and notify the state statistics body by appropriate letter.

In order to approximate the reporting prepared according to national standards to the reporting under IFRS, a double name is provided for the form of financial reporting 1 – in accordance with national standards "Balance Sheet" and in accordance with international – "Statement of financial position" and form no. 2 financial results" – "Statement of comprehensive income". In addition, a step towards meeting international standards was the replacement of five provisions (standards 1-5), which regulated the procedure for preparing financial statements in Ukraine by one National accounting standard 1 "General requirements for financial reporting" Order of the Ministry of Finance of Ukraine from 07.02.2013 [28]) such as IAS 1 Presentation of Financial Statements. The above is summarized by us graphically (Figure 2) in the form of a structural scheme of implementation and application of international financial reporting standards by business entities in Ukraine. It should be noted that like any other reform, the implementation and application of IFRS in Ukraine is associated with certain issues on which domestic and foreign authors focus [11; 35; 9; 34;19; 37]. In particular, among the main ones, we consider it expedient to single out the following:

1. At the legislative level, no conditions are provided and created for advanced training and obtaining the necessary knowledge of international accounting standards by accountants who keep records and prepare reports in accordance with IFRS, as well as employees of regulatory bodies that accept and verify such reports. Thus, the legislation does not set requirements for the training and certification of accountants in accordance with IFRS. However, the obligation to keep records and prepare financial statements in accordance with international standards by individual entities since 2012 has led to the increased interest of accountants in the study of IFRS. After all, despite the fact that national standards are based on relevant international standards developed on the basis of international financial reporting standards and European Union legislation in the field of accounting (according to the definition in the Law "On Accounting and Financial

Reporting in Ukraine" [26]), however, they do not duplicate IFRS, and therefore, there are some differences in the valuation of assets and liabilities, the order of formation of financial statements. Therefore, accountants are looking for opportunities to improve their skills in applying IFRS. The presence of a certificate of IFRS, although not required by law, but clearly provides its owner with a competitive advantage in the labour market [22].

Today, the training program and accounting certification with IFRS continue to gain popularity. Training is carried out on the basis of audit and consulting firms, training centres or through self-training (based on materials and webinars on the Internet). The exams are taken by the independent examination network CIPAEN. There are many different certification programs in the world, but in Ukraine, the most common are CAP, CIPA and ACCA. Each of these certification options differs in the list of disciplines in which certification is conducted and training technology. All types of certification have been formed for a long time, during the historical development of the accounting community in the relevant geographical area.

The Federation of Professional Accountants and Auditors of Ukraine is the official representative of the CIPA examination network in Ukraine. This organization, as well as the Ukrainian Association of Certified Public Accountants and Auditors, as an accredited provider, has the right to issue a CIPA certificate (CAP) to its members based on the results of successful exams [43]. In addition, the necessary knowledge can also be obtained while studying in higher education institutions. Thus, the program of training specialists in accounting and taxation of a number of educational institutions in Ukraine provides for the study of IFRS, which adapts their graduates to possible future employment in international companies.

2. The difference between the requirements of international and national standards for the preparation and submission of financial statements; the existence of contradictions between national and international standards; limitation of national standards in comparison with international ones regarding accounting approaches and disclosure requirements [47; 36; 13; 44; 12; 14], which creates certain conflicts in the formation and submission of reports. Besides there are differences in the accounting of individual objects according to national accounting standards and international financial reporting standards (IFRS), which should be noted by a foreign partner in the cooperation process, to ensure comparability and correct interpretation of financial statements for the purpose of management decisions. In order to highlight these differences, we provide a brief overview of individual items in accordance with IFRS and national standards (Table 3). This is not the main goal of our article, so let's limit ourselves to a brief overview. A detailed discussion of the existing differences and contradictions will be covered in future publications.

