

ACCOUNTING, ANALYSIS AND AUDIT

National accounting system: meaning, formation and factors affecting it**Grytsaj O.I.**PhD, Associate Professor of Accounting and Analysis Department
Lviv Polytechnic National University

One of the necessary conditions for the approximation of Ukraine's economy into the world community is the accounting system reforming in accordance with the international standards. The influence of certain factors on the accounting system functioning has increased in different periods of the social development. Under current conditions, it is urgent to define the development tendencies of the national accounting system, its regulation, and improvement taking into consideration the objective factors determining the national characteristics and the general principles of the economic activity of the business entities.

We mean by the accounting system the totality of methodological, methodical and organizational support aimed at the regulation of the accounting of the business entities. The national accounting system is organizational in nature and is directed on the accounting regulation.

Consideration of the regulatory framework indicates the absence of the "national accounting system" term in the domestic legislation. This term is often used in the scientific literature to highlight the peculiarities of the accounting in terms of its methodology, methods, and organization in different countries. The international accounting system is connected with the processes of the accounting standardization aimed at allocating the similarities in the various accounting systems and searching for common conceptual frameworks for financial reporting.

National accounting systems are influenced by the following factors: state structure, legislation, financial and credit policy, tax system, international events, performance of the economy, internal and foreign policy, technological development, activities of the professional associations in the accounting field, social and cultural factors, education system, etc.

The national accounting system in Ukraine is based on the Law of Ukraine On Accounting and Financial Reporting in Ukraine, regulatory legal acts (provisions (standards) of accounting), methodical recommendations, and instructions for keeping records of separate transactions and accounting registers.

Practice shows that the adoption and use of the international financial reporting standards in practical activities of business entities provide either risk mitigation to lenders and investors or cost cutting of each country on developing its own standards; the deepening of the international cooperation in the accounting field; a relatively clear perception of the financial statements and boost in confidence towards its variables worldwide. International financial reporting standards in Ukraine are used by enterprises that plan to enter the international stock markets, or want to obtain a bank loan that requires reporting according to these standards, or whose investors are interested in the preparation of such reporting.

The accounting system of the business entity is subject to the national accounting

system. Indeed, at the national level, it is created and introduced legal, methodological and methodical support of accounting and recognition of the industry characteristics, as well as the specifics of certain types of activities, occur within each national system.

Thus, the national accounting system consists of the accounting subsystems due to the peculiarities of the activities of the various business entities: either small and medium-sized enterprises or public sector entities, or corporation.