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DIFFERENCE BETWEEN FUNCTION AND PROCEDURE IN ACCOUNTING

Abstract

Introduction. *The importance of the article is under the aspect of its relevance due to the lack of modern accounting theory, which lacks not only the interpretation of the essence of its procedures, but any mention of their practical application, which often leads to the substitution of concepts, when the function is interpreted as a procedure, and vice versa. Moreover, the determining of the entity's accounting policies as a set of principles, methods and procedures used for compiling and presenting financial statements, except for the fact that they is too general.*

Purpose. *The object of the study was the understanding of the essence of deductive interpretations of accounting functions and implemented accounting procedures in the processing of the primary documentation, its group and display the data in the accounting registers. As a result, the author formulated understanding of the differences of functions and accounting procedures.*

Methods. *The monographic, causal (causal relationship) methods are employed in this article.*

Results. *In particular, it is pointed out that an error in the separation of these concepts derived from the presence of a rather fragile barrier between the first and the second. As an example can serve the function kolatsii that the modern textbooks reduced to the level of simple mutual control activities financially responsible persons, the establishment of the identity of the calculation of agents and contractors, and so on. N. In fact this is one of the main accounting functions, which is a component of its control, that too, in recent years, ignored the mistaken belief that it is he is alien, as in modern conditions control is carried out by internal and external auditors At the same time, there are procedures for comparison, reconciliation, data harmonization of analytical and synthetic accounting arising from its control function, because otherwise they lose their meaning.*

Discussion. *The study provides allocation kolatsii like one of the main functions of accounting, consistent with the approach of the classics of his theory, and suggested improvement of its application using accounting procedures that are recommended to carry out with the help of computer processing of the results that stand out from the general population, because a continuous process for their test is too expensive, and the most important is unbearable because of the sharp increase in the number of transactions, particularly in large enterprises. So often it leads to significant costs, since the associated routine and monotony through a focus on small monitors violations not detect significant losses. However, the studied problem is too complex and multifaced that it can be resolved in a separate article. And with its practical and theoretical significance it requires urgent investigations that might be promising.*

Keywords: *accounting procedures, control, function, methodology, technique.*

Introduction. This issue is currently of great interest due to general formulation of legal documents dealing with content of accounting policy as a set of as set of principles, methods and procedures used for preparation and presentation of financial accounting. In addition, the accounting functions are ignored. As a result, it leads to the confusion of definition, the same phenomena is determined by different scientists in their own ways: as method, as procedure, as technique. So this issue is currently of great interest, because such publications are quite

common, and they are produced, even by honored scientists.

Analysis of recent researches and publications. The work of an outstanding scientist of Y. Sokolov, who devoted two paragraphs of his fundamental book to the context of accounting procedure, is considered to be the fundamental publication [10, p. 47-64]. As far as "kolatsiyi"¹ is concerned, the study is limited by common definitions such as 'mutual control of activity of financially responsible persons', 'identifying the adequacy of information flow that actually exists in the economy', 'establishing the adequacy of payments between agents² and the owner and between owners and their correspondents', 'determining the identity between logical and specially introduced comparable control number' [9, p.124, 439].

Notwithstanding the fact that it is based on the essential understanding of the term in the accounting as action to 'comparison, collation, harmonization of data analytical and synthetic accounting' [Here ist., p. 43, 124], it looks like a typical accounting procedure³, it interprets both as 'joining method ... which in the end of XIX century was called by the US competition 'and' as accounting principle" [9, p. 40, 216].

Purpose. The purpose of the article is an attempt to clarify the understanding "kolatsiyi" as procedure of ensuring the accuracy of accounting data, which is specified by objectives to formulate various actions necessary to achieve it.

Methods. Methods of structural and logical analysis and monographic were used in the paper. The object of the research is to highlight the accounting procedures.