Table 3. Differences in accounting for individual items according to national accounting standards and IFRS. (Sources: formed on the basis of source analysis [17, 24])

Object of accounting	Standards governing accounting		Differences in accounting approaches and disclosures regarding
	national	international (IFRS)	
Fixed assets	National Regulations Accounting Standards 7 «Fixed assets»	IAS16 «Property, Plant and Equipment»	inclusion of an asset in an item of property, plant and equipment; classification of fixed assets; the value limit of the object of fixed assets; capital investment issues; the method of accounting for the cost of repair and improvement of fixed assets; depreciation (number of depreciation methods, the beginning of depreciation, the frequency of revision of the liquidation value and useful life of the asset); valuation and revaluation of fixed assets; recognition of the initial cost of fixed assets; creation of a reserve of possible future expenses; disclosure of information in financial statements
Inventories	National Regulations Accounting Standards «Inventories»	IAS 2 «Inventories»	formation of the value of inventories on receipt, disposal, on the balance sheet date; methods of accounting for disposal of inventories; composition of stocks, their classification; the composition of costs in the formation of the cost of inventories / initial valuation of inventories; inclusion of exchange rate differences in expenses; creation of a reserve for depreciation of inventories; accounting for inventories purchased subject to deferred payment; inventory accounting by commodity exchange brokers; disclosure of inventory information in the financial statements
Receivables	National Regulations Accounting Standards 10 «Accounts receivable», National Regulations Accounting Standards 1 «General requirements for financial reporting», National Regulations Accounting Standards 14 «Rent», National Regulations Accounting Standards 19 «Association of enterprises», National Regulations Accounting Standards 21 «Impact of changes in exchange rates», National Regulations Accounting Standards 23 «Related party disclosures»	IAS 1 «Presentation of Financial Statements», IFRS 15 «Revenue from Contracts with Customers», IAS 16 «Property, Plant and Equipment», IAS 32 «Financial Instruments: Presentation», IAS 39 «Financial Instruments: Recognition and Measurement», IFRS 9 «Financial Instruments», IFRS 7 «Financial Instruments: Disclosures»	definition and classification of receivables; conditions of recognition and termination of recognition of receivables; estimates at initial recognition; determining the amount of the provision for doubtful debts; disclosure requirements in reporting

(continued on next page)

Table 3. Continued

Object of accounting	Standards governing accounting		Differences in accounting approaches and disclosures regarding
	national	international (IFRS)	
Payables	National Regulations Accounting Standards 11 «Liabilities», National Regulations Accounting Standards 1 «General requirements for financial reporting»	IAS 1 «Presentation of Financial Statements», IAS 10 «Events after the Reporting Period», IAS 32 «Financial Instruments: Presentation», IAS 37 «Provisions Contingent Liabilities and Contingent Assets», IAS 12 «Income Taxes», IAS 19 «Employee Benefits», IAS 32 «Financial Instruments: Presentation», IAS 37 «Provisions Contingent Liabilities and Contingent Assets»	the moment of recognition of the obligation; debt classification by substance; commitment estimates
Costs	National Regulations Accounting Standards 16 «Expenses», National Regulations Accounting Standards 1 «General requirements for financial reporting»	Conceptual Framework, IAS 1 «Presentation of Financial Statements», IAS 2 «Inventories», IAS 16 «Property, Plant and Equipment»	recognition, composition and estimation of costs; details of the composition / list of costs; cost formation.
Income	National Regulations Accounting Standards 15 «Income», National Regulations Accounting Standards 18 «Construction contracts»	IFRS 15 «Revenue from Contracts with Customers»	interpretation of the essence of income/revenue; the terms "contractual asset" and "contractual obligation"; income recognition criteria, their amount and valuation; income recognition concepts; the order of reflection in the reporting
Equity	National Regulations Accounting Standards 1 «General requirements for financial reporting», National Regulations Accounting Standards 13 «Financial instruments» National Regulations Accounting Standards 21 «Impact of changes in exchange rates», National Regulations Accounting Standards 25 «Simplified financial reporting»	IAS 1 «Presentation of Financial Statements», IAS 27 «Separate Financial Statements», IAS 32 «Financial Instruments: Presentation», IFRIC 17 «Distributions of Non-cash Assets to Owners»	sale, issue or cancellation of equity instruments; classification of equity components; reflection in the income statement of operations with equity instruments (sale, issue, cancellation); disclosure requirements in the financial statements.

3. The need to reconfigure the software for the accounting process at the enterprise. More than 80% of business entities in Ukraine use 1 S: Accounting software for accounting. A study of the practice of transition to IFRS in the application of this accounting program shows that it does not require the replacement of software, but only its reconfiguration in terms of accounting policies and accounting estimates, which can be done either by an accountant or with technical support.

