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ACCOUNTING AND ANALYTICAL ASPECTS OF INCOME ESTIMATION IN THE CORPORATE REPORTING SYSTEM OF ENTERPRISES OF UKRAINE AND JORDAN: COMPARATIVE ANALYSIS

УЧЕТНО-АНАЛИТИЧЕСКИЕ АСПЕКТЫ ОЦЕНКИ ДОХОДОВ В СИСТЕМЕ КОРПОРАТИВНОЙ ОТЧЕТНОСТИ ПРЕДПРИЯТИЙ УКРАИНЫ И ИОРДАНИИ: КОМПАРАТИВНЫЙ АНАЛИЗ

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In this paper, the problems of accounting and analytical estimation of income at enterprises of Ukraine and Jordan are considered in view of the efficiency of using the opportunities offered by international standards of financial reporting. It is shown that the widespread use of international financial reporting standards, being the basic system of income accounting and analysis in Jordan, plays a significant

role in establishing prerequisites for attracting foreign investments into the country, unification of financial statements of domestic enterprises, branches and representative offices of foreign companies, facilitating the perception of income information of enterprises for foreign users of this information. At the same time, for Ukraine, in which the transition to the international financial reporting standards was not fully implemented, there are also some difficulties in perceiving and comparing income statements drawn up using national and international standards, the experience of accounting and analytical activities of enterprises in Jordan is important, especially from the point of view of ensuring the institutional conditions for the wide introduction of the international accounting and reporting standards in the corporate sector. The characteristic features of income estimation in the corporate reporting system of enterprises of Ukraine and Jordan using the comparative analysis were reviewed, that found the need for application of a complex of measures and tools to stimulate the introduction of international standards and instruments from the world (including, Jordanian) experience in the accounting and analytical activity of Ukrainian enterprises. Particular attention is paid to the need to find scientifically based ways to provide management of enterprises with the highest possible satisfaction of the needs for objective, complete and timely information on the size and dynamics of company's income by types that are necessary for making sound and effective managerial decisions.

В данной статье рассмотрены проблемы учетно-аналитической оценки доходов на предприятиях Украины и Иордании учитывая эффективность использования возможностей, которые предлагают международные стандарты финансовой отчетности. Показано, что широкое применение международных стандартов финансовой отчетности, в Иордании является базовой системой учета и анализа доходов, играет значительную роль в становлении предпосылок привлечения иностранных инвестиций в страну, унификации финансовой отчетности отечественных предприятий, филиалов и представительств иностранных компаний, облегчая восприятие информации о доходах предприятия для иностранных потребителей этой информации. В то же время, в Украине, в которой переход на международные стандарты финансовой отчетности в полной мере не состоялся, также существуют определенные сложности в восприятии и сравнении отчетов о доходах, составленных по национальным и международным стандартам, опыт учетно-аналитической деятельности предприятий Иордании важен, особенно, с точки зрения обеспечения институциональных условий для широкого внедрения в корпоративном секторе международных стандартов учета и отчетности. Проанализированы характерные особенности оценки доходов в системе корпоративной отчетности предприятий Украины и Иордании с использованием сравнительного анализа, выявило потребность применения комплекса мер и инструментов стимулирования внедрения в учетно-аналитическую деятельность украинских предприятий международных стандартов и инструментария с мирового (в том числе, - иорданского, опыта). Особое внимание обращается на необходимость поиска научно-обоснованных путей обеспечения для руководства предприятий максимально полного удовлетворения потребностей в объективном, полноценном и своевременном информировании относительно величины и динамики доходов предприятия по видам, что необходимы для принятия обоснованных и эффективных управленческих решений.

