

СЕКЦІЯ 5
МІЖНАРОДНІ СТАНДАРТИ ТА ПРОБЛЕМИ УНІФІКАЦІЇ ОБЛІКУ,
АНАЛІЗУ І АУДИТУ

UDC 657

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CASH ORIENTED BUDGET ACCOUNTING

Ukrainian local governmental accounting regulations build on the Soviet tradition, which means that they are very detailed and control-oriented. The major intention of strong central regulation of accounting is to be able to control, and make comparisons and generalizations of accounting information easier for the central authorities (see e.g. Ash & Strittmatter, 1992). The accounting regulations which County have to follow regulate in detail what should be regarded as transactions, how they should be recorded and how these transactions should be handled in the accounts. In addition, the Ministry of Finance issues each year instructions regarding the form and structure of accounting statements. The chief accountant has a legal responsibility for conformance to all accounting norms. The accounting system in County can be characterized as budget accounting, i.e. accounting is considered as a tool which is used to control and monitor budget implementation. The book-keeping system has both actual and memorial accounts for that purpose. In this system, the budgeted amounts and actuals are compared to each other. The main objective of accounting is to control that payments made are not higher than appropriated and that all revenues are collected as planned.

Cash is, thus, in focus. Accruals are not recorded at county level, but can be found in the balance sheets of organizations financed by the county. When consolidated, the value at the end of the year for main balance sheet items is summed up and reported in a special statement; «Note on fixed assets and materials of organizations financed from the budget». In this sense, there is no comprehensive balance sheet.

Two main financial statements are prepared by the financial department of County monthly, quarterly and annually. These are considered to be important for the Ministry of Finance for statistical and control purposes. These are 1) the balance of budget implementation and 2) the statement of budget implementation. The balance of budget implementation includes the opening cash balance, this year's income and expenditures as well as the cash closing balance for the consolidated county (e.g. including accounts for the county and all its municipalities). The statement of budget implementation gives an overview of income and expenditures for the year. Income and expenditures are listed in details, according to the items of budget classification.

Each month these two statements are presented to the county's chamber of auditors for audit. Politicians do not read these statements, as one officer said in an interview. These reports are given to the representative council only when it is found necessary by members of the representative council. There are two exceptions to this rule, however. The first one is in situations when the budget is adjusted during the year.

The second one concerns reporting at the end of the year. Last year's accounting report is approved in the form of a county law. This annual report consists of five documents: 1) a proposal for the law concerning the accounting report, 2) the background for the approval of the law, 3) the statement of the budget implementation (only the statement showing income and expenditures are included; not the balance of budget implementation), 4) the enactment of the administration concerning the results of the budget implementation, and finally 5) conclusions of the legislative committee.

In the statement of the budget implementation (statement of income and expenditures), the Ukrainian concepts «income» and «expenditures» are used. However, these income items represent cash-inflows and these expenditures represent cash-outflows. The major elements are total income, total expenditure, excess of income over expenditures (or deficit) and specification of how the deficit is financed or excess of income over expenditures is used. In the statement, expenditures are classified according to specification given in the detailed accounting norms. The enactment of the administration gives different kinds of information, subtracted from the statement of budget implementation. The document describes how the budget has been implemented both in a static way (when actuals are compared with the budget) and in a dynamic way (when increase (decrease) in income and expenditures is considered in comparison with the subsequent year).

The conclusion of the legislative committee is prepared to secure that the law does not violate current national and local legislation. The accounting report including all these documents is presented personally by the governor who also writes introductory comments regarding the budget implementation.

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HARMONIZATION OF ACCOUNTING FOR GOODWILL: NATIONAL AND INTERNATIONAL LEVEL

There are different types of goodwill. Acquired goodwill is the goodwill generated due to acquisition. It can be positive (acquired price > net value of the