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GENESIS OF ACCOUNTING SYSTEMS

Introduction. Globalization of the economy requires the use of generally accepted business management tools in the conditions of an economy without borders. The trend of recent decades is the gradual approximation of existing national accounting systems and models to international standards.

Problem. It is important to outline the current bounds of existing accounting systems, to investigate the objective way of their genesis in order to predict general trends in the interests of economic entities and regulatory institutions.

The aim of the article is to clarify the essence of accounting systems in their evolution in order to identify the most important parameters, the classification of which would be the most universal and objective for the harmonization of accounting systems.

ГЕНЕЗИС СИСТЕМ БУХГАЛТЕРСЬКОГО ОБЛІКУ

Вступ. Глобалізація економіки потребує використання загальноприйнятих інструментів управління бізнесом в умовах економіки без кордонів. Тенденцією останніх десятиліть є поступове наближення існуючих національних систем і моделей бухгалтерського обліку до міжнародних стандартів.

Проблема. Важливо окреслити сучасні межі існуючих облікових систем, дослідити об'єктивний шлях їх генезису для прогнозування загальних трендів в інтересах суб'єктів економіки і регулюючих інституцій.

Метою статті є з'ясування сутності облікових систем в їх еволюції з метою виявлення найважливіших параметрів, класифікація яких була б найбільш універсальною та об'єктивною для гармонізації бухгалтерського обліку.

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Methods. General scientific methods of cognition are used – theoretical generalization, comparative analysis and synthesis for processing factual information, induction and deduction.

Results. The practical effect of accounting systems classification is to promote the development and harmonization of national accounting systems, help in the professional training of accountants and auditors who will be able to perform their work more efficiently both within a certain country and at the international (global) level.

Conclusions. The legal system of countries and their economic parameters are the main factors that are based on the vast majority of the studied classification of accounting systems and models. Economic factors, in turn, are indirectly determined by the level of education in the state and international relations, while correlating with the legal component. Other factors, despite their importance, are mostly not dominant.

At the same time, the dominance of the accounting system, which is based on the principles of full coverage and fair disclosure of information, is growing on a global scale. The International Financial Reporting Standards (IFRS), which affect the accounting infrastructure of most countries, are built on its basic architecture.

Keywords: national accounting systems, globalization, micro-level, macro-level, harmonization of accounting and financial reporting.

Jel Classification: M41

Методи. Використано загальнонаукові методи пізнання – теоретичного узагальнення, порівняльного аналізу та синтезу для обробки фактичної інформації, індукції та дедукції.

Результати дослідження. Практичний ефект класифікації систем обліку полягає у сприянні розвитку та гармонізації національних систем бухгалтерського обліку, допомозі у професійній підготовці бухгалтерів та аудиторів, які зможуть найбільш ефективно виконувати свою роботу як у межах певної країни, так і на міжнародному (глобальному) рівні.

Висновки. Правова система країн та їх економічні параметри є значущими факторами, що покладено в основу переважної більшості досліджуваної класифікації систем і моделей бухгалтерського обліку. Економічні чинники, у свою чергу, опосередковано визначаються рівнем освіти в державі та міжнародними відносинами, співвідносячись при цьому з правовою складовою. Інші фактори, попри їх важливість, здебільшого не є домінуючими.

Водночас у світовому масштабі зростає домінування системи бухгалтерського обліку, яка базується на принципах повного охоплення та справедливого розкриття інформації. Міжнародні стандарти фінансової звітності (МСФЗ), які впливають на облікову інфраструктуру більшості країн, побудовані на його базовій архітектурі.

Ключові слова: національні системи бухгалтерського обліку, глобалізація, мікрорівень, макрорівень, гармонізація бухгалтерського обліку та фінансової звітності.