Keywords: accounting, analysis, enterprise, income, international standards, corporate reporting, financial reporting, financial performance, Ukraine, Jordan

Ключевые слова: учет, анализ, предприятие, доходы, международные стандарты, корпоративная отчетность, финансовая отчетность, финансовые результаты, Украина, Иордания

PROBLEM STATEMENT

The need for continuous improvement of corporate accounting and analytical systems is due to the need to obtain the most complete and prompt information regarding the activities of the enterprise in order to make timely and effective management decisions regarding the

competitive activity of these enterprises in the modern dynamic conditions of their functioning and development [1, p. 117-118], determines the topicality of adaptation of accounting-and-analytical methodology and practices of Ukrainian enterprises to the functioning in terms of global information environment of the

investment, financial and capital markets. In view of this, the domestic corporate sector is implementing specific measures to increase the efficiency of its own accounting, monitoring and analysis systems using successful experiences from other countries [2; 3; 11].

This paper provides for comparative analysis of the accounting and analytical systems of Ukraine and Jordan, a country which is actively using international financial reporting standards in corporate practice, focusing on the fact that accounting and analytical activities of enterprises in this country should be as convenient and unified as possible with the activities of foreign companies and the practice of investors and owners who have chosen Jordan as the country of their own business.

The specific area that is the subject of comparison is companies' income accounting and analysis that is a defining aspect of performance of any company. Corporate sector generates revenues that may differently affect financial performance, this is why reasonableness of decisions in business management [14], and especially in the management of company's income, is closely linked to the efficiency and consistency of income accounting and analysis [8], systemic and qualitative representation of the company's performance in the financial statements [7].

These circumstances, along with the need to establish key areas of the development of accounting-and-analytical methodologies and practices in Ukraine on the basis of advanced international experience, identified topicality of the subject matter of this scientific paper, outlined its objective and scientific tasks to be addressed in achieving this objective.

REVIEW OF RECENT RESEARCHES

The modern science often selects income accounting and analysis of enterprises as the subject of research. In particular, this problem range is widely represented in the works of foreign researchers such as K. Ward, S. Kaplan, D. Norton and others. The issue of accounting and analytical support of the company's activity, especially in the context of harmonizing this support with international standards, its improvement on the basis of advanced world experience, is also quite actively covered in the works of Ukrainian authors, in particular, N.Ye. Bilynska, F.F. Butynets, M.A. Vakhrushyna, N.V. Valiebni-kova, S.F. Holov, Ye.V. Kaliuha, V.M. Kostiuhenko, H.H. Kireitsev, I.I. Pylypenko, V.M. Parkhomenko, A.A. Pylypenko, O.Yu. Redko, P.L. Suk, V.A. Tierekhova, O.H. Chepets, A.N. Shchemeleva, N.Z. Yatsyshyn.

The works of these researchers present the reviews of a scientific thought and their own scientific solutions and proposals by the authors concerning the creation of an effective system of financial performance accounting and analysis based on the balanced use of advanced international experience and the formation of a system of international standards acceptable to be applied in a particular country, taking into account the specifics of its accounting and analytical practices, traditions and history of its development.

In this context, it is reasonable to use the opportunities offered by the comparative analysis tools of the accounting and analytical systems of Ukraine and other countries that have implemented and actively use

international financial reporting standards in their corporate practice, in particular, Jordan.

In this regard, this paper **aims at** identifying and characterizing the problems and prerequisites for improving the efficiency of income accounting and analysis in the corporate reporting system of enterprises based on comparing the accounting and analytical experience of Ukraine and Jordan.

Achievement of this goal is related to solving the following tasks:

- Comparative analysis of the use of standards in the accounting and analytical practice of enterprises in Ukraine and Jordan;

- Determining priorities of the spread of international standards into the practice of Ukrainian corporate sector according to a typical model offered by the experience of other countries that actively use these standards and define them as basic (Jordan).

PRESENTATION OF THE MAIN RESEARCH MATERIAL

The notion of an accounting standard has arisen and has spread in the Anglo-Saxon countries (USA, UK), and it means a sample, a standard formulated by the national authorities regulating the accounting system, and representatives of science [7]. Accounting standards objectively cover issues related to the recognition of events and transactions, their measurement (estimation) and presentation of financial statements, as well as the indication of additional information in the notes and explanations.

