

Research and Innovation

Conference proceedings

Yunona Publishing
New York, USA
2021

Yunona Publishing
New York, USA

Research and Innovation

Reviewers:

Andrej Udovč,

*Doctor of Economic Sciences, Professor of Economics, Head of the chair for agrometeorology, agricultural land management, economics and rural development
Biotechnical faculty, Univerza v Ljubljani (Slovenia)*

Nedelea Alexandru-Mircea,

Associate Professor Ph.D at Stefan cel Mare University of Suceava (Romania)

Science editor:

Svetlana Drobyazko,

*Doctor of Economics, Professor,
President of The European Academy of Sciences LTD, London, United Kingdom*

Research and Innovation: Conference proceedings. - Yunona Publishing, New York, USA, 2021. - 200 p.

CONTENT

NATIONAL ECONOMICS AND MANAGEMENT	4
Blendi Lami, Fatri Morina. GEOPOLITICAL ISSUES IN THE EUROPEAN REGION – CASE OF TURKEY.....	4
Emiliya Duneva. CENTRALIZED ELECTRONIC DATA INTERCHANGE SYSTEM (EDI) AND BUSINESS ITS IMPACT IN A PANDEMIC	15
Sergiy Kovalenko. CROSSBOUNDARY CLUSTER SYSTEM AS A FACTOR OF STRENGTHENING THE INNOVATIVE POTENTIAL OF THE UKRAINIAN ECONOMY	21
Anatolii Chynchyk. TAX POLICY AND ITS RELATIONSHIP WITH THE INDUSTRIAL STRUCTURE OF THE NATIONAL ECONOMY	26
WORLD ECONOMY	30
Balabin O. ECONOMIC SANCTIONS AGAINST RUSSIA (ANALYSIS OF THE RESULTS OF THEIR ACTIONS)	30
ENTERPRISES ECONOMICS AND MANAGEMENT	35
Daniela Tzvetkova. REASONS FOR INTERNATIONALIZATION OF BULGARIAN SMES.....	35
Jaroš J., Čorejová A., Šramová V., Hornická K. TYPES OF BATTERIES IN ELECTRIC VEHICLES.....	41
Jaroš J., Čorejová A., Šramová V., Hornická K. THE COMPATIBILITY OF CHARGING STATIONS FOR ELECTRIC VEHICLES	53
Jaroš J., Čorejová A., Šramová V., Hornická K. CURRENT STATE OF ELECTROMOBILITY IN SLOVAK REPUBLIC	66
Jaroš J., Jarošová J. FINANCIAL LEASING AGREEMENT IN TERMS OF VAT	76
PRODUCTIVE FORCES DEVELOPMENT AND REGIONAL ECONOMY.....	85
Volodymyr Vareschenko, Lidiia Karpenko. MODERN APPROACHES TO THE FORMATION OF THE MECHANISM OF INVESTMENT SUPPORT FOR INNOVATIVE DEVELOPMENT OF THE REGION	85
MONEY, FINANCE AND CREDIT.....	91
Arjeta Hallunovi. IS IT AUTOMATION AND IT REPLACING THE WORKFORCE?	91
Barbora Drugdová. THE COMMERCIAL INSURANCE MARKET IN THE SLOVAK REPUBLIC BEFORE PANDEMIC COVID - 19.....	102
ACCOUNTING, ANALYSIS AND AUDIT	107
Natalia Kashchena, Hanna Chmil, Hanna Verzilova, Igor Kononov, Andriy Lachkov. FACTORS FOR ENSURING THE QUALITY CHARACTERISTICS OF REPORTED FINANCIAL INFORMATION.....	107
Oksana Nesterenko, Angelica Krutova, Tetiana Staverska. TRANSPARENCY OF FINANCIAL REPORTING IN THE CONDITIONS OF MODERN INFORMATION TECHNOLOGY	112
STATE ADMINISTRATION, SELF-GOVERNMENT AND GOVERNMENT SERVICE.....	128
Evgen Zhivilo, Victor Nesterenko. VISION OF THE DEVELOPMENT OF EDUCATIONAL ACTIVITIES OF COMMUNICATIONS DEPARTMENTS OF HIGHER EDUCATIONAL INSTITUTIONS OF THE STATE SECURITY AND DEFENSE SECTOR IN THE TRAINING OF MILITARY SPECIALISTS AT THE EDUCATIONAL LEVEL “BACHELOR” (“MASTER”).....	128
Kobzev I.V., Kosenko V.V., Melnykov O.F. DIGITAL TRANSFORMATION OF PUBLIC ADMINISTRATION	137
MANAGEMENT	145
Gina Prodan. ARE ELECTRIC CARS REALLY GREENER?	145
PSYCHOLOGY, PEDAGOGY AND EDUCATION	151
Joana Taci, Ermelinda Kashahu. THE ASSIGNMENT OF CASE TO THE SUBJECT NOUN PHRASE OF THE ALBANIAN LANGUAGE	151
Idriz Metani, Sidita Danu. NAMES OF PEOPLE WITH ANIMAL WORLD NAMES IN ALBANIAN LANGUAGE	161
Yuri N. Arsenyev, Vladimir S. Minaev, Tatyana Yu. Davydova, Ksenia A. Morenova. INFORMATION MODELS AND HUMAN HEALTH	184
Lia Gachechiladze, Roman Samkharadze. DEVELOPMENT A TRAINING SYSTEM FOR TEACHING THE CALCULATING OF A FUNCTION’S DERIVATIVE.....	195