Introduction. The war of the Russian Federation against Ukraine paradoxically became one of the catalysts contributing to the approach of our country to the civilized world, accelerating the transition of national institutions to universally recognized bases in the world. The development of the global economy requires the use of generally accepted tools for business management in the conditions of an economy without borders. The trend of recent decades has been the gradual convergence of existing national accounting systems to international standards. EU directives directly indicate the use of IFRS in the accounting and reporting practices of member countries (hence, the transposition of their norms for candidate countries).

Problem. An important task is to delineate the boundaries of existing accounting systems (with a definition of such a system as accurately as possible), to study the objective path of their genesis for forecasting trends in this area.

Analysis of recent research and publications. Certain aspects of the construction of accounting systems are the subject of research by such modern domestic scientists as V. Tsaruk, M. Skrypnyk, O. Grygorevska, U. Marchuk [1–3]. They outline mainly the issue of the formation of individual national accounting systems and models and the influence of some

external factors on their structure. Researches by V. Kostiuchenko, M. Stepeniuk, N. Taraban [4–6] are devoted to the experience of individual leading countries in the convergence of their national accounting systems to IFRS in the context of the global accounting circuit being created.

However, modern national works do not represent a comprehensive approach to delineating the evolutionary path of the development as of accounting systems themselves, the transformation of national accounting systems into international ones, and so the views of scientists on their genesis; current classification systems created by leading foreign scientists have not been sufficiently researched. This requires in-depth theoretical studies in the context of defining the criteria for delineating the boundaries of existing accounting systems and the goal of their transformation and development.

The aim of the study is to clarify the essence of accounting systems in their evolution in order to identify and characterize the most important parameters, the classification of which would be the most universal and objective and the presence of which would provide a guarantee for the further transformation of accounting systems based on the optimal ones among those are used now, for the global harmonization of accounting.

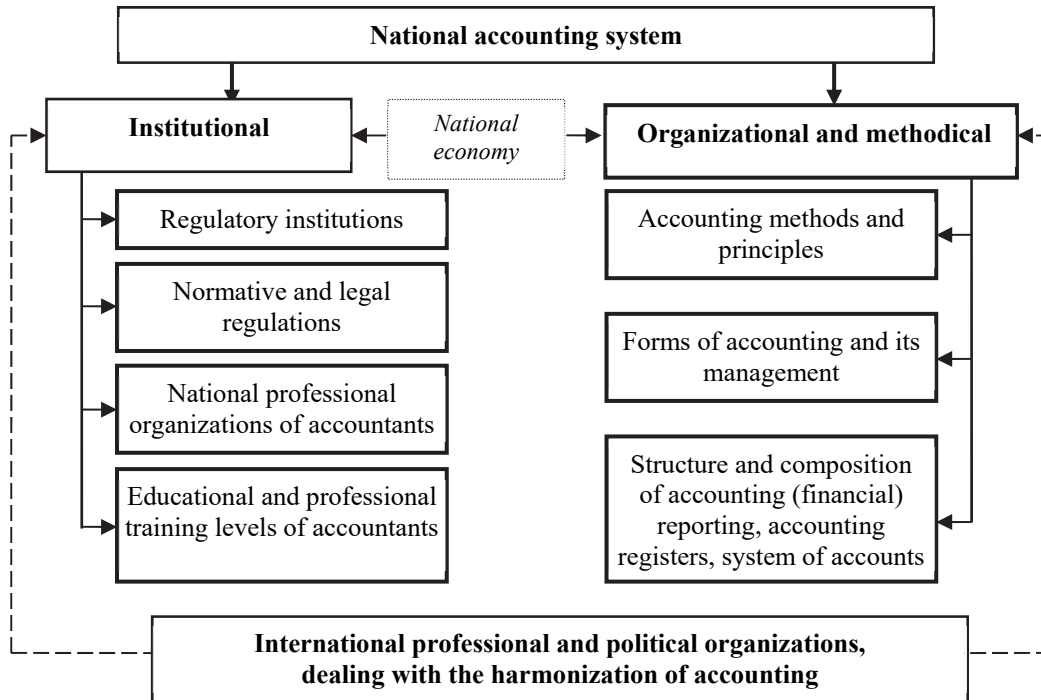
Methods. The basis of research is general scientific methods of cognition: theoretical generalization, comparative analysis and synthesis for processing factual information, induction and deduction. The materials of the research and its results are illustrated by a structural and logical diagram and a table.

