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PUBLIC SECTOR EMPLOYEE BENEFITS: INTERNATIONAL AND DOMESTIC ACCOUNTING THEORY AND PRACTICE

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- ▣ *The article considers basic accounting approaches to employee benefits in accordance with International Public Sector Accounting Standards and National Regulations (Standards) of Accounting in the public sector. A comparative analysis of these standards was conducted. Conclusions were made about the need for bringing theory and practice closer together.*
- ▣ *Employee benefits, International Public Sector Accounting Standards, National Regulations (Standards) of Accounting for the Public Sector, accounting.*

ВИПЛАТИ ПРАЦІВНИКАМ БЮДЖЕТНИХ УСТАНОВ: СВІТОВА ТА ВІТЧИЗНЯНА ОБЛІКОВА ТЕОРІЯ І ПРАКТИКА

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- ▣ *У статті розглянуті позиції та основні облікові підходи до виплат працівникам як об'єкта обліку відповідно до Міжнародних стандартів бухгалтерського обліку в державному секторі та Національних положень (стандартів) бухгалтерського обліку для державного сектору. Проведено порівняльний аналіз представлених положень і зроблено висновки про необхідність подальшого наближення теорії та практики бюджетного обліку до загальноприйнятих облікових підходів.*
- ▣ *Виплати працівникам, міжнародні стандарти бухгалтерського обліку в державному секторі, національні положення (стандарты) бухгалтерського обліку для державного сектору, бухгалтерський облік.*

ВЫПЛАТЫ РАБОТНИКАМ БЮДЖЕТНЫХ УЧРЕЖДЕНИЙ: МИРОВАЯ И ОТЕЧЕСТВЕННАЯ УЧЕТНАЯ ТЕОРИЯ И ПРАКТИКА

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- ▣ *В статье рассмотрены позиции и основные учетные подходы к выплатам работникам как объекта учета в соответствии с Международными стандартами бухгалтерского учета в государственном секторе и Национальных положений (стандарты) бухгалтерского учета для государственного сектора. Проведен сравнительный анализ представленных положений и сделаны выводы о необходимости дальнейшего приближения теории и практики бюджетного учета с общепринятыми учетными подходами.*
- ▣ *Выплаты работникам, международные стандарты бухгалтерского учета в государственном секторе, национальные положения (стандарты) бухгалтерского учета для государственного сектора, бухгалтерский учет.*

Statement of the problem

Domestic budget accounting is in the final stage of its reform. Namely, the year 2016 will mark a complete transition to National Regulations (Standards) of Accounting for the public sector, which were formed basing on the global accounting theory and practice. Specificity of the domestic budget sector prioritizes objects of budget accounting in general

and accounting in budgetary institutions in particular. Thus, the second name of the last one – accounting of fulfillment of estimates – obviously, focuses on two important objects of accounting – revenues and expenses of these business entities. Employee benefits are equally important object of accounting. The share of their expenditure is on average 60-80% in the total structure of expenditures of budgetary

institutions. Obviously, the research of the issue of accounting of employee benefits in the context of processes of standardization of global accounting is extremely vital and timely.

Analysis of recent researches and publications

Recently, in modern economic literature, one can notice an increasing interest in issues of budget accounting in general. Among the most significant publications one can name works of Gizatulina L.V., Doroshenko O.O., Drozd I.K., Yefimenko T.I., Kant-syrov O.O., Kaluga E.V., Kondratiyk I.O., Levitska S.O., Lovinska L.G., Farion A.I., Horunzhak N.M., Chechulina O.O., Chumakova I.Y. and others [1 – 12]. Paying tribute to the scientific contribution of these authors, it should be noted that there are some gaps in the research of issues of site-specific accounting in general, and their practical absence concerning specific object of study – employee benefits of budgetary institutions (rare publications of individual authors are an exception [13, 14]). In terms of standardization of domestic budget accounting, it is important to study issues of world accounting practices concerning employee benefits of the public sector, identification and analysis of key positions of formed and updated accounting approaches and development of proposals on their further improvement.