Information provided in corporate reporting is primarily intended for capital providers, such as stock market investors, potential investors, lenders (banks) and other similar entities, such as investment funds. Thus, corporate reporting is being prepared in such a way as to satisfy the needs of a wide range of its users as fully as possible. In this context, it should be remembered that international standards use the so-called "balance-sheet approach", in which assets and liabilities are elements of income and expenditure that are treated as changes in assets and liabilities that lead to changes in equity.

Using international standards in the accounting and analytical practice of enterprises, one must remember that they are based on the principle of superiority of content over the legal form [5]. Their use means that, in certain situations, financial statements should reflect the real economic situation, rather than data derived from legal or accounting documents.

The main reasons for active standardization of financial reporting and spread of international accounting, analysis and financial reporting standards are the globalization of the world economy, the development of regional economic groups (EU, NAFTA, etc.), globalization of capital markets, emergence and development of transnational corporations, privatization processes in the world, the need for unification and comparability of financial information coming from enterprises [2; 12]. These reasons led to the introduction of a system based on International Financial Reporting Standards (IFRS) in Jordan as the basis of the financial reporting system. At the same time, Jordan has its own special zones with tax and business tax relief. Therefore,

the Jordanian government's selection of IFRS as a basis for accounting and analytical practices is fully justified, reasonable and, as practice shows, an effective step.

According to the Jordanian Companies Law No. 22 dated 1997, public joint stock companies, general partnerships, limited partnerships, limited liability companies, private equity companies and foreign companies operating in Jordan are required to prepare annual audited financial statements in accordance with IFRS [13]. The legal introduction of the domestic system of IFRS accounting into the practice of Jordanian corporate sector began almost simultaneously with the announcement of a similar process in Ukraine (in 1998, with the adoption of the "Program for the Reform of Accounting System Using IAS" by the Ukrainian government. However, at the moment, IFRS are very limitedly used in Ukrainian accounting and analytical practice.

It is supposed to make a comparative analysis of the accounting and analytical aspects of the income estimation by the corporations of Ukraine and Jordan in this paper on the basis of comparison of key areas of accounting and analytical activity characterized by its essence and content with respect to income as an object of accounting and analysis. To do this, it is suggested to compare the conceptual apparatus, approaches to the classification of revenues, the conditions for recognition of income which are included in the reporting, by key sources (production and sales of goods, provision of services, etc.).

Analyzing the experience of Jordanian corporations in the organization of income accounting and analysis based on IFRS and comparing it with Ukrainian experience, the disclosure of the essence of the concept of "income" in the Ukrainian and Jordanian methodological basis of financial and accounting should be first compared.

Thus, the definition of incomes in accordance with the Ukrainian standard - the Provision (Standard) of accounting (hereinafter - P(S)BO) 14 "Income" (dated 09.08.2013) is the following [10]: 'Income is an increase in assets or reduction in liabilities causing an increase in own capital (with the exception of capital growth due to the contributions of the participants of the enterprise), provided the reliable estimation of income'. According to this standard, '...incomings from other persons: the amount of value added tax, excise duties, other taxes and compulsory payments that are subject to transfer to the budget and extrabudgetary funds; incomings under a commission fee agreement, agency agreement and other similar agreement in favour of the principal, etc.; prepayment of products (goods, works, services); advance payment for products (goods, works, services); first installment as a deposit or a security of a loan repayment, unless otherwise provided for by the relevant agreement; incomings belonging to other persons; incomings from initial placement of securities; amount of the book value of the currency' shall not be recognized as income [10].

International Accounting Standard ("IAS" 18) "Income" [9; 15] defines the concept of "income" as '...gross incomings of economic benefits during the period arising in the ordinary course of business of the entity when equity capital increases as a result of this incomings rather than as a result of contributions from

equity holders'. Considering that the funds received on behalf of third parties (sales tax, taxes on goods and services and value added tax), as well as amounts received on behalf of the principal, which do not entail an increase in the equity of the enterprise, are not economical benefits and do not lead to an increase in equity, they are excluded from income.