Results. Globalization of the world economy is an objective process caused by the development of socio-economic relations at the current stage of the evolution of civilization. Accounting as an international business language should satisfy the legal information needs of all interested users (primarily owners, investors, stakeholders) regardless of their place of residence, nationality and other features. The existing accounting practice, on the one hand, is characterized by historically formed regional and national features that depend on the internal specifics of the law. On the other hand, there is a tendency to universalize the global accounting field. Its most effective tools are the application of international accounting and reporting standards.

The formation of accounting systems in different countries, their differences and common features took place under the influence of many social, economic, legal and other factors, formed primarily by: the peculiarities of the functioning of economic, political and geo-political, social, historical and other processes; the practice of organizing economic activity; national socio-cultural traditions and religious features; the specificity of the national mentality.

Studying national accounting systems, it is appropriate to characterize the conceptual and categorical apparatus in relation to them. The system means a structure made up of a set of elements connected together into a single whole to ensure a synergistic effect, as well as the interaction between these elements. In relation to the field of accounting, we understand the national accounting system as an organized set of constituent elements (unique or

common), which determine the conditions of its operation (regulation, methodology, methods, organization and technology) to achieve the tasks of accounting. The structural composition of the national accounting system is shown in the *Figure*.



Structural composition of the national accounting system

Source: developed by the authors.

According to K. Nobs, the classification of accounting systems "will contribute to a more precise definition of similar and distinctive features of accounting and reporting systems in different countries; it will be able to help in the formation of accounting in the country and the choice of the most appropriate model for companies in this country; it will be a cognitive tool, which provides an opportunity to focus on "leading countries", each of which is an example of an approach to the formation of a certain type of financial accounting and reporting model" [7, p. 23]. The main goal of accounting harmonization is the comparability of financial statements, which are used by many users to make economic decisions. That is, the goal of harmonization of accounting directly correlates with the goal of accounting itself – the formation of reporting [8, p. 85].

Practically all existing classification systems are essentially author's developments of individual researchers, which primarily demonstrate their own views. Therefore, there is a task of structuring and systematizing the classification schemes and models themselves, which can be carried out according to certain criteria and features.

The beginning of research on such systematization dates back to the beginning of the 20th century. In 1911, G. R. Hatfield, in a report delivered at a meeting of the American Association of Chartered Accountants,

distinguished and characterized three versions of accounting systems: American, British, continental European (France and Germany and countries under their influence). At the same time, he did not describe in detail and systematize the criteria for such a distribution [9, p. 160–182].

In 1967, H. Müller proposed a classification model, paying attention to the fact that the nature of the accounting system is determined not only by regional, but also by economic, political and other factors [10, p. 56–57]. After considering the principles of accounting in five leading countries, he proposed a classification according to four development models or approaches.

Macroeconomic approach. Accounting is considered as a tool of national economic policy, using the Swedish accounting system as an example.

Microeconomic approach. Accounting is an integral part of a market-oriented economy, subject to minimal state intervention. The microeconomic impact leads accounting to attempts to reflect the objective economic reality in measures and estimations that are adequate for the current moment. An example is the accounting system of the Netherlands.

Accounting as an independent discipline that does not depend on the state or economic theory and autonomously provides the existing needs of business. The role of state institutions in accounting regulation is minimal. Example – USA and Great Britain.