Results. Unfortunately, current scientific publications, even methodically manual of accounting theory, the problem of its procedures is not covered, beyond the fact that they are not only scientific but also practical items, like kolatsiya⁴. For example, the famous scientist Alexander Gulyaev wrote in the early twentieth century: 'An integral part of accounting should be special signs of correctness, which would be a direct consequence of the fundamental principle on which the system is based' [2, p.15] that is actually provided through "kolatsiyi", that eminent scientist John. Rossi (1845-1921) – "He, in the words of J. Sokolov, --"Created a real philosophy of accounting', which is considered to be the second most important function of accounting [9, p. 122-124] since with the help of it data of analytical and synthetic accounting can be collated.

However, instead of specifying its nature, we have too common definitions such as 'mutual control of financially responsible persons', 'identifying the adequacy of information flow that actually occurs in the economy', 'establishing the adequacy of payments between agents⁵ and the owner and between owners and their correspondents', 'establishing identity between logical and comparable numbers specifically introduced control data' etc. [9, p. 124, 439].

Moreover, accounting approach to coverage such definitions as "principles", "methods", "procedure" is mostly eclectic both in the essential understanding of the definition as a typical accounting procedures, and in the methodological regulations. For example, it is noted in the P (S) 7 "Fixed Assets": "... Depreciation is calculated with the help of the following methods

¹ Literally means straining, filtration.

² That is, Payroll (cashier, storekeeper, and so on. Al.). Customers and creditors at that time were considered the terminology correspondents [9, p. 97]

³ The procedure - the procedure for conventional, performance or design something; number of any action [1, p. 381].

⁴ Literally means straining, filtration.

⁵ That is, Payroll (cashier, storekeeper, and so on. Al.). Customers and creditors at that time were considered the terminology correspondents [9, p. 97].

..." [8, p. 26]. And the direct and manufacturing etc. – from the point of view of other scientists - methods.

Actually to these categories belong such procedures as actions connected with fixed assets in relation to compliance with the principle of prudence - to prevent overstating their valuation carried out by the latter as part of the method of accounting. After all, the explanatory dictionary of the Ukrainian language the word principle means basic starting position of any theory. So in the Ukrainian accounting version there are 10 accounting principles legislatively defined [3, p. 4], and duplicated in the General requirements for financial statements is set of rules that should be followed while guiding the measurement, evaluation and registering of business operations and reflecting of the results in the financial statements [7, pp. III, p. 6].

When we deal with the techniques or set of techniques it is better to use the definition of the method or manner. A procedure is a sequence of actions caused by the application of the method for certain principle. But, it has been mentioned that in the regulations we have this eclectic presentation in combination with tautology. For example, in determining the principle of prudent - " application in accounting *methods* that should prevent lowering *estimates* of commitments and costs and *overstated* assets and revenues of the company " [3, p. 4; 7, pp. III, p. 6], because it is considered to be the element of accounting method, and some scientists note it as its functions.

Accordingly, I suppose that it is reasonable to use the term method of systematic allocation of the cost of fixed assets over their useful life, which is carried out according to procedures: 1) liner; 2) reduction of the residual value etc.

In general, the accounting procedure in its, so called, synthesized form, is the same for any form of accounting, because the character and the order of information, which reflects the facts of economic life, given due to specified structure that includes three elements: 1) Registration order that includes chronological or systematic or both chronological and systematic recording. 2) differentiated predicates, that is accounting characteristic. This differentiation (decompositions), as well as the integration is possible under one or more conditions; 3) kolatsii⁶ (the establishing of identity between logically correlated and key specially brought in. The first two elements define the order of saving the information and the third provides its accuracy. Simultaneously with the process of saving the information it is transformed into accounting items. Recycling needs the transformation of sets of data into regulated informative set" [9, p. 568-569].

So it is reasonable to analyze the of "kolatsiyi" as 'the law of balance in the account', which should not be confused with accustomed to us balance generalization in General ledger or 'balance sheets law' , using the definition of Alexander Gulyaev [2, p. 16]. It is partly caused by, let's say, genre, because detailed analysis of kolatsiyi of accounting requires a special presentation in the form of digital teaching examples, which is impossible in the article, but only in the textbooks.