Consequently, the essential characteristic of income in the Ukrainian national and international standards used in Jordan is close, almost identical, without fundamental differences. At the same time, with regard to the approach to income classification there are some principal differences (Figure 1). Thus, the international standards used by Jordanian enterprises are distinguished as a separate type, except for the proceeds from the sale of goods, proceeds from the provision of services, as well as interest, royalty, dividends, on the basis that these types of income originate from sources having certain specifics of accounting and analysis, which is substantially reflected on the terms of recognition of income data (which will be considered below). At the same time, in Ukrainian methodology and practice, incomes are allocated according to the types of activity of the enterprise, taking into account the specifics of operational, financial and other activities, which does not fully, in the author's opinion, meet the needs of accounting and analytical activities.

Therefore, it is appropriate to rely on the international experience in the development of accounting and analytical activities in Ukraine, involving a radical change in the approaches to accounting and analysis of income by type and will result not only in improving the perception of the financial statements of Ukrainian enterprises by foreign investors, but also more logical, reasoned presentation of the main types of corporate accounting and analytical activities regarding the recognition of incomes by specific types.

This is confirmed by the fact that, for example, the recognition of incomes from services in the Ukrainian national standard No. 15 is allocated in a separate area and provides that '...income associated with the provision of services is recognized based on the degree of completion of the transaction on the provision of services as of the date of the balance sheet, if the result of this transaction can be reliably estimated' [10], however, there is no place for this area in the system of classification of incomes. The procedure of recognition of income from services in Jordan practices based on international standards determines that the result of a transaction involving rendering of services that can be estimated reliably shall be considered as such income, and carried out by reference to the stage of completion of the transaction that exists as of the balance sheet date [9; 15].

In general, a comparison of the conditions of income recognition from service provision transactions in Ukraine (P(S) BO 14) and Jordan (IAS 18) is presented in Figure 2 and testifies to the practical identity of the approach to identifying the performance of the enterprise as an income from the provision of services.

At the same time, conditions for recognizing income from sales of products, goods, and other assets differ somewhat (Figure 3).

The differences are primarily in the form and description, and to a much lesser extent in the content of the basic provisions: the Jordanian methodology and practice of accounting and analytical activities outlines the conditions for recognition of incomes in greater details and specifies certain areas of accounting and analytical activities more profoundly. It is clear that the Ukrainian national standard contains provisions conditioned by the national features of accounting, control, analysis and drawing up financial statements. In this context, international standards not only represent the accumulated experience of different countries, including Jordan, but also affect the development of the Ukrainian accounting system, complementing its by advanced

foreign experience, stipulating the need for harmonization of the Ukrainian national regulatory framework.

So, if in Jordan, the implementation and operation of IAS is governed by a single law and regulations subordinate to it. In Ukraine, the problem is the need to subordinate international regulations and standards to the domestic ones, which so far are often incompatible with international practice. International standards of financial reporting in Ukraine are becoming parallel subsystem of accounting and analytical information used by a rather narrow circle of corporations (mainly with foreign capital and oriented towards working with foreign investors), however, there is no expected dynamic distribution of IFRS in Ukraine, especially at the level of medium and small enterprises [4].