The goal of this article is to investigate accounting theory and practice regarding employee benefits in budgetary institutions, conduction of their comparative analysis and identification of ways of improvement of accounting of employee benefits in the budgetary institutions of Ukraine.

Presentation of the basic material

According to the world's practice, employee benefits are considered as independent object of financial accounting. Procedure of formation of information concerning this object and its disclosure is regulated by the International Public Sector Accounting Standard 25 "Employee benefits" (hereinafter – IPSAS). This standard is actually a compilation of the best accounting approaches of the developed countries of the Western world that contains elements of theory, methodology and techniques of accounting of the specified object. Turning to its theoretical statements, let's note that according to the last IPSAS, employee benefits represent all forms of compensation provided by the business entity in exchange for services provided by employees. At the same time, employee benefits include next elements in the context of the relevant items [1, 14, 15]:

- short-term employee benefits (employee benefits (other than termination benefits), payable in full

within twelve months after the period, in which employees render related service), such as salary to employees and workers, social security contributions, paid annual vacations and sick leave, profit-sharing and bonuses, and also non-monetary benefits (such as medical care, giving houses, cars and also free or subsidized goods or services) for current employees;

- post-employment benefits (employee benefits (other than termination benefits employees), payable at the end of the labor activity), such as pensions, other types of provision of pensions, life insurance and health care employment at the end of the labor activity;
- other long-term employee benefits (employee benefits (other than post-employment benefits and termination benefits) that are not payable wholly within twelve months after the period in which the employees render the related services), including additional leave for retirement or paying sabbatical leave, jubilee payments or other long-service benefits, long-term disability payments and receiving profit-sharing, bonuses and deferred compensation if they are not payable in full within twelve months after the end of the period;
- termination benefits (employee benefits that are paid as a result of the business entity's decision to dismiss the employee before the fixed date of retirement or employee's decision to accept resignations in exchange for such benefits).

Turning to methodological and methodical provisions of the IPSAS 25, we should note that the order of recognition and measurement of short-term employee benefits is next: the business entity must determine undiscounted amount of short-term employee benefits for the services they have provided to the business entity during an accounting period. Such as: liabilities (accrued expenses) after deducting any amounts already paid (if already paid amount exceeds undiscounted amount of payment, the business entity should recognize this excess as an asset (prepaid expenses) by that extent that this prepayment will lead, for example, to a reduction of future payments or cash reimbursement and as expenses, if other IPSAS do not require or do not allow to include payments in the cost of the asset.

In case of involuntary absence of the employee in the workplace due to his illness, vacations, short disability, maternity leave for father and mother, fulfillment of functions of jury member and military service, the business entity may compensate such absence for employees. At the same time, the right to compensation for the absence is divided into two categories: accumulated and non-accumulated [1,

14, 15]. Accumulated compensations for the absence are such compensations, which can be deferred and used in the future periods, if rights of the current period are not fully used; they can be secured (when employees are entitled to receive cash payments for the unused right at the moment of the dismissal), or unsecured (when such right is not provided for employees). Non-accumulated compensations for the absence should not be reserved for future periods: they end, if the right to the absence of the current period is not used in full and do not entitle employees to receive cash for unused days (with the right to absence) at the moment of dismissal (it touches upon the payment of temporary disability, maternity leave for mother or father, as well as compensation for absence during fulfillment of functions of jury or military service). According to the IPSAS 25, the business entity should recognize an expected cost of short-term employee benefits in the form of compensation for the absence, in accordance with the above-mentioned approach, thus: in case of accumulation of compensation for the absence, – during the rendering of services to employees, that increase their rights to future compensation for the absence; in case of non-accumulation of compensation for the absence – during the absence [1, 14, 15]. At the same time, the business entity should estimate the expected cost of accumulated compensation for the absence in the form of additional amount that the business entity expects to pay in the result of unused right, which was accumulated at the reporting date.