We would like to note that definition of the law in this case is rather conventional, but we have retained it to emphasize the importance of this procedure, because it is currently used in the national accounting method. This is so called "the abshlyuz" – the way, introduced by German accountants for checking accounts, which Alexander Gulyaev defined as 'the first

⁶Literally means straining, but here taken in the sense of checking accounts by joining the counter.

sign of the correctness of invoices, based on the principles of duality and is equality of results of summing construction accounts that is balance. The second feature of the correctness is balance in each account in its summation ' [2, p. 16].

Moreover, this method of "kolatsiyi" was known much more earlier. For example, J. Sokolov referring to Khabarova M. (1902) emphasized that "the theory and practice of accounting approach also know the approach, when ending balance recorded a strong (greater), and the weaker side of the account. In this case, records in his debits and credits are equivalent. This method is called *abschluss*⁷. So called approach starts from the ideas of the Italian accountant A. Casanova (1558), who argued that account is not a part of the balance ... but instead of it balance acts as a balance of a General ledger accounts. In English-speaking countries, not only *abshlyuzu* is used, but even instead of the term "saldo" the term "balance" is used, and the actual balance sheet is called "Balance sheet ", that is an attempt to translate literally called meaningless phrase book content.

In Russia, the author of "Schetovodstvo" Popov from Krasnoyarsk (1894) named this approach (the need *abshlyuzu*) the theory of "balance in the account." The record in this case involves the equation "balance + income = consumption + new balance." The opposite approach is conservative, in his point of view, was called "balance billing" and was based on the scheme "balance + receipts - consumption = new balance" [9, p. 259; 10, pp. 82-83]. The differences accepted Ukrainian and foreign "kolatsiyi" technique of accounts for the " second feature correctness' or " balance in each account 'look like (fig. 1).

Irregular Accounting		Systematic Accounting	
7	6	7	6
4	-	4	5
11	6	11	(balance)
(balance)	-	-	11
5			-

Fig. 1. Law of the balance in the account

Source:[2, c.16].

As a result, we can repeat after Alexander Gulyaev: "So, we see that our accounting system has not only basic principles but also features of correctness, which enable to verify the accuracy of these records, without making capital verification ' [2, p.16]. It's a pity that for Ukrainian technique records of business transactions on accounts even in terms of its computerization is ignored such signs correctness, preferring to exercise more labor-consuming 'capital verification' ', despite the fact that the method of automatic control by *kolatsiyi* accounts for the " second feature of correctness' was known due to Ukrainian

⁷ Abschluss (with it.). Just take the meaning of "closing", ie the output and not closing accounts, given the different essential features of these accounting procedures, after the closure of his account balance does not appear any more in the account, or even more in accounting; circuit there is only taking control validation and output balances items in the accounts, v. BC. "Zero balance". Next month primary surplus, which was recorded at the "lower (weaker)" side as the final account for the previous month, indicates the required side: active - left charged; passively - matter of the loan.

This way hold to Poland, as emphasized - "for balance - with closing accounts" [11, p. 59].

accountants and translation of the book Musa H. and R. Hanshmann in 1992. Later this method was described by Lviv authors E. Mnich, V. Shvets, I. Yaremko, highlighting the development of accounting in Galicia as an example of the works of Austrian scientists Kraybiha I. and R. Raysha [5; 6].