ACCOUNTING, ANALYSIS AND AUDIT

Natalia Kashchena,

PhD, Professor

Hanna Chmil,

PhD, Ass. Professor,

Hanna Verzilova,

PhD, Ass. Professor,

Igor Kononov,

PhD, Ass. Professor,

Andriy Lachkov,

PhD in Economics, Associate Professor

Kharkiv State University of Food Technology and Trade, Ukraine

FACTORS FOR ENSURING THE QUALITY CHARACTERISTICS OF REPORTED FINANCIAL INFORMATION

***Abstract.** The authors proposed to consider the quality of the company's financial information as an element of the common system that also includes the following components: product quality, labour quality, and management quality. They carried out the content-analysis of the definition of quality of financial and reporting information. They also developed a system of factors of ensuring qualitative features of reporting data, consisting of two groups: exogenous and endogenous factors. The authors considered directions for improvement of qualitative features of reporting financial data in conditions of levelling the asymmetry of reporting information.*

***Keywords:** financial reporting, information quality, accounting and analytical support, users.*

INTRODUCTION

In present-day conditions, financial reporting is an important prerequisite for organization efficient business relationship between the market participants. To become a real factor of business turnover, the information, included the enterprise's financial reporting should be distinguished by qualitative characteristics, and convey meanings, necessary for interested users. The qualitative characteristics of reporting financial information determine the usefulness of financial reporting for making decisions by different user groups and are the "estimation standards," confirming the usefulness of this information.

Quality is a sophisticated integrating notion. According to the definition of the International Organization for Standardization, the notion "quality" is referred to as a cluster of properties and specific attributes, product or service characteristics, giving them an ability to meet the specified or estimated needs (Onuorah, A. C., & Friday, I. O. (2016)).

In a market economy, the quality, characterizing the efficiency of financial and economic activities of public production entities, acts as the most important factor of investment attractiveness the enterprises. Herewith, the quality of financial information is considered as a component of the common quality system, which also includes the following components: product quality, labour quality, and management quality.

First of all, particular scientists (García-Meca, E., & García-Sánchez, I. M. (2018)) formulate qualitative characteristics of reporting (accounting and analytical), rather than financial, information. On the one hand, this may mean that they equate the notions of accounting and financial information, and, therefore, determine additional attributes, on the other hand – vice versa, they separate them.

Secondly, the researchers separately identify the requirements to accounting (financial) data or reporting itself (which, in our view, are vestiges of the Soviet accounting system), herewith, some – identify them as qualitative characteristics (Abbott, L. J., Daugherty, B., Parker, S., & Peters, G. F. (2016)), other, vice versa, highlight them (Mbobbo, M. E., & Ekpo, N. B. (2016)), although the range of requirements and characteristics, given by such authors, often coincides. It should be noted that requirements are imposed by users, but not to information, included in reporting, but to reporting itself, its format, and the methodology of compilation. And the information is the content, essence, nature of reporting, corresponding to certain attributes (characteristics) for the acquisition of usefulness.

Thirdly, there is an ambiguity of views in the scientific literature, regarding the list of the most qualitative characteristics. Thus, to the qualitative characteristics of accounting (financial) information, different authors attribute: reliability, timeliness, security, relevance, operability, integrity, completeness, accuracy, urgency, confidentiality, selectivity (Gros, M., Koch, S., & Wallek, C. (2017)); continuity, cyclicity, massiveness, significance, the complexity of calculation (Kantudu, AS, & Samaila, IA (2015)), openness, verifiability, accountability, neutrality (objectiveness), regulation, transparency, and completeness (Kamolsakulchai, M. (2015)). Sometimes, as a part of the characteristics, one enlists separately its components (Chu, L., Dai, J., & Zhang, P. (2018)).

