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CONCEPT OF ASSESSMENT OF ACCOUNTING OBJECTS AND THE INFORMATION DISPLAY IN ACCOUNTING AND FINANCIAL STATEMENTS

Abstract

Introduction. *The article describes the concept of valuation of assets, liabilities and capital, as well as the presentation of the information received in the accounting and financial statements.*

Methods. *Methods of structural and logical analysis, comparison and generalization of requirements of national and international accounting standards and current legislation are used in this article.*

Results. *The economic content of the assessment of objects at the reporting date as an important methodological tool of accounting is in-depth. The principal difference between the fundamental principle of accounting - monetary valuation and evaluation as a procedure performed for the purpose of obtaining the real (fair) value of the property of the enterprise as of the reporting date is set out. The expediency of using historical value in current accounting and fair value is substantiated - when the information about the property of the enterprise in the financial statements is displayed.*

It has been proved that the assessment as one of the fundamental principles of accounting and assessment as a procedure that is carried out in order to obtain the real (fair) value of the property, liabilities and capital of the enterprise as of the reporting date should be distinguished.

The expediency of using historical value in current accounting and fair value has been substantiated - when the information about the property of the enterprise in the financial statements is displayed. The assessment has been designated as the principle of accounting and as a procedure performed to establish the fair (fair) value of the property, liabilities and capital of the enterprise at the reporting date. To do this, the balance sheet proposes to reflect the results of their accounting for historical cost, and in the statement of financial position present information about the financial position, taking into account the fair value of assets, liabilities and equity as of the reporting date.

***Discussion.** The difference between the indicators of these reports is recommended to be presented in the notes, accordingly, it will provide interested parties with reliable information about the financial position and will give reasons to recognize the extent to which the revalued methods of revaluation of assets, liabilities, capital and management effectiveness are used.*

Keywords:** accounting, assessment, financial reporting, accounting principles, fair value, accounting procedure**.

Introduction.

At present, in the field of accounting, one should speak about the lag behind of theoretical developments from the needs of practice. This concerns assessment as one of the components of the accounting methodology. The lack of a unanimous approach of domestic scientists to the direction of improving the methodology of assessment necessitates the creation of a scientifically sound concept of accounting for the evaluation of accounting objects.

The issue of assessment in accounting is of a scientific nature and needs to be thoroughly developed, but the analysis of scientific papers shows a low interest of scientists in solving this issue.

As the professor V.F. Paliy correctly observes, conscious recognition of the shortcomings of the theory, its lag or mismatch with the needs of practice, the discussion of these problems by leading scholars testifies to an understanding of the crisis in theory and practice, which gives confidence in overcoming it. Constant scientific interest in accounting as the main information source of business processes, the study of the stages of its development and formation, even despite the ambiguity of views and diversity of scientists' hypotheses, gives a positive prediction that over time they will be systematized and reduced to common views on the problems of accounting theory, which will give a new impetus to the study of accounting as a discipline [1, p. 3-5].

Assessment is one of the most important categories of accounting, and therefore requires a thorough analysis and systematic approach as an important component of the accounting methodology as a whole.

Assessment is, undoubtedly, the main and determining element of accounting, although this opinion is not shared by all accountants. A.I. Gulyaev notes: "Assessment of parts of the property relates to the tasks of political economy and economic policy rather than to accountancy" [2]. However, in the twenty-first century, assessment was indeed the main task of accounting, its definition is not only the essence, but also the main (in time and complexity) part of the formation of reporting under IFRS. A number of International Financial Reporting Standards (IAS 39 Financial Instruments: Recognition and Measurement, IFRS 2 Share-based Payment, IFRS 13, Fair Value Measurement, etc.) are dedicated to the selection of assessment models.

Analysis of research and publications on the problem.

The importance of assessment in the study of accounting is undeniable, since it enables the analysis of property resources of the enterprise, helps in the formation of pricing policy. Therefore, the interest of scholars in the study of evaluation as an important economic concept is quite logical.

Many domestic scientists were engaged in solving problems in the assessment of accounting – N. M. Brasilii [3, p. 235-238], T. A. Hohol [4, p. 32-39], F. O. Zhuravka, O. V. Kravchenko, N.V. Ovcharova [5, p. 113-122], Z.-M. V. Zadorozhny [6, p. 163-169], M.V. Koriahin [7, p. 91-96], Y. D. Krupka [8, p. 166-167], L. G. Lovinska [9], N.M. Maliuga [10], V.V. Muravsky [11, p. 122-130], and foreign scientists – M.R. Matthews, M. Kh.-B. Perera [12], Y. V. Sokolov [13], C. T. Horngrin, J. Foster [14] and others. With an overview of the deepening of market relations in Ukraine, its integration into the world community, the development of accounting in accordance with international standards, the assessment remains the most controversial component of the accounting method and requires additional coverage and improvement, and especially in the part of domestic accounting legislation.