4. The requirement for submission of financial statements based on taxonomy in a single electronic format (according to the order of the Ministry of Finance of Ukraine dated 13.11.2020 no. 709 [29]). The IFRS Taxonomy System lists and identifies specific codes that can be used to identify information disclosed in IFRS financial statements. Reporting is prepared in a special electronic format iXBRL (English eXtensible Business Reporting Language – “extensible language of business reporting”) – an open standard for exchanging business information. The document in this format has the appropriate extension and is open for viewing by the Internet browser [40]. However, at present, there are difficulties with the registration of taxonomic reporting entities on the website of the Ministry of Finance of Ukraine [38], as well as with the provision of relevant software products.

5. The need to keep records of entities that report under IFRS, as data on the number of such enterprises in official statistics are currently missing. According to the National Commission on Securities and Stock Market [46], the number of entities required to prepare financial statements based on the IFRS taxonomy in Ukraine is about 5,000.

Overcoming the outlined problematic issues related to the application of IFRS in Ukraine requires, first of all:

- organization of training events aimed at improving the skills of accountants on IFRS on a free basis by organizing seminars, refresher courses, webinars;
- elimination of existing conflicts in the legislation on the procedure for submitting financial statements in accordance with IFRS in accordance with international and national accounting standards;
- monitoring the number of business entities that submit financial statements in accordance with international standards by the State Statistics Service of Ukraine.

Despite a number of problematic issues, the expected positive results of the implementation of IFRS in Ukraine are [11; 15; 6; 4]:

- improving the quality of financial statements, the level of their comparability;
- increasing confidence in financial reporting by foreign companies and, accordingly, expanding opportunities to attract investment through its transparency and comprehensibility to international players;

- promoting the entry of domestic enterprises into international capital markets and reducing the cost of borrowed capital (no unnecessary procedures for analysis, comparison and translation of reports to standards understandable to the investor);
- the company's reports are easily audited and confirmed by the world's leading auditors, IFRS auditing becomes more effective due to the relationship between IFRS and the International Standards on Auditing (ISA);
- the company receives a reputation as a business partner at the international level.

DISCUSSION

As B.V. Melnychuk notes, "Ukraine was one of the first countries in the post-Soviet space to declare a course on the introduction of international approaches to the construction of a national accounting system" [23], which indicates the pro-European vector of development that our country has chosen since the signing of the Agreement [2] and consistently embodied until the present time.

A.V. Maksymova and M.G. Hnydyuk note that the implementation of IFRS by countries with a market economy is conditioned by the corresponding needs of investors, both external and internal [21]. V. Onyshchenko also considers IFRS as a unifying link that allows an investor from any country to understand the business in which he invests or has already invested, and calls them a recognized standard for the quality of financial information [32]. This confirms one of the key theses of our research, namely, the consideration of the development of international trade in Ukraine as one of the main factors of reforming the accounting system in the direction of the introduction of IFRS and justifies the need for its detailed coverage.

H. Kohler, Ch. Pochet, Yuv. Gendron [19] emphasize the complexity and fundamental nature of IFRS. In addition, international financial reporting standards are presented as standards that promote a high level of accounting and harmonize financial reporting worldwide [11; 35]. Such a high assessment of the level of quality of IFRS is caused by a fairly complex procedure for their development and adoption, which covers a number of stages and is long in time (in terms of time).

We agree with the opinion of the staff of the IFRS Foundation (IFRS staff), who believe that effective data transfer in the financial sector makes this information more relevant and improves the real presentation of assets, liabilities, equity, income and expenses of entities [33].

We agree with researchers Müller, W., Kuznetsova, A., Khrystoforova, O., Karpachova O., & Sulyma, M. (2021), who note that the "IFRS not only have an information function but also provide data for determining the success of management, which is usually also the basis for remuneration. In this respect, the IFRS are an essential management function. Modern management theory assumes a cooperative management style. This means that goals and their implementation are discussed with key. The financial statements prepared in accordance with IFRS are an essential information tool for shareholders' and investors' Information functions. At the same time, the annual financial statements according to IFRS are also used to determine the taxable income Tax base. The financial statements of companies in Ukraine shall be prepared in accordance with IFRS" [22, p. 62].