The principle of unified accounting – in countries where the state used accounting as part of administrative control over business. In this case, accounting is standardized and strictly regulated. An example is the accounting system of France, which was created on a centralized basis from the second half of the 17th century and it is still strictly regulated by the standardized General Plan of Accounts (PCG, Plan comptable general) [10, p. 56–57]. In this classification system, the scientist has not yet investigated the differences in the accounting practice of countries, characterizing only the influence of state, political and economic factors. Further evolution also proved the possibility of "drift" of accounting systems, such as the Swedish one, from the macro-economic to the Anglo-American system in the 1990 s. [10, p. 56].

Other principles of classification were based on the geopolitical zoning of influence on the accounting system. This is a version of L. Seidler (1967) and a model developed by the American Accounting Association (AAA) in the middle of 1970 s. [10, p. 58]. The latter distinguishes 5 zonal clusters: British; Franco-Spanish-Portuguese; German-Dutch; USA; communist (USSR, Eastern Bloc countries, China). This classification, based on the priority of socio-cultural influence, essentially ignores the actual economic factors and the accounting aspect, namely the characteristics of the financial reporting of countries, the peculiarities of their accounting practices (record keeping, registers, etc.).

In 1984 K. Nobes presented the first version of his classification, where he proposed a more complex hierarchical concept in the development of H. Müller's system, within which systems based on micro- and macro-economic priorities are distinguished and detailed. Also, as one of the criteria of belonging to the national accounting system, the researcher recognized the

factor of application of professional judgment, according to which, along with other factors, the belonging of the system to micro- or macro-oriented clusters is determined.

The Anglo-American group belongs to the *micro level (common-law countries)*. It is characterized by a corporatized, institutionally developed accounting community; deep detailing of information in transparent reporting; orientation of accounting on fairly presented information (the concept of "true and fairview" – reliable and conscientious (unbiased) presentation of data on the financial condition of the subject of economic activity, primarily for the needs of numerous shareholders); developed application of professional judgment; priority of content over form; separation of tax rules from financial accounting; general accounting orientation to meet the needs of investors, including minority investors.

Macro-level countries are the "continental" (European) group. It is distinguished by: codification of legislation (on the historical basis of Roman law, or – as a derivative – Napoleon's code and its versions) and strict state regulation regarding accounting and the economic sphere in general with clear formal regulation of all procedures; the priority role of using accounting information for the purpose of tax control [10, p. 56–58].

Within the classification for micro-level systems, K. Nobes identified two subgroups: "independent accounting system" (accounting pragmatism serving business needs – systems of the USA, Great Britain, Canada, Ireland, New Zealand, Australia, India) and a theory-oriented system "Economics" (Netherlands).

Regarding the macro level, K. Nobes also proposed a division into two sub-models under the following conditions:

- single (unified) accounting system. At the same time, the practice of rationing is based on the priority of accounting for the purpose of taxation and its unification for all business entities (examples – France, Germany, Japan, Italy, Spain);
- an even tougher "government economy", which ensures a macroeconomic interpretation of accounting subordinated to state institutions (China, Sweden).

The next revision of the classification of accounting systems authored by K. Nobes is dated 1998. The author also uses a hierarchical construction system, but as a basic criterion he chooses the display of information in financial statements, primarily for the information provision of users in business financing, offering to "use the expression "accounting system" to denote the practice of financial reporting used by the company" [10, p. 53, 54]. Financing can be carried out either primarily in the form of a loan (that is, debt, often borrowed from abroad), or in the form of equity capital (that is, shares of co-owners).

On this basis, two types of countries are distinguished:

"A": business financing is dominated by shareholders' capital; therefore, financial reporting is completely transparent for all interested parties who do not have access to other information (insiders);

"B": business financing is dominated by lending, and reporting information is more confidential.

Other factors are considered secondary; for example, the similarity of the taxation system despite the difference in the provision of financing does not give grounds to attribute the accounting systems to a common group.

