



JEL M16, M41

INNOVATIVE ACCOUNTING PROCEDURES FOR FOREIGN BUSINESS TRANSACTIONS

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Abstract — The paper discusses essence of foreign business transactions, reveals special risks, that accompany transactions with foreign cash and grounds special accounting procedures to manage foreign cash exchange risks and non favorable changes.

Key Terms — Accounting, accounting procedures, foreign business transactions, foreign currency.

Globalization processes of economic, financial, political and social relations have led to the creation of world market without national boundaries. Creation of mixed-capital enterprises, attraction of foreign loans and investments, expansion of transnational corporations - all these processes require deep understanding and accurate presentation of information on foreign economic operations of a company. Wide implementation of foreign economic activity by domestic enterprises reflects the process of Ukraine's integration into the international economic environment. Effective international business contributes to economic growth, rational use of resources, improvement of technologies and enrichment of the consumer goods market. Foreign economic activity with all its problems and contradictions has become a peculiar benchmark of market changes, and therefore the study of its essence invokes considerable scientific and practical interest.

The work of many scholars, in particular, L. I. Babi, N. P. Bukreyeva, V. T. Wenzel, L. I. Zhideyeva, G. Yu. Koblianskaya, T. V. Kozhukhova, Yu. A. Kuzminskii, N. V. Fedkevich, D. M. Chirka, is devoted to the development of theoretical and methodological

approaches to the accounting and analysis of foreign economic operations in accordance with the current national legislation. But the constant changes in the regulatory framework and the development of technology for the implementation of operations on the world market require an appropriate evolution of accounting and analytical mechanisms. Thus, the paper's purpose is the development and substantiation of innovative accounting procedures that accompany foreign economic operations and minimize financial risks during their implementation.

The legislation provides for fourteen types of foreign economic activities that can be carried out by economic entities. The most common are export and import of goods and services, which, according to estimates, account for about 80% of the total structure of foreign economic activity.

Proceeding from the tasks, which put the subjects of management of the enterprise into the accounting, the main forms of foreign economic activity depending on the level of interest in the results of cooperation with foreign partners and the level of attraction of resources includes: foreign trade (export and import), forms of foreign economic activity with an average level attraction of resources (international financial transactions, credit and lease transactions, operations on acquisition, sale and exchange of currency, etc.) and forms of foreign economic activity with resource investments (subsidiary, own economic activity). Ensuring the preservation of the owner's property and the calculation of financial performance are the main criteria for the division of forms of foreign economic activity.

One of the ways of minimizing financial risks is the inclusion in the terms of the agreement,



which according to the Ukrainian legislation is necessarily made in writing, the protective clauses provided by the Resolution of the Cabinet of Ministers of Ukraine and the National Bank of Ukraine "On Typical Payment Terms of Foreign Economic Contracts (Contracts) and Typical Shapes reservations to foreign economic agreements (contracts), which provide for settlements in foreign currency", namely currency-price warnings.

Currency-price reservations apply to foreign economic contracts, if the currency of the price differs from the currency of payment or the price of the goods depends on the rate of another currency. The use of such clauses is appropriate only in those contracts, which provide for a full or partial subsequent payment. In such contracts, in the case of export transactions, the use of currency-price clauses will affect the amount of revenue and receivables, which is a monetary item in accordance with P (C) BO 21 "Effects of changes in foreign exchange rates" [4]. All of the aforementioned objects of accounting will require adjustment of their valuation in both foreign and national currency, which is not regulated either by the accounting law or by the taxation legislation.