Another category of payments to employees includes payments of post-employment benefits. Their realization is done in terms of programs on payments of post-employment benefits, which include programs with a specific fee and programs with a specific payment. According to conditions of the program with a fixed payment, the business entity pays fixed payments to the separate business entity, and legal or constructive obligation of the business entity is limited to the amount that it agrees to pay to the fund. Thus, the amount of payments received by the employee upon termination of employment is the amount of contributions paid by the business entity (and perhaps by the employee) to the program of payments for termination of employment or to the insurance company, together with income earned from investment of payments. However, the IPSAS 25 notes that the program can be characterized by the presence of actuarial and investment risks of the employee. As for programs with a specific benefit, obligations of the business entity is to provide agreed payments to present and former employees, at the same time the company has actuarial and investment

risks. It should be noted that, in contrast to programs with a defined contribution, the program with a specified benefit does not provide for the payment of contributions to the separate business entity; in general, both types of programs in international practice are applied in the context of programs involving multiple employers, comprehensive social security programs, and insured payments.

Within limits of all these programs with participation of several employees, assets, which were contributed by different business entities and are not under common control, are combined and used in order to provide payments to employees of more than one business entity, basing on that fact, that the volume of contributions and benefits are determined regardless the type of the company for which these employees work. If the program with participation of several employers is carried out according to the model of the program with a certain payment, the business entity should account its proportionate share of liabilities on specified benefits, programs assets and costs, connected with the program, just like any other program with a certain payment and to disclose information in accordance with requirements of the IPSAS 25 [1, 14, 15]. However, in cases of absence of sufficient information for the implementation of the accounting model of specified benefits to the program involving multiple employers at the actual implementation of the model certain payments, the business entity takes into account programs according to the model of specified benefits, and also reveals the fact that the program is a program with a certain payment and the reason of absence of sufficient information that allows the business entity to keep records of the program as the program with specified benefit; additionally disclose any available information about that surplus or deficit, the basis used to determine that surplus or deficit of funds, possible consequences for the business entity, if they exist. In case when a program with a specified benefit involves a controlling business entity and one or more controlled business entities, in its separate financial statements, the business entity should disclose the following information: an agreement, binding agreement or the established position regarding the calculation of the net cost of the particular payment, or the fact that such provision does not exist; provisions relating to the definition of contribution that must be paid by the business entity; all information about the program in accordance with the requirements of the program with a specified benefit [1, 14, 15].

Certain types of programs are state programs that operate within all business entities, and comprehensive social security programs, which are established

by the law and operate as programs with participation of multiple employers for provision of payments upon termination of employment. In the case of the use of such programs, the business entity should account for payments upon termination of employment in the framework of the state program as a program involving several employers.

In addition to above listed options, the company may pay insurance contributions in order to finance the program of post-employment benefits. At the same time, it should consider such program as a program with a specified benefit, if the subject of managing will not have (either directly or indirectly through the program) a legal or constructive obligation on realization of benefits directly to employees, when paying, or paying further contributions if the insurer does not make all future employee benefits relating to the provision of services by employees in current and prior periods. If the business entity leaves such a legal or constructive obligation, it should consider this program as a program with a specified benefit.

As it is indicated in the IPSAS 25, accounting of programs with specified benefit is simple, as the business entity, that is accountable, identifies responsibilities for each period in the amounts, which must be paid during this period [1, 14, 15]. Consequently, one does not have to make actuarial assumptions in order to estimate liabilities or expenses, and there are no opportunities for any actuarial profit or loss; moreover, obligations are measured on the undiscounted basis, unless they are payable in full within twelve months after the end of the period in which employees provide related services. Thus, if the employee provides services during the period, the business entity recognizes payments that must be paid to the program with a specified benefit in exchange for that service: as a liability (accrued expense) after deduction of any payment already paid. If the payment, that has already been paid, exceeds the payment that must be paid for the services till the reporting date, the business entity should recognize this excess as an asset (prepaid expenses) to that extent, which this prepayment will lead, for example, to a reduction of future payments or a cash refund; as costs, if another IPSAS does not require or does not allow the inclusion of payments in the cost of the asset [1,14, 15]. If payments to the program with a specified benefit is not payable in full within twelve months after the end of the period in which the employees provide the related service, they should be discounted using appropriate discount rates. The amount recognized as expense for the programs with specified benefit is disclosed in financial statements.