Also, in this system, K. Nobes takes into account the aspects of cultural influence, following the ideas of H. Hofstede. He claims that there are two basic types of countries: those that are culturally self-sufficient (CSS) and those that are culturally dominated (CD). A culturally dominant country will have a mismatch between the accounting system and the business financing system if any of these elements are borrowed from a culturally self-sufficient country. K. Nobes developed a correspondence matrix of possible variants of such ratios [11, p. 219–220].

The influence of non-economic factors on accounting practice is a characteristic feature of the original classification of the Dutch sociologist and psychologist H. Hofstede. By the end of the 1970s, conducting a comprehensive study of the socio-cultural characteristics of various peoples, he tried to explain the difference in national accounting systems with worldview differences affecting the cultures of countries. According to his concept (which is at the intersection of psychology, sociology and economics), the ratio of freedom of entrepreneurship and state control, standardization, flexibility of accounting and reporting, conservatism or democracy in management, the degree of confidentiality or transparency in the presentation of accounting information is mostly determined by socio-cultural features, traditions and values of a certain country.

H. Hofstede singled out five basic aspects that characterize the organization of economic activity in general [12, c. 7–14]: individualism or collectivism; distance to power; the desire to avoid uncertainty; masculinity or femininity; long-term or short-term prospective orientation. He was also one of the first to propose the division of the world into ten cultural regions based on the specified socio-psychological features. The standardization of accounting is stronger in countries where people are prone to authoritarian relationships and are afraid of risk (for example, China, most countries of continental Europe), and weaker where there are stronger traditions of individual independence and people are more inclined to take risks (USA, Great Britain) (*Table*).

Similar conclusions were reached by S. Gray in 1988, noting that the importance of the cultural factor in accounting is underestimated. S. Gray expanded the cultural differentiations considered by H. Hofstede to establish the connection between the influence of national culture on the behavior of accountants, and therefore on the nature of accounting practice. The researcher developed such pairs of accounting values [13, c. 8, 9, 12]:

- the accountant's professional judgment against the formalism of the codified normative-legislative requirements of the external regulator;
- unification versus flexibility, i.e. the practice of persistent total adherence to uniform accounting methods versus responding to the current market situation in each specific case;

- conservatism versus optimism – a cautious approach to assessing the uncertainty of future events versus complete non-interference in events ("above them"), or, conversely, risky assessments;
- secrecy (commercial secrecy) versus transparency of accounting and reporting.

Table

Factors affecting the formation of accounting systems

Factor	Characteristic	Source
Legal	<p>Features of the country's legal system, tax and accounting legislation, which determine the basic rules of accounting:</p> <ul style="list-style-type: none"> - the basic principles of civil (contractual) and corporate law, which regulate the interaction of business entities; - the principles of tax law, the only reason for the existence of which in many countries is the regulation of accounting; - the presence and interaction of various branches of law regulating various aspects of accounting (civil, financial, tax law and other branches of law); - the level of control by regulatory institutions, both for business and accounting. <p>A dichotomous pair in the characteristics of legal factors: Roman (codified) and Anglo-Saxon (precedent) law</p>	H. Muller, K. Nobes (since 1984)
Economical	<p>A group of factors represented by macroeconomic factors and features of the development of the national economy.</p> <p><i>At the macro level</i>, this is the economic model of development, the level of income in the country, the degree of government intervention in the economy, the size and ratio of government expenditures and income, the taxation system, the level of inflation in the country, etc.</p> <p><i>At the micro level</i>, economic factors are the sources of financing the economy, the scale of business, and the practice of business management</p>	H. Muller, H. Gernon, R. Miik, K. Nobes
Political	<p>The political system significantly affects the formation of a certain model of accounting, implementation and promotion of accounting standards and methods. The level of political freedom determines the specifics of information disclosure in financial reporting, affects the degree of reliability and objectivity of the presentation of the financial state of the business entity</p>	AAA classifications, H. Hofstede, H. Muller, H. Gernon, R. Miik
International	<p>Peculiarities of economic contacts and cooperation with other countries, participation in international unions, projects and events, international coordination of national accounting systems</p>	AAA classifications, H. Muller, H. Gernon, R. Miik
Sociocultural	<p>The orientation of accounting standards, especially regarding asset valuation and profit calculation, is influenced by the level of conservatism of society; it also determines the level of confidentiality of certain financial information disclosed to external users.</p> <p>Centuries-old practice of social relations and social stratification determine the disclosure of information and requirements for social (state, corporate) supervision of certain operations.</p> <p>Cultural features also determine the social status of the accounting profession, its prestige and respectability</p>	Classifications by H. Hofstede, S. Gray