RESULTS

The quality of information, reflected by financial reporting, depends on a number of exogenous and endogenous factors (Figure 1). This division, in some sense, is conventional, but it helps to present the structure and functioning of the mechanism for ensuring the quality characteristics of the reported financial information of the enterprises. The improvement of quality of financial reporting resides in reduction (or elimination) of the negative and enhancement of positive effects of these factors.

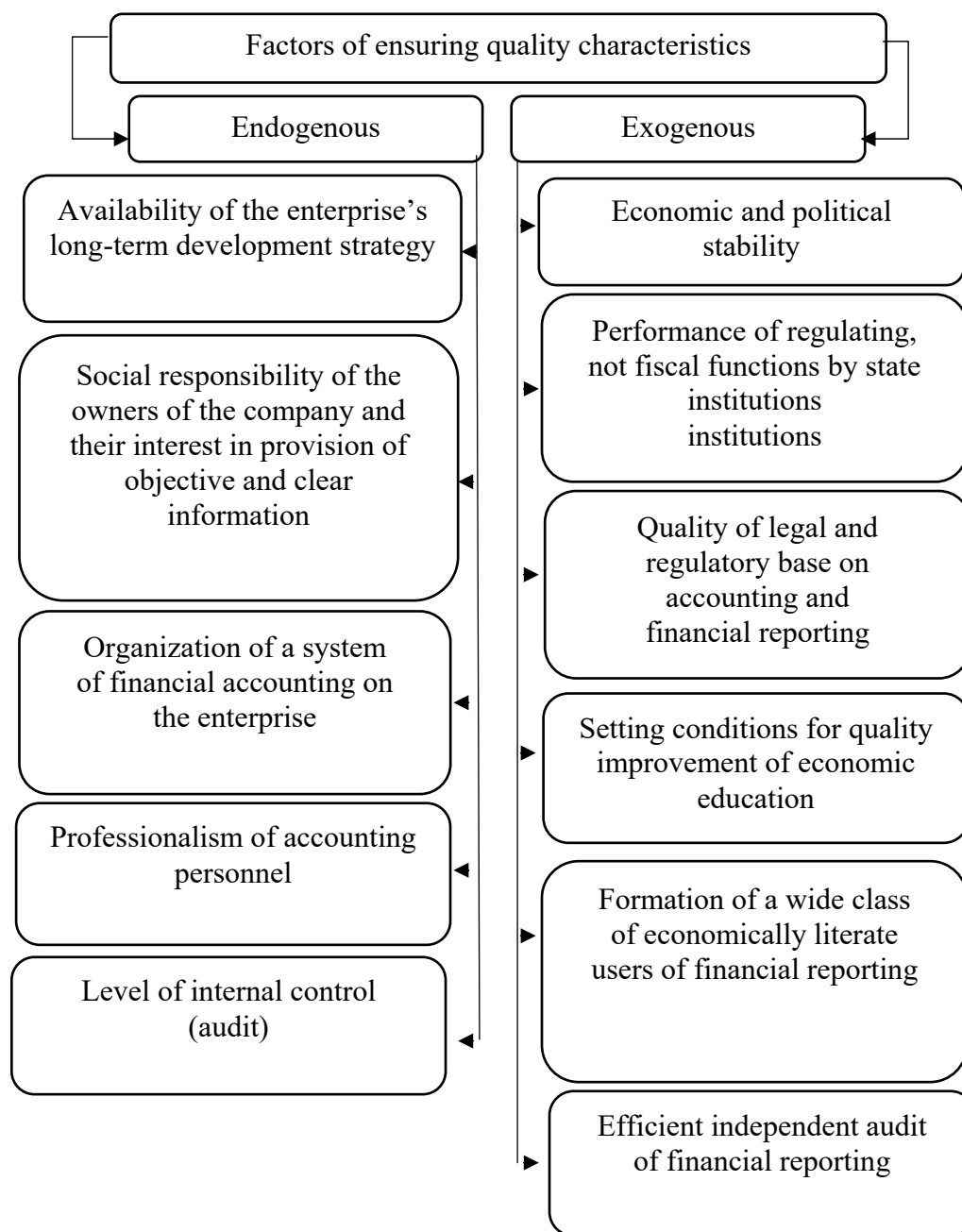


Fig. 1. Factors of ensuring quality characteristics of reported financial information (systematized by the author)

The solution of problems, related to the influence of external factors belongs to the area of competence and powers of state bodies. The responsibility for the enhancement of internal factors is laid on the owners and business managers. At the same time, it is important to solve the specified tasks with consideration of a close relationship between the external and internal factors.