Therefore, despite all the difficulties and existing conflicts in the legislation, the need for further reform of the accounting system in Ukraine in the direction of IFRS does not raise doubts, it is necessary for the development of our state and its integration into the world market space.

Important factors that led to the introduction of IFRS in Ukraine are the market economy system, the globalization of financial markets and the need to fulfil foreign policy contractual obligations for the purpose of integration into the EU. These factors require more detailed coverage and analysis, which we plan to carry out in our further scientific research. The sphere of interest of scientists and practitioners also remains the issues of harmonizing the norms and requirements of national legislation with international ones, harmonizing and eliminating all debatable points regarding the formation and submission of financial statements according to IFRS.

CONCLUSIONS

A number of measures have been taken in Ukraine to implement and enforce international financial reporting standards. The implementation of this reform, like any other, has not only significant positive aspects but also some difficulties.

The key aspects of the IFRS implementation process in the accounting system of Ukraine covered by us reflect the prerequisites; the whole set of problematic issues related to the implementation of this process; possible directions of their

solution and positive results of the application. Implementation of this scheme in practice is possible with a comprehensive approach to the development of proposals aimed at resolving certain issues and conflicts that complicate the process of applying IFRS to all stakeholders, including accountants, professional accounting organizations, scientists, Ministry of Finance of Ukraine.

Compilation of reporting on the basis of IFRS is a kind of sign of its quality and confirmation of reliability, which will contribute to qualitative changes in improving the reliability and reliability of the domestic accounting system and the comparability of accounting data. Further harmonization of national accounting standards with international ones, and application of IFRS by more and more domestic business entities is an important and urgent task. It will expand and bring to a qualitatively new level Ukraine's international cooperation and integration into the world economy. However, it should be noted that Russia's military aggression on the territory of Ukraine, which began in 2022, significantly complicates and slows down the process of development and reform of all spheres of Ukraine's economy.

REFERENCES

1. Accounting reform program with the application of international financial reporting standards. (1998). Resolution of the Cabinet of Ministers of Ukraine of October 28, 1998, No. 1706. Retrieved from: https://search.ligazakon.ua/l_doc2.nsf/link1/KP981706.html.
2. Agreement on Partnership and Cooperation between Ukraine and the European Communities and their Member States of June 14, 1994. Retrieved from: https://zakon.rada.gov.ua/cgi-bin/laws/main.cgi?nreg=998_012.
3. Agreement on waiver of copyright in limited territories (between the Fund for International Financial Reporting Standards and the Ministry of Finance of Ukraine) (2007). Retrieved from: <https://mof.gov.ua/uk/mizhnarodni-standarti-finansovoi-zvitnosti>.
4. Antoniuk, O., Kutsyk, P., Brodska, I., Kolesnikova, O., & Struk, N. (2021). Institutionalization of Accounting and Auditing Services in Ukraine: Genesis, Evaluation, Analysis. *Independent Journal of Management & Production (Special Edition ISE, S&P)* Vol. 12, No. 3, Pp. 123-137. <https://doi.org/10.14807/ijmp.v12i3.1530>.
5. Balaniuk, I., Kozak, I., Shelenko, D., Balaniuk, S., & Kozak-Balaniuk, I. (2019). Forecasting of Gross Agricultural Output of Agrarian Enterprises of Ukraine: Case Study with STELLA Software. *Economic Studies (Ikonomicheski Izsledvania)*, 28(5), Pp. 148-163. Retrieved from: <https://ideas.repec.org/a/bas/econst/y2019i5p148-163.html>.
6. Basics of accounting. Debit, credit. Retrieved from: https://services.dtki.ua/tematic_roz/tematic_roz/51.
7. Blahun, I. S., Blahun, I. I., & Blahun, S. I. (2020). Assessing the stability of the banking system based on fuzzy logic methods. *Banks and Bank Systems* this link is disabled, Vol. 15(3), Pp. 171-183. [https://dx.doi.org/10.21511/bbs.15\(3\)](https://dx.doi.org/10.21511/bbs.15(3)).
8. Chaikovska, A. O. (2018). The level of openness of Ukraine's economy. *Problems of development of small open economies: materials of speeches of the All-Ukrainian Forum on Problems of International Economic Relations (online)* (April 18, 2018). Zhytomyr: ZhDTU, Pp. 54-56. <https://doi.org/10.30525/2256-0742/2017-3-5-146-150> [in Ukrainian].
9. Curriculum in Accounting in Ukraine. Seminar for accountants: methodical material. TESIS project. Retrieved from: <http://www.ufpaa.org/files/content/Tasis.pdf>.
10. Dziamulych, M., Shmatkovska, T., Krupka, M., Yastrubetska L., Vyshyvana, B., & Derevianko, S. (2021). Introduction of NSFR ratio in the activities of commercial banks in Ukraine Universal. *Journal of Accounting and Finance*, 9(6), Pp. 1544-1550. DOI: <https://doi.org/10.13189/ujaf.2021.090631>.
11. Holov, S. F., & Kostuchenko, B. M. (2004). *Accounting according to international standards: examples and comments*. Kyiv, Libra.
12. Hryhorash-Ichym, K. O., Kosmules, K. H., Savchuk, D. H., & Zhavoronok, A. V. (2018). Formation of perception and vision of economic operators from the Romanian-Ukrainian-Moldovan border region on the interim financial statements. *Economic Journal-XXI*. Vol. 173 (9-10), Pp. 60-67. Retrieved from: <http://soskin.info/ea/2018/173-9-10/201815.html>
13. Hutsalenko, L. V., Vasylevskyi, M., Mulyk, T. O., Marchuk, U. O., & Mulyk, Ya. I. (2018). Accounting and control of capital investment management: the realities of today's Ukraine and Poland. *Economic Journal-XXI*. No. 170 (3-4), Pp. 79-84. DOI: <https://doi.org/10.21003/ea.V170-14>.
13. IAB. Level 4. Certificate in International Accounting. Study text. Psp training center. Professional