The perpose of the article is to improve and develop theoretical and methodological principles of assessment of objects of accounting in accordance with the requirements of a wide range of users of information in terms of ensuring all its qualitative characteristics. In order to achieve the purpose, the following task is defined and accomplished in the article: the feasibility of using different approaches to the assessment of assets, liabilities and capital in accounting and financial reporting has been theoretically substantiated.

Results.

Cost is one of the most important categories of social sciences, because it is it that determines the choice of the concept of accounting and is the main reason for the subjectivity of credentials. The assessment is endowed with great significance, since the assessment of property items of the balance allows to detect what the owner of the enterprise or managerwhat owns, uses, disposes of and allows to analyze the financial sustainability of the enterprise [15, c. 69].

The process of assessment of assets, liabilities and capital of business entities becomes of great importance. First of all, this is due to the fact that the assessment of property allows to establish what the economic entity disposes of, as well as the relationship between individual groups of property of the enterprise. With the help of the assessment it is possible, for example, to determine the completeness of the company's provision of fixed assets, other non-negotiable tangible assets, the amount of unnecessary funds, the degree of their depreciation. In the process of assessment of property items of the balance, their monetary value is determined.

In today's accounting, the assessment, as L.H.Lovinska maintains, is an integral part of the accounting methodology that provides measurement of the value of accounting objects, determination of criteria for recognition of assets, capital, liabilities, income and expenses, creation of qualitative characteristics of accounting information, information justification for assessing the effectiveness of management, financial condition and financial performance of business entities [9, p. 19]. The value of assessment in the modern accounting system is becoming increasingly important, since it is about ensuring the value measurement of accounting objects.

An assessment as an element of the accounting method allows to generalize and systematize information about the economic activity of an enterprise, to determine the value of objects that are subject to accounting. Since measurement of the value of objects of accounting is the main function of evaluation, such objects are assets, liabilities and expenses of economic activity.

An important stage of assessment is the identification of the subject of assessment, that is the subject to be assessed.

Assets, liabilities and capital of the company also require valuation. N.M. Maliuga states: "The assessment process is the procedure for assigning certain monetary values to objects of accounting, obtained in such a way that they can be used both aggregated and separately, depending on the situation" [10, p. 19].

Assets can only be recognized if there is a probability of obtaining future economic benefits associated with their use, and their valuation can be reliably determined. The correctness of their assessment and disclosure of such information in the financial statements will also depend on the effectiveness of the management decisions made on these assets.

The proper valuation of assets, liabilities and capital affects the informativity of financial statements, without which the correctness of management policy is impossible.The current accounting practices recognize two of the world's most widespread approaches to assessing the value of enterprise assets. The first is the objective (individual) assessment of the assets of the enterprise, its liabilities and equity, and the second - in the assessment of the aggregate value of assets (Figure 1). It is also called the business assessment or the assessment of the enterprise as a holistic property complex, which refers to an economic complex with a completed cycle of production (works, services).

While using object valuation of assets of an enterprise specific accounting methods of assessment are important:

- the assessment of objects is reflected in the accounting records, which rejects the value measurement of abstract economic categories;
- consideration of accounting objects within and outside the balance sheet, their direct assessment through special calculations, such as costing, estimated, planned and standardized;
- displaying the results of the assessment in the accounts and their subsequent balancing by the specified amounts;
- approach to the assessment in the context of "crediting to the balance sheet", "accounting on the balance sheet", "suspension of accounting on the balance sheet";
- the difference between the valuation of depreciated and non-amortized assets incurred in the reporting period.

Asset valuation	
objective (individual)	aggregate value of assets (business valuation)

Fig. 1. Approaches to the assessment of the assets of the enterprise
Source: Formed by the author.

In the balance sheet of any entity, the cash equivalent of the value of all available assets is shown. Methodological approaches to establishing their assessment are appropriately divided into three main types (Figure 2): income, expense and market. Each of these approaches, at the same time, may be detailed.

Methods of valuation of balance sheet items (statement of financial position)		
expense (at historic cost or amount of costs incurred)	market (at current market value)	profitable (discounting of cash flows)

Fig. 2. Approaches to the assessment of assets of the enterprise
Source: Formed by the author.