If we consider the whole procedure, as for accounting, it is the transformation of sets of data in an ordered set of information" [9, p. 569]. And this transformation of sets of data in an orderly information set is probably the most important, at least under the aspect of cost accounting systems, because the ignoring of labor-consuming undertaken with the procedures as confirming the current practice, transforms accounting in the conglomerate of the last, and its system transforms into a cumbersome mechanism produces a lot of unclaimed data nevertheless it doesn't give managers accurate and timely information that vividly depicted the founder of Standard costs G. Emerson, noting: " Accountant believes deeply that his accounting system perfectly meets all the laws of nature ... and begins with an inspiration to impose their accounting requirements throughout the operational system. But ... do not understand that people of living things relate to all this chicanery office with a maximum of contempt "[9, 409-410].

"Kolatsiya" in Ukrainian practice is very unproductive and is carried out without the use of check digits. Although well-known abroad tests for kolatsiyi by auditors of payment orders referred to these amounts, listed buyers residues goods in warehouses, etc., developed by US-based law derived by F. Bedford, who proved that numbers where the first is number one are much more than those who start with other numbers.

So with the help of computer processing of accounting data it becomes possible to carry out more careful and selective kolatsiyi only those accounts that differ from the general population. While both Ukrainian auditors and auditors have to carry out routine checks the entire array of various data continuous way that negates the analytical function of accounting, because monotony involuntarily lulls the vigilance that J. Rossi attributed to major accounting functions [9, p. 124].

Of course, to rely on determined tests at kolatsiyi of accounting data would be a mistake. I suppose that scientists should balance between ensuring its principles and application of required procedures, not to prove the latter, as W. Lastovetsky said to agony [4, p. 74], even under the pretext of gaining information function of accounting. This the first step to clearly define the features of accounting and analytical procedures and through this prism to search tangents, which are equally suitable for conducting synthetic and analytical accounting, implying that the purpose of accounting generally provides accounting information of internal and external users, not only formation data for financial or even tax returns - as it arbitrarily interpreted by some authors, showing their own point of view at relevant article of the current Law of Ukraine 'On Accounting and Financial Reporting in Ukraine'.

Discussion. Accordingly, it is concluded that "kolatsiya" in the accounting should be given its deserved place, it has lost under the condition of false interpretation and negotiation of achievements of the world theory under the same pretext, like other categories, for example, capital, arguing that 'socialist economy in its range of accounts will have neither account results nor capital accounts" [9, p. 477].

Besides, its value should be emphasized, because except the establishing the identity

of data between synthetic and analytical accounting, under the present conditions, taking into consideration the complexity of interfarm connections due to sharp increase of their number against the policy period, the, and mixed ownership (public and private), control becomes the most important function of accounting. Kolatsiyu should be supplied by the method of determining identity between logical and specially introduced key figures and already mentioned tests on establishing the reliability of data based on the law derived by F. Bedford.

Due to the expansion of kolatsiyi value it will be possible real, not declarative differentiation between the financial accounting and interfarm. Besides, it will be possible to formulate general facts in the system of financial accounting, while analytical information will be formed within the farm concerning the means and objects of labor, settlements, costs, production costs, not in general the elements of "Material expenses", "Expenses for payment work", "Contributions to social activities", "Other operating expenses", enough to accounting as sources of data for external reporting.

Moreover, due to the fact that along with the generalization procedure described in terms of cost elements for sound management the operational decisions necessary for factual information about employment, inventories and fixed assets, the opening of a significant number of analytical accounts in the subsystem farm accounting, especially for synthetic account numbered 23 'Production' is of vital importance. The wider range of goods (works, services) is produced (performs) by the company the more accounts should be opened.

In addition, settlement accounts should be opened in the registers of analytical accounting by the type of activities. Since the data of analytical and synthetic accounting should be coordinated, it causes the necessity of procedures of generalization and kolatsiyi (docked) to ensure that in the whole enterprise the total cost of production is the same, regardless of the number for which analytical accounts are displayed.

It is emphasized in the article that efficient determination of deviations from standards, and for each item of expenditure and the production of specific types (names) of goods (works, services) must be organized in the subsystem farm account. As a result, significance of kolatsiyi becomes even more important.

However, the article is not limited by this topic, so further research is supposed to be a perspective study.

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