- education. Silver centre. International Association of Bookkeepers. 2018-2019.
14. International Financial Reporting Standards. 2018. Retrieved from: <https://www.golovbukh.ua/article/7302-mjnarodn-standarti-fnansovo-zvtnost-2018>.
 15. International Financial Reporting Standards. 2020. Translation of International Financial Reporting Standards, Retrieved from: <https://mof.gov.ua/uk/mizhnarodni-standarti-finansovoi-zvitnosti>.
 16. IFRS, IAS. Inf. on the website IFRS Foundation. Retrieved from: <https://www.ifrs.org/>.
 17. Khirivskiy, R., Cherevko, H., Yatsiv, I., Petryshyn, L., & Kucher, L. (2020). Assessment and analysis of sustainability of the socio-economic development of amalgamated territorial communities of the region. *European Journal of Sustainable Development*, Vol. 9(2), Pp. 569-578. <https://doi.org/10.14207/ejsd.2020.v9n2p569>.
 18. Kohler, H., Pochet, Ch., & Gendron, Yv. (2021). Networks of interpretation: An ethnography of the quest for IFRS consistency in a global accounting firm. *Accounting, Organizations and Society*. Vol. 92. <https://doi.org/10.1016/j.aos.2021.101277>.
 19. Maksymiv, Y. V. (2016). Reporting as an important tool in ensuring interaction between stakeholders. *Actual Problems of Economics*, 178(4), Pp. 304–310. DOI: <https://doi.org/10.5267/j.ijdns.2020.11.006>.
 20. Maksymova, A. V., & Hnydiuk, M. H. (2018). Financial analysis of IFRS financial statements. *Scientific Bulletin of Kherson State University. Economic Sciences Series*. Pp. 185-189. Retrieved from: <http://ejournal.kspu.edu/index.php/ej/article/view/442/438>.
 21. Müller, W., Kuznetsova, A., Khrystorova, O., Karpachova O., & Sulyma, M. (2021). Accounting and Auditing According to International Standards as a Management Function. *Financial and Credit Activity Problems of Theory and Practice*, 4(35), 60–68. <https://doi.org/10.18371/fcaptp.v4i35.221787>.
 22. Melnychuk, B. V. (2021). Problems of IFRS implementation in Ukraine: institutional approach. Accounting and finance of agro-industrial complex: educational portal. Retrieved from: <http://magazine.faaf.org.ua/problems-zaprovadzhennya-msfz-v-ukraini-institucionalniy-pidhid.html>.
 23. National Regulations Accounting Standards. Inf. on the website Ministry of Finance of Ukraine. Retrieved from: <https://www.mof.gov.ua/uk>.
 24. News on IFRS Standards around the world. ISSB Chair appointed. IFRS. Retrieved from: <http://www.ifrs.org/>.
 25. On Accounting and Financial Reporting in Ukraine. Law of Ukraine of July 16, 1999, No. 996-XIV. Retrieved from: <http://zakon.rada.gov.ua/cgi-bin/laws/main.cgi?nreg=996-14>.
 26. On Amendments to the Law of Ukraine "On Accounting and Financial Reporting in Ukraine". Law of Ukraine of 12.05.2011, No. 3332-VI. Retrieved from: <https://zakon.rada.gov.ua/cgi-bin/laws/main.cgi?nreg=3332-17>.
 27. On approval of the National Regulation (Standard) of Accounting 1 "General Requirements for Financial Reporting". Order of the Ministry of Finance of Ukraine dated February 7, No. 73. 2013 Retrieved from: <https://zakon.rada.gov.ua/laws/show/z0336-13#Text>
 28. On approval of the translation of the Taxonomy of Financial Statements according to International Financial Reporting Standards. Order of the Ministry of Finance of Ukraine dated 13.11.2020 Vol. 709 Retrieved from: https://mof.gov.ua/storage/files/%D0%9D%D0%B0%D0%BA%D0%B0%D0%B7%20709_.pdf.
 29. On the application of international financial reporting standards. Joint letter of the National Bank of Ukraine (No.12-208 / 1757-14830), the Ministry of Finance of Ukraine (No. 31-08410-06-5 / 30523), the State Statistics Service of Ukraine (No. 04 / 4-07 / 702) dated 07.12.2011 Retrieved from: <http://zakon.rada.gov.ua/cgi-bin/laws/main.cgi?nreg=v1757500-11>.
 30. On the National Program for Adaptation of Ukrainian Legislation to EU Legislation. Law of Ukraine of March 18, 2004, No. 1629-IV. Retrieved from: https://search.ligazakon.ua/l_doc2.nsf/link1/T041629.html.
 31. Onyshchenko, V. (2020). IFRS 2020. Chief Accountant. Retrieved from: <https://www.golovbukh.ua/article/7659-msfz-2020>.
 32. Project Summary. Conceptual Framework for Financial Reporting. IFRS. Conceptual Framework. (2018). Retrieved from: <https://www.ifrs.org/content/dam/ifrs/project/conceptual-framework/fact-sheet-project-summary-and-feedback-statement/conceptual-framework-project-summary.pdf>.

