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DIRECTIONS OF ACCOUNTING TRANSFORMATION IN THE CONTEXT OF SUSTAINABLE DEVELOPMENT

Abstract. Modern requirements to the format of organization of accounting and the content of financial reporting are considered. The importance of sustainable accounting to support the economic, social and environmental development of the country is proved. The directions of transformation of accounting and financial reporting, provides a reliable reflection of environmental and social costs are determined.

Keywords. Accounting for sustainable development, environmental and social accounting, improving financial reporting, types of capital, social and environmental costs.

The current accounting and reporting system is unable to provide the full amount and reliability of information on social and environmental indicators, and significantly limits the use of this information. Recently, the most urgent problem for professionals in the accounting field is the issue of preparing reporting at the global level in the international format. The reasons for using in the preparation of reporting documents include the requirements of the owner, creditors, investors, auditors, legislation and the like. In an efficient economy there is a need to improve the principles and requirements for the organization of the accounting process, especially with regard to social and environmental costs, as well as the basic rules of accounting, providing the formation of an information basis for the creation of individual and systematic reporting [1, 2].

In modern conditions the importance of social and environmental security is manifested in the costs for the restoration and protection of the environment, the satisfaction of social security at a decent level, suggests the need to reflect these issues in the accounting. In this connection it is necessary to develop a system of formation of expenses on environmental protection and social security, cost indicators of interrelation of environment, social sphere and economy to estimate ecological and social factors. Real indicators of the state of the environment, obtained through monitoring, their comparison with the standards of environmental quality developed by scientists can constitute the information base for the development of the accounting system of sustainable development of the enterprise.

Accounting for sustainable development combines the results of environmental, social and accounting. This identification is carried out on the basis of the division of the following main types of capital: entrepreneurial, financial, human, social and

environmental. The results of the five capitals can be correlated and summarized into three types of accounting, embody the overall system of economic accounting for sustainable development of the enterprise (Fig. 1).

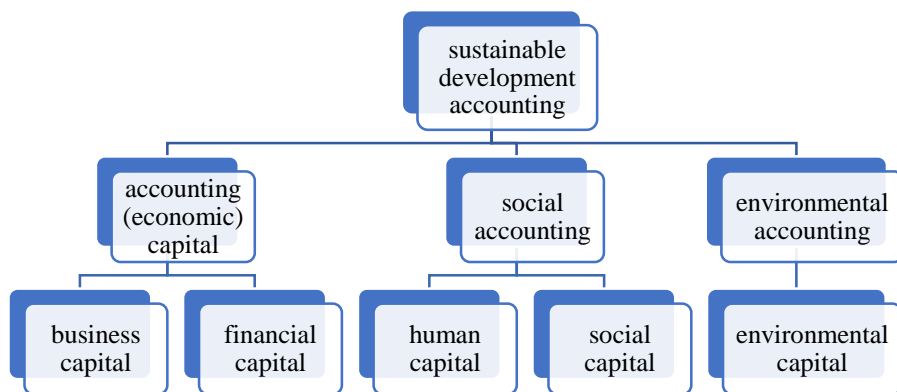


Fig. 1. Formation of sustainable development accounting information
Source: [3, 4]

The concept of the formation of information of sustainable development accounting is that such accounting, in contrast to the traditional financial accounting system, additionally provides the opportunity to obtain information that can be considered in three different dimensions:

- time of information formation;
- place of information formation;
- affiliation of the information [4].

Traditional accounting system does not take into account not only the social and environmental aspects of the formation of the general system of sustainable development accounting, but also the factors of the external impact of information. This concept of transition requires reconfiguration and adaptation, provides for the implementation of the following actions:

1. Transformation of the Statement of Financial Performance (Statement of Comprehensive Income), which will require additional information about costs and benefits related to economic, social and environmental activities.

2. Expansion of the typical classification by groups of income and expenses (profits and losses) to cover external losses and benefits to the environment, society and the economy, not accounted for by traditional accounting.

3. Expansion of the Balance Sheet (Statement of Financial Position) to include the full range of assets, including intangible assets such as brand value, human capital or reputation for sustainability, as well as hidden liabilities, including those associated with sustainability risks.

The implementation of the objectives will be helped by internal sustainability accounting, which is designed to detail the information generated by the existing

traditional accounting system and the re-presentation, by the elements of sustainability, of current costs associated with the relevant social and environmental revenues. It makes it possible to establish a link between hidden costs and benefits and financial efficiency for managerial and accounting decisions, because it is a component of the overall accounting system for sustainable development and a source of information for internal users, owners or management personnel.

External social and environmental performance of enterprises, as a rule, are reflected in non-financial indicators. It is still not practiced in the analysis of the reflection and the formation of reports on the external impact of enterprises (especially agricultural) on the environment. In contrast to the traditional principle of displaying information, sustainability accounting is becoming more common in the corporate world [3].

Conclusions. The role of accounting in the implementation of the Concept of Sustainable Development is seen as an approach that should help the management system to modernize corporate development, its autonomy, sustainability and responsibility. It serves a paramount function to ensure and support the economic, social and environmental directions of sustainable development in the country.

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