To effectively solve the problem, it is necessary to eliminate the reluctance of state bodies to more actively involve a professional community to the participation in the creation of a regulatory framework on accounting and financial reporting. The business owners and managers, in their turn, are forever interested in the improvement of the quality and transparency of the reporting procedure.

Despite the importance of the influence of all above-mentioned factors, the provision of quality characteristics of reported financial information, the article proposes to consider issues, related to the nature and qualifications of the modern accountant, and the trends in the accounting profession and education.

Since financial accounting is often the only relevant and credible information, an accountant should be able to hold a rational, well-ordered, objective, and clear analysis and deliver verdicts even on the basis of insufficient information.

The variability of accounting methods and procedures, the shift away from the rigid prescriptions for selecting methods and procedures, the appearance of fundamentally new accounting categories and objects, the need for consideration of the risk factors, and the ambiguity of estimates require broad-based economic knowledge, related, in its turn, to the need for the application of professional judgment of a person, which prepares financial accounting.

While in the Western practice (in particular, the countries belonging to the Anglo-American accounting system) professional judgment plays a vital role, in the theory of domestic accounting, this notion is a fairly new phenomenon, the need for application of which is not fully understood by practitioners. This situation is due to the fact that the system of accounting and reporting (especially the one regarding taxation), existing for a relatively long period of time, has taught accountants to strictly follow the instructions and recommendations, specified by regulatory and supervisory authorities.

CONCLUSIONS

To improve the quality of formation of financial accounting, one offers a mixed model for regulation of the accounting and financial reporting system through the interaction of state bodies with professional social organizations. This includes a transfer of functions of draft regulations development and methodological support for the application of IFRS to a non-profit professional body, and enhancement of state's authorities in determining the strategies for development of accounting and financial reporting; approval of normative legal acts and performance of control functions upon the implementation of their regulations.

Summing up, one should mention that an important place among the primary factors, ensuring quality characteristics of financial accounting belongs to advanced training of accounting professionals and transformation of the norms of professional ethics into everyday behavioural rules. The need for compliance with the diligence norms (objectivity and ethics of accounting) will become the key engine for the gradual acquisition of a wider spectrum of powers by the finance managers and accountants to improve efficiency of the enterprise's activity and its financial accounting.

References

- Abbott, L. J., Daugherty, B., Parker, S., & Peters, G. F. (2016). Internal audit quality and financial reporting quality: The joint importance of independence and competence. *Journal of Accounting Research*, 54(1), 3-40.
- Chu, L., Dai, J., & Zhang, P. (2018). Auditor tenure and quality of financial reporting. *Journal of Accounting, Auditing & Finance*, 33(4), 528-554.
- García-Meca, E., & García-Sánchez, I. M. (2018). Does managerial ability influence the quality of financial reporting?. *European Management Journal*, 36(4), 544-557.
- Gros, M., Koch, S., & Wallek, C. (2017). Internal audit function quality and financial reporting: results of a survey on German listed companies. *Journal of Management & Governance*, 21(2), 291-329.
- Kamolsakulchai, M. (2015). The impact of the audit committee effectiveness and audit quality on financial reporting quality of listed company in stocks exchange of Thailand. *Review of Integrative Business and Economics Research*, 4(2), 328.
- Kantudu, A. S., & Samaila, I. A. (2015). Board Characteristics, Independent Audit Committee and Financial Reporting Quality of Oil Marketing Firms: Evidence from Nigeria. *Journal of Finance, Accounting & Management*, 6(2).
- Mbobu, M. E., & Ekpo, N. B. (2016). Operationalising the qualitative characteristics of financial reporting. *International Journal of Finance and Accounting*, 5(4), 184-192.
- Onuorah, A. C., & Friday, I. O. (2016). Corporate governance and financial reporting quality in selected Nigerian company. *International Journal of Management Science and Business Administration*, 2(3), 7-16.

Research and Innovation

Conference proceedings

© 2021 The Authors.

Published by
Yunona Publishing, New York, USA

This is an open access articles under the CC BY license
(<http://creativecommons.org/licenses/by/4.0/>).

ISBN 978-0-9860467-9-8