33. Rutkovskiy, K., Kornev, D., & Retiunskykh, E. (2014). Textbook for the course ACCA DipIFR (Russian). Kiev.
34. Sas, L. S. (2012). Introduction of international financial reporting standards into the accounting system of Ukraine. Current problems of economic development of the region. Is. 8. Vol. 2, Pp. 197-202.
35. Sas, L. S. (2014). Financial reporting according to international standards: features of preparation and presentation. Accounting and analytical support of economic activity: a monograph, ed. Balaniuka, I. F., Pylypiv, N. I., Yakubiv, V. M. Ivano-Frankivsk: Foliant Printing House, Pp. 51-58.
36. Shepel, T. (2021). [Development of Accounting in Ukraine Based on the Implementation of IFRS: Problems and Prospects](https://doi.org/10.33146/2307-9878-2021-1(91)-36-43). Accounting and Finance, Is. 1, Pp. 36-43. DOI: [10.33146/2307-9878-2021-1\(91\)-36-43](https://doi.org/10.33146/2307-9878-2021-1(91)-36-43).
37. State Statistics Service of Ukraine. Inf. on the website State Statistics Service of Ukraine. Retrieved from: <https://www.ukrstat.gov.ua/>.
38. Strategy for the application of International Financial Reporting Standards in Ukraine. Order of the Cabinet of Ministers of Ukraine dated 24.10.2007, No. 911-p. Retrieved from: <https://zakon.rada.gov.ua/cgi-bin/laws/main.cgi?nreg=911-2007-%F0>.
39. Taxonomy – new in the presentation of financial statements. Retrieved from: <https://medoc.ua/blog/taksonomija-nove-u-podanni-finansovo-zvynosti>.
40. The procedure for submitting financial statements. Resolution of the Cabinet of Ministers of Ukraine of February 28, 2000, No. 419 Retrieved from: <https://zakon4.rada.gov.ua/laws/show/419-2000-%D0%>.
41. Tovkun, L. V. (2019). Intergovernmental Standards of Financial Statements: Features of Implementation in Ukraine. Legal scientific electronic journal. Vol. 4, pp. 272-275. <https://doi.org/10.32782/2524-0374/2019-4/73>.
42. Training in international standards. (2017). Officially about taxes. Herald. Official publication of the State Fiscal Service of Ukraine. No. 25. Retrieved from: <http://www.visnuk.com.ua/uk/publication/100005204-navchannya-mizhnarodnim-standartam>.
43. Vallishova, L., Cherna, M., & Hinke, Ya. (2018). Implementation of sustainability aspects in the financial reporting system: an environmental accounting standard. Economic Journal-XXI, Vol. 173 (9-10), Pp. 55-59. DOI: <https://doi.org/10.21003/ea.V173-09>.
44. Voinarenko, M. P., Ponomareva, H. A., & Zamazyi O. V. (2010). International standards of financial reporting and auditing: textbook. way. Kyiv, Center for Educational Literature
45. Workshop "New procedure for preparing financial statements based on the UA XBRL IFRS Taxonomy". National Commission on Securities and Stock Market. Retrieved from: <https://www.nssmc.gov.ua/anonces/praktikum-noviy-poryadok-skladannya-fnansovo-zvynost-na-osnov-taksonom-ua-xbrl-msfz/>.
46. Yakubiv, V. M., Shelenko, D. I., & Sas, L. S. (2015). Accounting for fixed assets: national and international aspects. Actual Problems of Economics. Vol. 11 [173], pp. 375-379
47. Yakymchuk, A., Valyukh, A., Irtysheva, I., Maksymiv Y., ...Hryhoruk, I., Hryshyna, N., & Ishchenko, O. (2021). Economic Diagnostics and Management of Eco-Innovations: Conceptual Model of Taxonomic Analysis. Advances in Intelligent Systems and Computing, 1322, pp. 573-579.
48. Zholner, I. V. (2012). Financial Accounting for International and National Standards: textbook. way. Kyiv, NUHT.
49. Zubilevych, S. Ya., Mazina, O. I., Rohoznyi, S. A., Karpacheva, O. V., & Diadiun, O. O. (2020). IFRS: a short course for practitioners. Kyiv, Factor.