When using the method of assessment of balance sheet items at cost or by amount of expenses, it is necessary to distinguish between property values received from outside the enterprise and items created within the enterprise itself. Thus, assets purchased for a fee are valued at the actual cost of their acquisition, assets that are produced at an enterprise are valued at the cost of their production. The purchase value of the object will have value in the assessment in the first case, while in the second, the estimate is made at the cost of production (Fig. 3). Both types of assessment are accountable, since they allow to determine the value of property values according to accounting data.

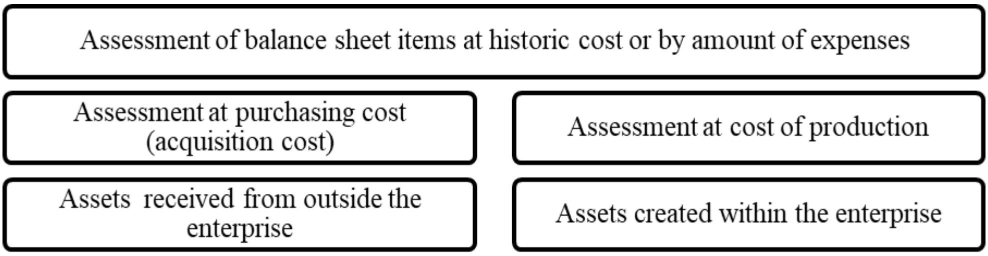

Fig. 3. Types of assessments of balance sheet at cost or cost amount
Source: Formed by the author.

The amount of cash or other assets used to purchase certain goods, works or services will be estimated at cost of acquisition. The benefits of estimating the cost of acquisition are that it represents the price of a real deal and can be verified. However, over time, the cost of a resource is influenced by various factors (improvement of new means, moral depreciation), which was not taken into account when evaluating the object at cost, which is in fact its defect.

Assessments at purchasing cost and cost of production are used in various cases. Thus, the assessment at purchasing cost is mainly applied at oil and gas industry enterprises, mainly to objects of non-negotiable tangible assets purchased from the supplier. Assessment at the cost of production - for objects of non-negotiable tangible assets created by the enterprise independently.

When establishing fair (market, modern) value, one should rely on the existing price of an object in current market conditions, not taking into account other accounting estimates reflected in the accounting if they do not correspond or contradict the factors of modern realities. Such indicators may be the latest market prices, sales (in those cases where the market does not provide sufficient guidance or data items are not quoted in the market) and restored prices (Figure 4).

Indicators of assessment for modern (market, fair) value			
market price	the price of the sale	the principle of lower prices	restored prices

Fig. 4. Types of assessment of balance sheet items at current cost
Source: Formed by the author.

Determining the fair market value of assets at this stage is the most controversial problem in accounting. International Financial Reporting Standards indicate that, as a rule, all business transactions are valued at their historical value. However, this type of assessment is not the only measurement method used.

In assessing the suitability of an asset, the property is reflected in the balance sheet not at the cost of its acquisition or production, but in the amount determined by the special commission, which includes assessment specialists who have studied the state of the property at a certain point in time (for example, the balance sheet date).

An assessment as a method of accounting is not the same when it comes to assessing the value of assets in the past, present and future. For management personnel of enterprises and external users of financial reporting, a real assessment of the value of assets is important. The choice of methods for such an assessment, achieving its credibility is an important task for the enterprise, although such an assessment is not a method of accounting.

The subject of accounting is economic activity, a concrete and continuous and interrelated reflection in the form of the movement of economic resources, their sources and economic processes. But the assets of the enterprise are rather heterogeneous, having different units of measurement in kind. To be able to bring various accounting objects to a single one, you need to use one meter - cash. Thus, it is necessary to evaluate in money. Therefore, assessment is one of the methods of accounting, and a single monetary meter is one of the main principles of accounting. The accounting of the real movement of economic assets is the subject of accounting, which is reflected in the accounts of accounting. However, information about the fair value of assets, liabilities and capital is required for users of financial statements, so information on balances in accounting accounts needs to be adjusted using a variety of valuation methods and, in our view, changes in estimates need not be reflected in accounting accounts that are not intended for this. Perhaps, for the accumulation of information on changes in estimates, separate accounts should be opened.

Taking into account the current requirements for financial information, it is expedient to interpret the content of the accounting accordingly (Fig. 5).