However, accounting of programs with specified benefits is complex, as measurement of liabilities and expenses needs actuarial assumptions, and also there is a possibility of actuarial profits and losses. Let's note, that in this case liabilities are estimated on a discounted basis as they can be paid back in many years after provision of related services by the staff. Programs with a specified benefit may be not financed or financed fully or partially at the expense of payments of the business entity (sometimes employees) to another business entity or fund which are legally separated from the last one and from which the employee benefits. Realization of the financed payments, when the payment term comes, depends not only upon the financial condition and results of investment activity of the fund, but also on the ability (and desire) of the business entity to compensate any deficit of assets of the funds. Thus, the business entity assumes actuarial and investment risks, which are connected with the program. Consequently, the expenses, recognized for the program with a specified benefit, will not necessarily be the amount of payment that must be paid during a certain period [1, 14, 15].

According to the international practice, accounting of the programme with a specified benefits by the business entity includes following steps: usage of actuarial methods, which allow to make a reliable estimation of the amount of payment, earned by employees in exchange for their service in the current and prior periods; discounting of these payments by the accrual method of projected units in order to determine the present value of obligations under specified benefits and the cost of current service; determination of the fair value of any assets of the program; determination of the total amount of actuarial profits and losses and the amount of those actuarial profits and losses, that should be recognized; determination of the final cost of previously provided services (in cases, when the program or implement change); determination of the final profit or loss (in cases of reduction or residual settlement of the program) [1,14, 15]. If the business entity has more than one program with a certain payment, then the business entity applies these procedures for each major program separately.

It must be noted, that according to the IPSAS 25 the business entity should register not only its legal obligations in accordance with the official terms of the program with a specified benefit, but also any constructive obligations that arise as a result of informal practices of the business entity [1,14, 15]. Such obligations arise when the business entity has no real alternative but to pay employee benefits (for example, changing the informal practice of the business entity

leads to unacceptable damage to its relationship with employees). The amount, which is recognized as obligations under specified benefits is obtained due to the following operations: the present value of the specified benefit obligation at the reporting date; plus any actuarial profits (except any actuarial losses) which is not recognized; minus any cost of previously rendered services, which has not been recognized yet); minus fair value of the assets of the program (if any) at the reporting date, which will be used to settle the liabilities. The IPSAS 25 notices, that the business entity should determine the present value of liabilities on the specified benefits and the fair value of any assets of the program with sufficient regularity so that the amounts, recognized in the financial statements, were not materially different from the amounts, determined at the reporting date [1, 14, 15]. In addition, the business entity must recognize net total of the following amounts in surplus or deficit, except those cases, when another IPSAS requires or permits their inclusion in the cost of the asset. Namely: current service cost; interest cost; expected return from any assets of the program and any rights for compensation; actuarial profits and losses in accordance with accounting policy of the business entity; the cost of previously rendered services; impact of any reductions or final calculations; and also impact of restriction, if it is not recognized in the report on changes in net assets / equity capital.

Residual value of the program with a specified benefit may be affected by several variables such as the size of the residual salary, the fluidity and mortality of employees, trends in medical costs, and for the financed program – investment income from the assets of the program. Residual value of the program is indefinite, and this uncertainty is likely to persist for a long time. In order to measure current value of liabilities in accordance with the program of post-employment benefits and cost of current service which is related to them [1, 14, 15]: the method of actuarial valuation is used; benefits are attributed to periods of provision of services; actuarial assumptions are made.

The accrual method of projected units (method of accrued benefit, which is distributed in proportion to the period of provision of services, or method of “payment in years of service”) is recommended for the use as the method of actuarial valuation of the IPSAS 25. It considers each service period as that one that leads to creation of the right for additional unit of payment and measures each unit separately in order to form final liability. In accordance with the mentioned standard, the business entity must apply the accrual method of projected units in order to determine the

present value of its liabilities on specified benefits and related cost of current service, and, where it is appropriate, the cost of services, which were previously provided [1, 14, 15].