Сас Л., Баланюк І., Шеленко Д., Василюк М., Матковський П., Гнатишин Л.

МІЖНАРОДНІ СТАНДАРТИ ФІНАНСОВОЇ ЗВІТНОСТІ В ОБЛІКОВІЙ СИСТЕМІ УКРАЇНИ

Стаття присвячена проблематиці впровадження та застосування міжнародних стандартів фінансової звітності (МСФЗ) в обліковій системі України. Окреслено передумови та необхідність упровадження МСФЗ в облікову практику вітчизняних підприємств як вимоги часу, ринкової системи господарювання та необхідної умови інтеграції до Європейського Союзу. Серед важливих чинників упровадження МСФЗ є міжнародна співпраця, тому особлива увага присвячена висвітленню зовнішньоекономічної діяльності України.

Відображено ключові аспекти процесу впровадження та застосування МСФЗ в Україні. Розкрито особливості нормативного регулювання формування та подання фінансової звітності за міжнародними стандартами.

Виокремлено господарюючі суб'єкти, які за законодавством України зобов'язані вести облік та складати фінансову звітність відповідно до МСФЗ. З'ясовано основні проблеми застосування МСФЗ в Україні, зокрема відмінності між вимогами міжнародних та національних стандартів до підходів до бухгалтерського обліку та розкриття інформації у фінансовій звітності. Окреслено шляхи вирішення існуючих проблем. Визначено очікувані позитивні результати від ведення бухгалтерського обліку за міжнародними стандартами в напрямі розвитку міжнародної співпраці на основі підвищення довіри іноземних партнерів до якості інформації у фінансовій звітності вітчизняних підприємств.

Ключові слова: міжнародні стандарти, облікова система, бухгалтерський облік, фінансова звітність, нормативне регулювання, зовнішньоекономічна діяльність

JEL Класифікація: M40, M41, F49, F36, F19