

FORMULATION OF THE ACCOUNTING POLICY OF A COMMERCIAL BANK

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Activities of domestic banking institutions in the context of the financial crisis put special requirements to the management of banking institutions, in particular, to the information base of bank management. The accounting information is the basis for the operational management and the basis for the formation of a strategy and tactics of the bank's development in the future. Each bank defines its own organizational, methodological, and technical aspects of the formation of accounting information by developing and implementing its own accounting policy. Thus, the bank's accounting policy affects the qualitative characteristics of accounting information and, accordingly, the quality of managerial decisions that are made by users of reporting.

A concept "accounting policy" was officially introduced in November 1974 in the international accounting practice, in connection with the adoption, and from 01.01.1975 – the entry into force of International Accounting Standard № 1 "Disclosure of Accounting Policy". In Ukraine, the concept of "accounting policy" appeared in the accounting terminology in the early 90's of the XX century as a result of the translation of International Accounting Standards. The need for this was due to the refusal of Ukraine from the strict state regulation of financial reporting and the introduction of national accounting provisions (standards) adequate to international ones.

Today scientific discussions about the appropriateness of a single accounting policy and reporting for the needs of enterprise management are continuing. Opinions of

scientists on this issue are sometimes fundamentally opposed: from the recognition of their necessity to complete denial. However, one can already observe how the processes of preparation of accounting policies, reporting, and internal control are being activated. Management realized that an information system serving external user requests should be relieved when the management of the institutions is experiencing an increasingly pressing need for additional information, including that of the planned nature, prepared specifically for solving managerial problems associated with the introduction of an integrated accounting system.

The financial statements of a banking institution are formed on a historical cost basis, except for accounting for property, which is carried at revalued cost in accordance with the requirements of IAS 16 "Property, Plant, and Equipment", and the valuation of certain financial instruments in accordance with IAS 39 "Financial Instruments: Recognition and Measurement", as well as the collateral, in accordance with IAS 2 "Stocks", which are reported by smaller of two variables: cost and net realizable value.

As a part of the compilation and presentation of accounting by elements of accounting policies, there can be as separate variants of decisions and their combinations (regulated within the framework of the state accounting regulation), as well as decisions of regulatory nature, produced by the institution on its own (recognition of impairment of financial assets of the bank, the effect of changes in exchange rates on monetary articles of the bank balance, determination of influence of

inflation rate on indicators of financial statements of the institution).

Today, accounting policy is an integral part of a bank management system that is formed in accordance with the directions of its activities. The grouping of the organizational, methodological, and technical aspects of accounting policy will enable bank institution to optimize the structure of

the Regulation on Accounting Policy and clearly delineate the rights and obligations of individual participants in the accounting process. When forming the accounting policy of the bank, management should take into account the influence of external factors, in particular, socio-economic conditions and trends in the economy of Ukraine and the world.