In the process of determination of the present value of its liabilities on specified benefits and related cost of current service and also, where appropriate, the cost of services, which were previously provided, the business entity should include payments to periods of provision of services in accordance with the formula for grant payments under the program. However, if the provision of services by the employee in subsequent years will lead to a substantially higher level of benefits, than in previous years, the business entity should include benefits evenly (on the straight-line basis). In particular, it should start on the date when the worker's services for the first time cause benefits on the program (regardless of whether further provision of services influences the amount of benefits). It must be done until the date, when further provision of services will not lead to a significant amount of future payments under the program, except cases of wage increase in the future.

Actuarial assumptions are the basis in the calculation by the business entity of those variables that will determine final costs for the provision of benefits upon termination of employment. Actuarial assumptions include: demographic assumptions about the future characteristics of current and former employees (and their dependents) who are eligible to receive benefits (they take into account following aspects: mortality, both during employment and after its completion; rates of employee turnover, disability and early retirement; pro rata share of program participants who has dependents, with the right to receive benefits; and also the number of applications on health care programs); financial assumptions (in the context of the following articles: discount rate, future levels of

salary and benefits; in case of health care benefits – future costs for medical care, including (if relevant) costs for processing applications for the health care and benefits; the expected rate of return on assets of the program) [1, 14, 15]. It must be noted, that financial part of actuarial assumptions should be based on the market expectations at the reporting date of the period, during which liabilities must be repaid. At the same time, the interest rate, used to discount the liabilities on post-employment benefits, should reflect the value of money in time. The currency and maturity profile of the financial instrument, selected to reflect the cost of money over the time, must match the currency and calculated maturity of liabilities on post-employment benefits. In general, during

estimation of liabilities on post-employment benefits one should take into account: calculated wage increase in the future; specified benefits according to conditions of the program at the reporting date; and also calculated future changes of the level of any governmental benefits that affect benefits, which must be paid in accordance with the program with a specified payment, if these changes were enacted before the balance sheet date, or either past experience or other reliable evidence indicate that those governmental benefits will be changed in some predictable manner [1, 14, 15]. During the process of measurement of its liability on specified benefits in accordance with the above mentioned methodology, the business entity: must recognize the value of previously provided services as an expense on a straight line basis over the average period until the moment when the benefits become guaranteed; must recognize the value of previously provided services to that extent, when benefits are already guaranteed after introduction or making changes in programs with specified benefits.

It must be recalled that during the process of recognition of the liability on certain benefits, the last indicator in the calculation of the final figure is the fair value of assets of the program, the amount of which is deducted. In accordance to the IPSAS 25, assets of the program consist of assets held by the fund of long-term employee benefits and qualified insurance policies. In case of absence of market price, the fair value of assets of the program is calculated, for example, by means of discounting of expected future cash flows using a discount rate that reflects both the risk, associated with assets of the program, and the maturity or expected disposal date of those assets. If assets of the program include qualified insurance policies that exactly match the amount and time of some or all benefits, that must be paid according to the program, the fair value of those insurance policies is considered to be the current value of liabilities, which are connected with them [1, 14, 15].

The business entity should recognize its rights to compensation as a separate asset at fair value only when it is practically established that another side will reimburse some or all costs, required for the repayment of liabilities on specified benefits. In all other aspects, the business entity will consider this asset in the same way as assets of the program. The IPSAS 25 recommends to disclose information on costs, which are connected with the program with a specified benefit payment, in the report on financial results after deduction of the amount, which is recognized for compensation [1, 14, 15].

In conditions of reduction of the program, according to the IPSAS 25, the business entity must

recognize profits or losses during the reduction of the program with specified benefits or during its final payment for it when such a reduction or the final settlement occurs. At the same time, the profit or the loss during reduction or the final calculation is composed of these elements: any final change in the current value of liabilities on specified benefits; any final change in the fair value of program assets; any related actuarial profits and losses and the cost of previously rendered services that were not recognized earlier [1, 14, 15]. Before the determination of the impact of the reduction or final calculation, the business entity should reevaluate liabilities (and related to them assets of the program, if any exist) using current actuarial assumptions.