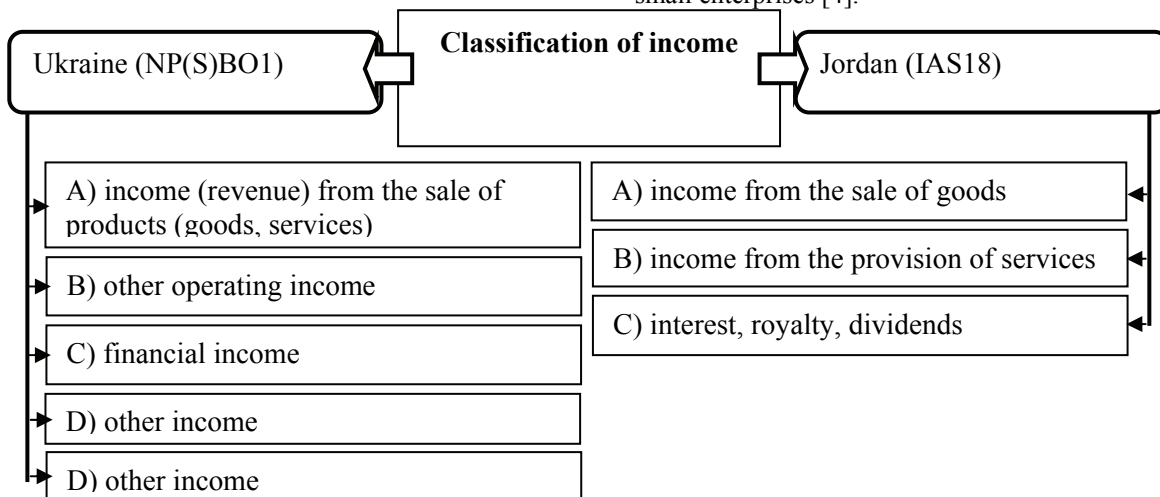


Figure 1. Comparison of income classification according to the standards in Ukraine (NP(S) BO 1) and Jordan (IAS 18) [composed by the author based on [9; 10; 13; 15]]

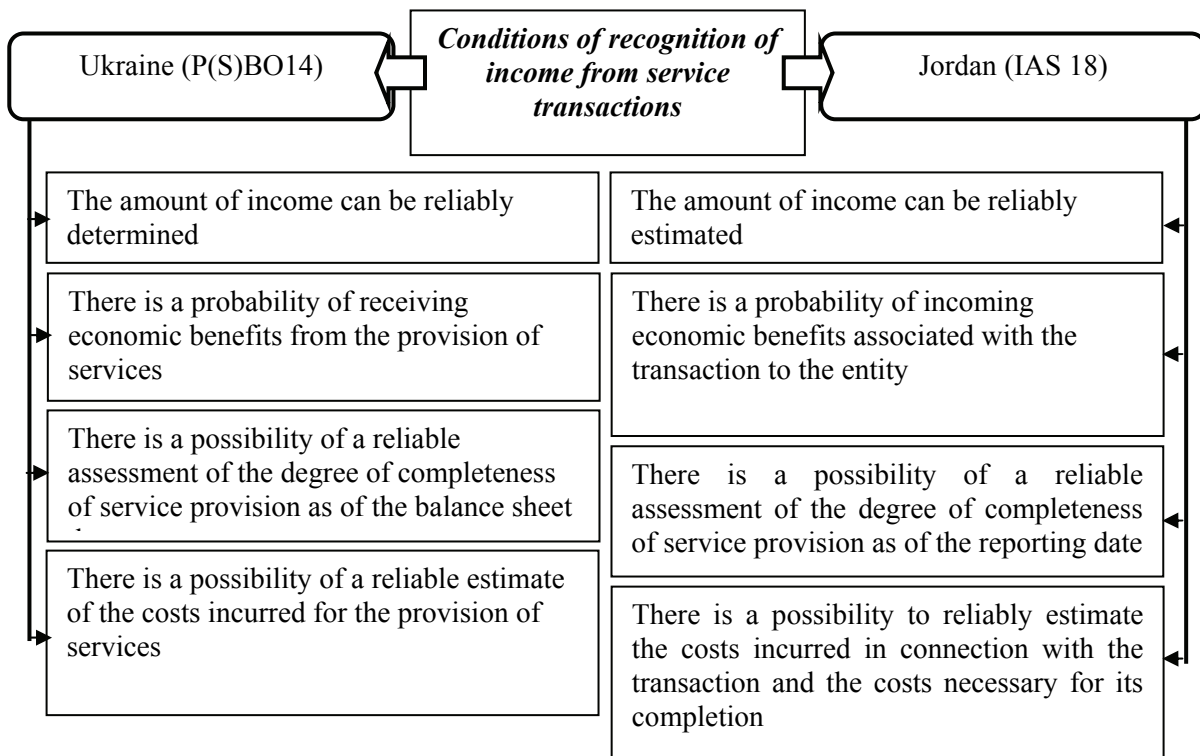


Figure 2. Comparison of the conditions of income recognition from service transactions in Ukraine (P(S)BO 14) and Jordan (IAS 18) [composed by the author based on [9; 10; 13; 15]]