Considering cases of export operations with the use of currency-price clauses:

the revenue from sale of goods and services should be reflected in the accounting and taxation on the date of transfer of ownership to the foreign buyer at the official exchange rate of the price, as the price currency is used in shipping documents;

receivables until the moment of receipt of cash for sold assets should be evaluated according to the shipment documents with the subsequent recording of the exchange rate difference;

on the date of receipt of cash for repayment of receivables in foreign currency, it is necessary to recognize the exchange difference between the amount of receivables at the rate at the time of recognition of revenue and the amount of cash received from a foreign buyer. In accordance with the Instruction on the procedure for control of export, import operations [2], if, in accordance with the terms of the agreement, the currency of payment

differs from the currency of the price, the bank, in order to control the completeness of settlements for this transaction, uses the terms of the contract provided for in the contract to transfer the currency of the price to the currency of payment. In this regard, it is expedient to allocate a separate sub-account in the composition of other operating expenses and other operational revenue, which should reflect the difference between the amount of payment transferred at the official rate on the date of its receipt and the amount of receivables on the date of its last recalculation in correspondence with an account on which the corresponding receivables are shown. If, as a result of the application of currency and price discounts, the currency of the price and the currency of the calculation coincide, but the price of the product is dependent on the rate of another currency, cash receipts are made in an amount that may differ from the amount of debt shown on the date of shipment. Amount of excess of received funds over the amount of receivables in foreign currency, revalued in UAH at the official rate.

On the date of receipt of funds and display on a separate subaccount in other operating revenue. The amount of excess of receivables over the amount of funds received in foreign currency is revalued in UAH at the official rate on the date of receipt of funds and displayed on a separate subaccount in other operating expenses.

When considering cases of import operations with the use of currency-price clauses:

the value of imported assets should be reflected in accounting and taxation at the date of receipt of title to such an asset at the official rate at that date applied to the contract price;

accounts payable to the moment of payment of cash for assets received from abroad (works, services) should be evaluated according to the documents on the date of posting (provision of services, performance of works) with the subsequent translation of the exchange difference on the last day of the reporting period using the currency of the price;

on the date of payment of cash on account of repayment of receivables in foreign currency if, as a result of the application of currency and price discounts, the currency of the price and



currency of settlement are different, the transfer of cash is carried out in the currency of calculation. In this regard, it is advisable to allocate a separate sub-account in the composition of other operating expenses and other operating revenue, which should reflect the difference between the amount of payment, recalculated at the official exchange rate at the date of payment, and the amount of payables at the date of its last recalculation in correspondence with an account showing the corresponding payables. If, as a result of the application of currency and price discounts, the currency of the price and currency of the calculation coincide, but the price of the product is dependent on the rate of another currency, cash payments are made in an amount that may differ from the amount of debt recorded on the date of receipt of the imported objects. In case if the amount of paid-in funds in foreign currency exceeds the amount of payables, it is necessary to calculate the exchange rate difference on the amount of accounts payable in accordance with the provisions of P (C) BO 21 [4]. The amount of excess of the transferred funds over the amount of accounts payable in foreign currency should be re-valued in UAH for the official exchange rate on the date of payment and be displayed on a separate subaccount in other operating expenses. In case if the amount of paid-in funds in foreign currency is less than the amount of accounts payable, it is expedient to calculate the exchange difference on the size of accounts payable, in terms of the funds received. The amount of excess payables over the amount of funds paid in foreign currency should be reevaluated in UAH at the official rate at the date of payment and displayed on a separate subaccount in other operating revenue.

Thus, it can be noted that there are certain differences between the legislation on currency regulation, taxation and accounting. As in the practice of export-import operations, entities primarily use normative documents on currency regulation, customs clearance and taxation of such transactions, a number of opportunities provided by these same regulatory documents are not used, since they are uncoordinated among themselves. Accordingly, such questions can be raised only at the theoretical level, when

the benefits of using such a method can be justified in theory and taken into account in practical activity. One of these unsettled issues is the use of currency-price clauses in export-import contracts, their impact on the amount of cash receipts and contract payments, and the reflection of such operations in the accounting system, which is the basis for further analysis of the effectiveness of such actions and risk assessment. The proposed method takes into account features of valuation of transactions in foreign currency that are carried out in accordance with the above-mentioned foreign economic agreements (contracts) and corresponds to the norms of the current legislation in the field of currency regulation and accounting.

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Manuscript received 07 February 2018.

Published as submitted by the author(s).