The important aspect of the order of the disclosure of information is the methodology of its submission. In accordance with the provisions of the IPSAS 25, the business entity may curtail the asset that relates to one program, and liability, which belongs to another program, in defined cases. In particular, when the business entity has: a legal right to use the surplus funds of one program to settle debts in another program; the intention to repay on net basis or simultaneously realize the surplus of funds of one program and to repay debt of another program [1, 14, 15].

During the process of disclosure of information on the program with a specified benefit, the business entity must be guided by that fact, that users of financial reports must be able to measure the nature of these programs and the financial impact of changes on these programs during the period. In accordance with provisions of the IPSAS 25, the business entity discloses following information in relation to mentioned programs: accounting policy for the recognition of actuarial profits and losses; general description of the type of the program; harmonization at the beginning and at the end of the period of remains of the present value of the liability on the specified benefits, that separately indicates, if applicable, the impact of each relevant article according to the requirements of the IPSAS 25 during the period; analysis of liability on specified benefits in terms of sums arising from the program that is not financed and sums arising from the programs that are fully or partly financed; harmonization at the beginning and at the end of the period of remains of the present value of assets of the program and at the beginning and at the end of the period of remains of any right for compensation, that was recognized as an asset, that shows, if applicable, the impact of every relevant article of the IPSAS 25 during the period; harmonization of present value of liability on specified benefit and fair value of assets of the program with assets

and liabilities, which were recognized in the report on financial results; total costs, which were recognized in the report on financial results and fixed in relevant articles; total amount, which was recognized in the report of changes in net assets / equity capital by relevant articles and other information [1, 14, 15].

The third category of benefits is presented by other long-term benefits. Their measurement is significantly easier than the measurement of post-employment benefits and provides for the application of simplified method of accounting under which actuarial profits and losses and all cost of previously rendered services are recognized immediately. The measurement of the liability on other long-term benefits, which provides determination of its final numerical indicator is done with the help of the following methodology of calculation: present value of liabilities on certain benefit at the reporting date minus fair value of assets of the program (if any) at the reporting date, which must be directly used in the process of settlement of liabilities. It must be noted, that the business entity should recognize the net outcome in relation to other long-term employee benefits. It includes following amounts in the capacity of losses or profits (except those cases, when another standard requires or permits their inclusion in the cost of the asset): cost of current services; interest cost; expected return from any assets of the program and any right for the reimbursement, which was recognized as the asset; actuarial profits and losses, which should be recognized immediately in full; cost of services, which were previously rendered, that should be immediately recognized in full; and also the impact of any reductions or final calculations [1, 14, 15].

Finally, the fourth category of benefits is termination benefits. Usually, they are disposable in nature, but sometimes they increase the amount of pension benefits or other termination benefits – both indirectly, through the program of payment to workers, or directly; benefits of wages until the end of the period, which was determined in the notification on dismissal, even if the employee does not provide further services, which allow the business entity to gain economic advantages. According to the IPSAS 25 the business entity recognizes termination benefits in that case, when it openly undertakes obligation to dismiss the employee or the group of employees before the normal date of retirement or to provide termination benefits as a result of the proposal, which was made to encourage voluntary dismissal. When termination benefits fall due after more than 12 months after the reporting date, they should be discounted through the use of the discount rate. In case of an offer made to encourage voluntary redundancy, the measurement

of termination benefits shall be based on the number of employees expected to accept the offer. The disclosure of information in financial reports is done in accordance to the requirements of IPSAS.

In conclusion of consideration of the IPSAS 25 “Employee benefits” we should focus on the following point, which is purely technical: this standard is the largest one among other IPSAS. In turn, it can be explained by the substantive aspects – economic environment of the object, in particular: existence of the extensive approach to the accumulation of pension benefits in the developed countries of the West; presentation of methodology of recognition and measurement of various types of post-employment benefits. The analysis of the provisions of the IPSAS 25 indicates a clear identification of all categories of employee benefits within two accounting objects – expenditures and liabilities, as well as detailed disclosure of information on employee benefits in financial statements. Consideration of risks of long-term benefits to the employees, which are connected with wide frames of business activity of economic subjects, which are enrolled in programs of such benefits, is a very important aspect in frames of accounting.