Factor	Characteristic	Source
Religious	Factors related to the religious tradition of a country or groups of countries, which determine the possibility of direct or indirect influence of religious norms on economic processes and their regulation (integration of Sharia law in the sphere of economic regulation in the Persian Gulf countries, Pakistan, or the principles of Protestant ethics in business for the countries of Northern Europe, Great Britain, USA)	Classifications by H. Hofstede, S. Gray
Educational	National education significantly affects the development of accounting and is related to the main functions and capabilities of the educational system, namely: - the development of different levels of formal education (primary, secondary, higher); - the share of the population with one or another level of education; - priority directions in education (humanitarian, technical, etc.); - the focus of education on the main economic and social needs of the country and the training of relevant personnel	H. Hofstede, S. Gray, K. Nobes (1997 model)
Professionalism of accountants	The development of accounting depends on: the quality of training and certification of accountants; level of professional self-organization; availability of studies of different levels (from regional to international) in the field of accounting in the country and the availability of their results; the range of application of the accountant's professional judgment	S. Gray, K. Nobes

Source: developed by the authors for [7; 8; 10–15].

Based on these four pairs, a number of accounting systems were compared. Thus, to determine the basic parameters of the national system, the scientist gave priority to psychosocial, not economic factors.

In the early 1990s, H. Muller, H. Gernon, and R. Miik presented a new version of the classification system, based on the priority of the legal system and the features of the influence of inflationary processes, proposing four main accounting systems [10, c. 65–67]:

British-American (USA, Great Britain, Netherlands, countries of the British Commonwealth);

continental (most continental EU countries, Japan). The main feature is the very close interaction of enterprises with banks as the main source of business financing (and, accordingly, users of reporting, as in the concept of K. Nobes 1983);

South American (inflation accounting system) – similar to the continental system, with a correction for the traditionally high rate of inflation in Latin American countries, which entails a permanent adjustment of current account data and reporting indicators (Argentina, Colombia, Brazil, Bolivia);

the so-called "*new models*". In this group, the authors singled out two subgroups that actively developed in the early 1990s – Islamic and international. The development of the Islamic model was most influenced by religious principles (in particular, the ban on receiving interest on loans, religious taxes,

a peculiar view of advances). As for the international model, its development was influenced by multinational corporations and currency markets, which felt the need for unified international accounting information based on International Accounting Standards (IAS). This model is still considered canonical in most domestic textbooks on international accounting, despite the presence of its subsequent revisions and the work of other researchers.

In the first decade of the XXI century. H. Muller, H. Gernon and R. Miik modified their system, reducing its components to three main components [14, с. 16–24].

The system of "fair presentation/full disclosure – concept of fair presentation or true and fair view", which is used in the USA, Great Britain, Canada and many countries of the British Commonwealth, is the conceptual basis of IFRS. The model evolved from the British-American model of the 20th century previously presented by the authors. Its characteristic feature is the high professionalism of both accountants and users; the minimum degree of formal regulation – "what is not prohibited by law is allowed"; wide application of fair value assessment; lack of mandatory national plans of accounts and report formats. In its essence, this system is based on the persistence of medieval guild corporatism, forming a professional self-governing community of accountants, strengthened by the principles of precedent law and the absence of redundant formal instructions on how to keep records.

