

**Dovzhyk O.O.**

*PhD in Economics, Associate Professor at the Department of accounting and  
Taxation of the Sumy National Agrarian University, Ukraine*

## **THE AFFECT OF THE WORLD UNIVERSALIZATION ON ACCOUNTING IN UKRAINE**

The globalization is a phenomenon that takes place and covers almost all aspects of human life and activity. The globalization in the area of the economy and the society informatization influences all spheres of life and the development of all branches of knowledge. This is especially relevant for accounting, which in itself is an information model of an economic activity. The social and evolutionary changes, economic transformations, lack of ideas for further development of the accounting in Ukraine, the crisis of the modern accounting theory have caused the problem of discrepancy of the theoretical and methodological support of accounting development. The evolution of the world relations in the process of the globalization is one of the conditions for important changes both in the Ukrainian accounting and reporting system and in the accounting systems of other states.

The globalization is a new step in the development of the process of internationalization of economic, political, cultural, legal and other aspects of social life. It resulted in the interdependence of national societies which melted into a single holistic organism – modern community [1].

In the 1990s, the world became polarised when rich, well-developed countries formed the world's centre and the rest became peripheral. The first group includes the the Western European countries, USA and Canada. They are high-developed countries –both technologically and economically, with high life standards - they are called «golden billion» [2]. The peripheral countries are not able to reach the standards of the rich countries, because of the lack of the resources of the planet. The today's world is transitional. Due to ever-expanding economic activity, new models

of development will have to be found. People believe the new models should be based on the rejection of the unipolar world and the current Western neoliberal model of its globalization. This would transform the unipolar world into a multipolar one for the benefit of human beings.

The main difference between the IFRS and other national financial reporting standards is that the standardization does not provide the details of all financial accounting procedures and mechanisms. The main guidance in reporting is the general principles, not strict rules. It allows an accountant, to freely operate within the specified parameters. If we look at the system of generally accepted accounting principles which are used in the USA or the Regulations (standards) of accounting (P (C) BO) that are valid in Ukraine, we will notice that these forms of the financial standardization thoroughly regulate the order of accounting of most practical situations. Simply, the IFRS defines standards on the basis of principles, contrary to the P (C) BOs in the USA or Ukraine which sets the standards in accordance with clear rules. The IFRS reflects the real financial situation of a company, institution or authority.

According to the amendments made by the Law to the Law of Ukraine «On Accounting and Financial Reporting in Ukraine» the IFRS is used for preparation of financial statements and consolidated financial statements for public interest companies, public joint-stock companies, enterprises of national importance activities, as well as companies that conduct the economic activities of the types, listed by the Cabinet of Ministers of Ukraine.

One of the main methods of preparing the IFRS financial statements is transformation. Its main stages are: developing the accounting policy; choice of the functional currency and presentation currency; calculation of the initial balances; developing the transformation model; assessment of the corporate structure of an enterprise; determining features of an enterprise business, gathering information needed to calculate the transformation adjustments and regrouping financial statements by the national standards to the IFRS.

The globalization leads to increased competition worldwide. It deepens

specialization and division of labor with their inherent consequences - increased productivity and cost reductions. The domestic producers, are not motivated enough to introduce innovations. It enables foreign competitors to use the contradictions of the Ukrainian legislation to fight their competitors in the domestic market.

The development of civilization in the near future, including the field of economy, will be influenced by two qualitative complementary processes such as: globalization and digital revolution and standardization of the accounting rules. The main worldwide problem of standardization, including accounting, is now of the systemic nature. Yes, the qualitative improvement of interaction between the public and private parts of the system is connected with the informational improvement of the standardization for organization of effective accounting in Ukraine. There is a tendency in the world for an annual increase in the number of countries that use or encourage the use of the IFRS standards by the public companies to prepare financial statements. However, such the process is affected by the economic, political, legal and cultural factors. In the short term, the development of the accounting and reporting system in Ukraine should be expected to prevail over the process of applying the IFRS, the further harmonization of the NR(S)A with the requirements of the IFRS and the EU Directives, as well as the application of the simplified accounting and reporting system for the small companies.

#### References:

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