Let's refer to the domestic accounting practice of employees benefits. Its updated provisions are represented in the National Regulation (Standard) of Accounting for the Public Sector (hereinafter – NR(S)APS) 132 “Employee benefits”, which was approved by the Order of the Ministry of Finance of Ukraine of December 29, 2011 № 1798. In contrast to other NR(S)APS as well as to primary source – the IPSAS 25, this standard is not oversaturated with terminology. Thus, it defines only three concepts [16]:

- non-worked time benefits, represent payments for the non-worked time. The employee has the right for these benefits;
- termination benefits, which include employee benefits, that are paid in accordance with the legislation when he reaches retirement age or before he reaches retirement age;
- current employee benefits, that are determined as employee benefits (other than termination benefits) that must be paid in full within twelve months after the end of the month in which the employee performed the relevant work.

Consideration of theoretical provisions of the NR(S)APS 132 helped to find out, that employee benefits are classified on [16]:

- current benefits (include salary rates and tariffs, other payroll taxes; non-worked time benefits (vacations and other paid non-worked time); bonuses and incentive payments, that must be paid

within twelve months after the end of the period in which the employees fulfill relevant work, etc.);

- termination benefits;
- other benefits (such as financial assistance).

Methodology of accounting of employee benefits, which is presented in the NR(S)APS 132, secures the following order of recognition of mentioned types of payments to employees [16]:

on current benefits – the accrued amount of payments to employees for the work, which was done during the reporting period, and the accrued amount of the single contribution for obligatory state social insurance, if other NR(S)APS do not require the inclusion of such costs in the cost of the asset, are recognized as current liabilities and expenses of the reporting period. They are recognized as liabilities in that period, in which the event on payment of such liabilities on non-worked time benefits occurs;

on termination benefits – liabilities are recognized in that case, when the business entity of the public sector has an unfailing commitment to dismiss the employee or several employees before they reach retirement age or to provide termination benefits in accordance with legislation, contract or other agreement. They are recognized as expenses in the period, in which liabilities arise on such benefits;

As it is stated in the NR(S)APS 132, notes to the financial statements should disclose information on the amounts of wage arrears.

Comparison of presented provisions of the IPSAS 125 and the NR(S)APS 132 shows the overall consideration of conceptual approaches of the first one during the development of the second one. However, one can clearly notice quite fragmented implementation of relevant international norms. This situation can primarily be explained by the domestic peculiarities of economic relations concerning termination benefits and by the mechanism of accumulation of pension benefits. Despite of these facts, information limitation, which is inherent to the NR(S)APS 132, causes individual aspect questions regarding

the accounting of employee benefits of budgetary institutions in the part of particularization of the approaches to recognition and measurement in the context of their types, as well as fundamental question concerning the accounting of employee benefits by one of the three central subjects of accounting in the sector of general governmental management: state specialized funds. According to the authors of the publication, the NR(S)APS 132 must be broadened in the part of recognition and measurement of employee benefits of budgetary institutions by the categories of benefits. It also must be supplemented with information on the procedure for recognition, measurement and disclosure of information on employee benefits that are done by state specialized funds, by means of introduction of sections “Peculiarities of recognition and measurement of employee benefits by state specialized funds” and “Disclosure of information on employee benefits by state specialized funds”.

Conclusions

Significant changes in the domestic budget accounting are natural in the context of global standardization of accounting, which, in turn, is a feature of globalization processes in the economy. Selected guidance on the process of modernization of the specified subsystems are common in most countries of the world, that is why we are not talking about their quality today. In terms of the development of effective informational and analytical support of management of public finance, it is important to provide continuous approximation of domestic budget accounting with IPSAS on the background of the achievement of maximum transparency and reliability. Solving of the last issue will contribute to the formation of the results of the subsystem of the budget accounting in generally-accepted and understandable form for the Western partners of Ukraine. And thus, it will contribute to further development of the investment climate in our country.

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