The "legal compliance model" system, an analogue of the "continental system", is used in most EU countries, China, Turkey, and the Persian Gulf countries. It is distinguished by the presence of state regulation of accounting, which is organized according to the principle "only what is allowed by law is allowed." Accounting rules are quite strictly regulated and determined by legislation and the state accounting regulator. Accounting is mainly based on unified national charts of accounts. Within the "law enforcement" cluster, a specific Islamic accounting system was absorbed.

The "inflation-adjusted model" system is quite similar to the South American system in Muller's classification.

Study of the global crisis of the first decade of the 21st century. did not leave aside the problem of classification of accounting systems. In 2008, K. Nobes was interested in whether the old accounting classifications would remain relevant in the global environment of the "IFRS era". In 2010, together with E. Kvaal (Erlend Kvaal), he conducted a study that took into account IFRS application practices in five countries: Australia, France, Germany, Spain and Great Britain. Analyzing the financial statements for the 2005–2009 financial years for large companies in these countries, the researchers noted the undeniable existence of national practices different from IFRS.

Their research in 2011 was supposed to establish whether the old classification developed by K. Nobes in 1983–1984 (division into two micro-groups) is really valid after almost 30 years? The authors reduced the sample of 14 countries that were considered for the construction of the classification

to 8 (Australia, France, Germany, Spain, Great Britain, Italy, Sweden and the Netherlands). For 287 financial reports, 13 criteria were used: 6 of them related to the practice of presenting reports, and 7 – to the practice of evaluation [15, p. 24].

The authors' statistical research generally confirmed the correctness of the 1984 model: Anglo-American (common-law countries) and Continental-European (code-law countries) clusters can be identified even with the widespread involvement of IFRS in the practice of large companies; and national accounting systems and methods remain resistant to harmonization [15, p. 6, 13, 26–27]. K. Nobes also used a method based on the application of the concept of congruence in his studies of the relationship between groups of countries. Congruence is understood as the closeness of the general trends of the development of institutions – on the example of pairs of countries – mostly the dominant one and the one that is under a certain influence [16, c. 204–205]. Germany and France form the first pair and form a common unit, which together with Italy forms another pair. They, in turn, generate another unit, which, adding the Netherlands, forms another pair. Similarly, Australia and Great Britain form a pair in their cluster.

So, the legal system of countries and their economic parameters are the basic factors chosen in the vast majority of studied nomologies. At the same time, the legal (as a basic institutional) component is always based on socio-cultural and religious principles, which evolutionarily influence or directly shape the legal structure of the state. Economic factors, in turn, are indirectly determined by the level of education in the state and international relations, while correlating with the legal component. Other factors, despite their importance, are mostly not dominant.

Conclusions. The genesis of accounting systems starts from simple constructions (G. Hatfield, AAA classification), which are based on one basic factor, to more complex, multi-factor models. At the same time, most classification systems, objectively describing the existing reality, single out to one degree or another the two largest groups of factors indicated in the table. The rest of them can be considered either their certain derivatives or combinations. Separate political factors can be considered as those that were formed under the influence of legal, economic and socio-cultural components, that is, also as derivatives.

At the same time, there is a growing dominance on a global scale of the accounting system, which is based on the principles of full coverage and fair disclosure of information. IFRS, which influence more and more countries, are built mainly according to this basic architecture. The increasing level of convergence of national accounting systems with IFRS, the universalization of the taxonomy of reporting are objectively based on the principles of the currently most progressive *Fair presentation or true and fair view* system. Therefore, the further aggregation into national accounting

of its foundations (such as the maximum level of professional culture and self-organization of accountants, the essential role of professional judgment of the accountant, departure from rigid templates and regulations that serve the accounting interests of the sole owner – the state) will be useful for national business, increasing its investment attractiveness, transparency and competitiveness.

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