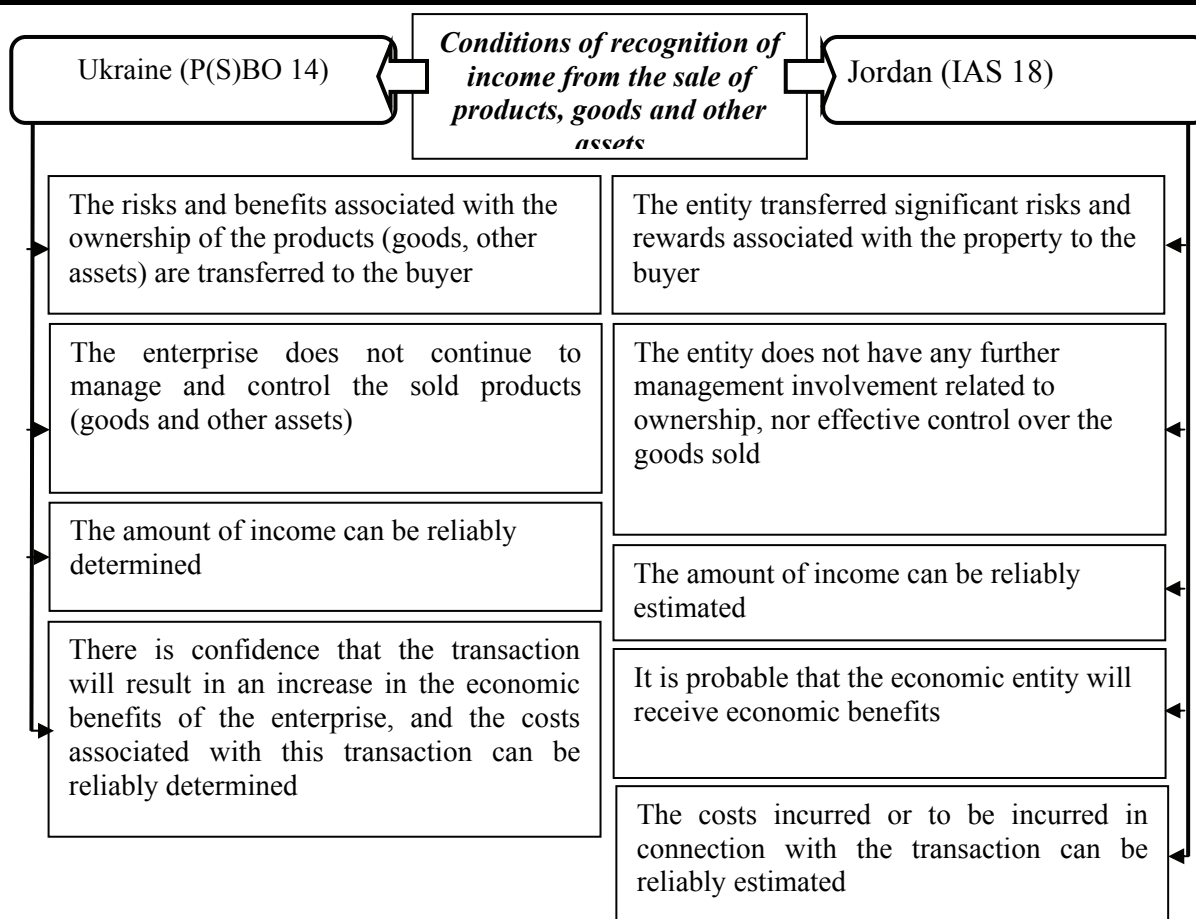


Figure 3. Comparison of conditions for recognition of income from sales of products, goods and other assets in Ukraine (P(S)BO 14) and Jordan (IAS 18) [composed by the author on the basis of [9; 10; 13; 15]]