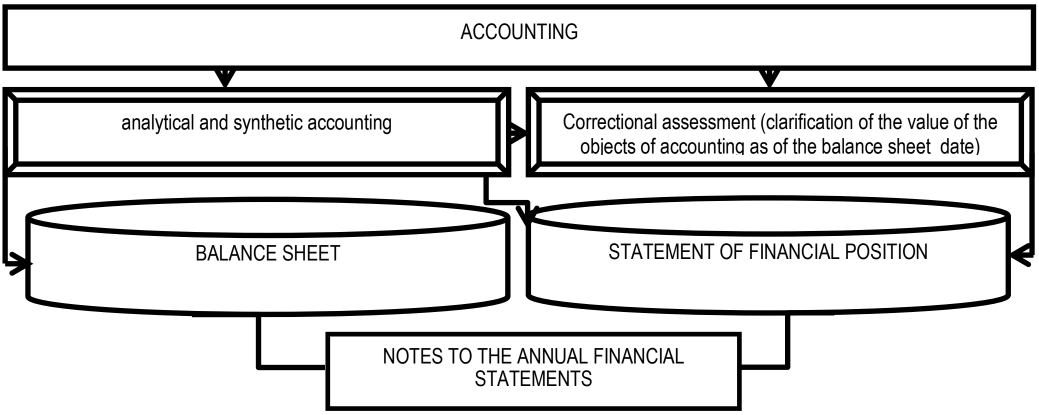

Fig. 5. The scheme of displaying objects in the financial statements, taking into account the adjustment of their assessment

Source: own development.

The substitution of both concepts - a single monetary value and the real value of the objects of the accounting (also an assessment) can lead to distortion of the accounting results, which is now happening.

Identifying the concepts of assessment as a method of accounting and valuation of assets, capital and liabilities as of the reporting date is the reason that one form of financial reporting is called a balance sheet, and a bracket is attached to the statement of financial position. In essence, there must be different forms of reporting. The balance sheet should reflect the accounting records, and the Financial Statements should include information about the financial position, taking into account the estimated value of assets, liabilities and equity as of the reporting date. The difference between the data of the balance sheet and the statement of financial position is appropriate to be disclosed in the notes to the annual financial statements. This approach will allow users to evaluate the degree of accuracy of corrective assessments, that is, the degree of confidence in the information contained in the report and to obtain a real result of the management's staff during the reporting period.

Discussion.

1. The results of the analysis of the content of the concept of "assessment" are as follows:

- it is a process of expressing economic values in a monetary form, which is carried out by a subject of economic activity or professional appraisers who have the authority;

- the assessment is an element of the accounting method and has a monetary value of the object evaluation;
- the purpose of the assessment is to express a view of the value or level of the value of the object of assessment;
- the methods of assessment depend on the goals and time of its conduct, the status of the object of assessment;
- information about the valuation is subject to disclosure in the financial statements;
- assessment results are used to meet the financial information reporting needs of users and they influence the adoption of management decisions.

2. In accounting practice, it is important to distinguish an assessment as one of the fundamental accounting principles and an assessment as a procedure for obtaining the real (fair) value of the property, liabilities and equity of the enterprise at the reporting date.To provide users with information on the fair value of assets, liabilities and equity, the balance sheet items as of the reporting date, as appropriate, should be revalued and the results presented in the statement of financial position. The difference between the data of the balance sheet and the statement of financial position should be disclosed in the notes. When transforming the balance sheet data into the statement of financial position various approaches to the assessment of reporting items may be used, however, it is important to decide on the economic feasibility of using one method or another.

3. During the process of reassessment of assets, liabilities and equity at the reporting date, the objectives of establishing the fair value of accounting objects are solved. At the same time, the validity of this value is questioned: the assessment in the process of exploitation and in the process of implementation have nothing in common. Real information on fair value is generated solely in the course of sales, which does not occur at the reporting date.

4. The use of diverse approaches to the assessment of assets, liabilities and capital indicates that there are no perfect methods of assessment. Not rarely, the price may not be directly related to the subject of assessment, but depends on various factors: the presence or absence of buyers for this object, their purchasing power, the degree of need of the object, its characteristics (whether it is fashionable or not fashionable in this moment). By the time that this item has been paid or transferred to him in accordance with the contract in which the specified price, real (fair) value can not be calculated. At the same time, business needs information about the real price of an object for each reporting date, which determines the need for its reassessment. Reassessment results are not expedient to be reflected in the accounts, but only in the statement of financial position that will enable them to preserve traditional accounting while at the same time meeting the requirements of users of financial information in terms of the real value of assets, liabilities and equity as of the reporting date.

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