The preconditions for activating this process are laid down in identifying the key benefits of applying IFRS in the practice of enterprises and recognizing these benefits at the state level and at the level of individual enterprises, in this context, the study of Jordan's experience is very important. The scientific community needs to outline the potential of additional opportunities for increasing the efficiency of doing business [6] in the process of applying international standards of accounting, income control and corporate reporting for Ukrainian enterprises.

The experience of the accounting and analytical activities of Jordanian companies regarding the activity of the auditor as a (relatively) independent figure in the accounting and analytical process may be interesting for Ukrainian practice: the auditors are elected for one year under the Jordanian law with the possibility of prolongation. This allows ensuring a professional approach to the process of drawing up reporting through the mandatory need to provide this process by qualified auditors [13]. The activities of the auditor are assessed and controlled by the company's shareholders, who at the annual general meeting decide on the appointment of a new auditor or renewal of the current authority.

The Jordanian Securities Commission requires all listed companies to submit a copy of their annual audited financial statements within 90 days of the end of the fiscal year, as well as the interim semi-annual financial statements within 30 days of the middle of the year.

The Companies Law requires compliance with internationally recognized accounting principles and standards from companies of all forms of ownership operating in Jordan, regardless of whether their securities are quoted or not in the securities market (as opposed to the EU). Consequently, all companies in Jordan are required to comply with the requirements of IFRS. For Jordanian small and medium-sized businesses there are no special rules regarding IFRS [13].

The widespread introduction of international standards in the accounting and analytical activities of the companies in Jordan is a successful attempt to form the country's competitive advantage in the international business environment, aimed at attracting foreign investment and foreign companies into the country due to the convenience and ease of doing business. This step is also important for Ukraine due to a certain similarity of the development problems of Ukraine and Jordan: a significant number of refugees from neighboring countries in Jordan and internally displaced persons in Ukraine in need of support; significant dependence on imports of energy resources and the threat of spread of military actions on the whole territory in both countries. For Ukraine, under these conditions, the openness of the economy to foreign investors, the convenience of doing their business, the ease of obtaining information on the activities of domestic enterprises that can be potential investment objects are extremely important factors of

competitiveness in the international business environment.

CONCLUSIONS AND PROSPECTS FOR FURTHER RESEARCH

This paper covers the possibilities of using world experience to substantiate the feasibility of active implementation of international standards in the accounting and analytical practice of Ukrainian enterprises. The basic research tool of this substantiation was a comparative analysis of accounting and analytical systems of Ukraine and Jordan, the country which has implemented and actively uses international standards of financial reporting in corporate practice. As a result, problems and preconditions for improving the efficiency of income accounting and analysis in the corporate reporting system of domestic enterprises were characterized on the basis of comparison of accounting and analytical experience of Ukraine and Jordan; the importance of using income classification according to international standards which is more reasonable and expedient for income accounting and control was noted; as well as the expediency of additional consideration of the possibility to introduce an independent auditor's institution in drawing up and confirming the quality of corporate reporting based on international standards.

The greater detailness and concreteness of the approaches and methods of assigning the performance of the enterprise to the incomes in the Jordanian accounting and analytical practice (based on international standards) than in Ukrainian one is emphasized. At the same time, particular attention should be paid to the need to find scientifically based ways to provide management of enterprises with the highest possible satisfaction of the needs for objective, complete and timely information on the size and dynamics of company's income by types that are necessary for making sound and effective managerial decisions, taking into account the domestic specifics, that is not prohibited by the introduction of the international standards which in general determine the principological and methodological basis with the possibility to supplement it with domestic justified groundworks.

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