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THE ESSENCE OF ACCOUNTING PARADOXES

Accounting information serves as a primary source for the formation of financial statements, based on which further decisions are made. However, existing forms of financial reporting cannot fully meet the information needs of users. One of the reasons is the paradox of accounting information. Accounting paradoxes are a little-studied issue that requires proper coverage, first of all, the generation of theoretical and methodological framework, to better understand and optimize existing contradictions and controversial issues.

The article describes the variety of methodological approaches to the scientific substantiation of the paradoxes of accounting information with their solutions and shortcomings.

The paper highlights the economic essence of accounting paradoxes, their importance in the process of making effective management decisions, identifies the causes of formation, impact, and consequences of distortion of the information array in making rational management decisions. The role of the influence of accounting data paradoxes on the further activity of the enterprise is argued. The causal relationship between the possibility of distortion of accounting information at different stages of its formation depending on the object of accounting and its further transformation into management data is analyzed. As a result of the analysis of the outlined topic several solutions of problem questions are offered, namely: optimization of the accounting information, minimization of influence of paradoxes of the accounting information taking into account features of the account, expansion of the theoretical base.

Key words: paradoxes of accounting information, management accounting, users of accounting information, quality of accounting information.

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СУТНІСТЬ ТА ПОНЯТТЯ ОБЛІКОВИХ ПАРАДОКСІВ

Облікова інформація є первинним джерелом для формування даних бухгалтерської звітності, на підставі яких приймаються подальші управлінські рішення. Проте, існуючі форми бухгалтерської звітності неспроможні повністю задовольнити інформаційні потреби користувачів. Одна з причин – парадокси бухгалтерської інформації. Аргументовано роль впливу парадоксів даних бухгалтерського обліку на подальшу діяльність підприємства. Простежено причинно-наслідковий зв'язок між можливістю спотворення облікової інформації на різних етапах її формування залежно від об'єкта бухгалтерського обліку та її подальшим перетворенням на управлінські дані. В результаті аналізу окресленої теми пропонується низка рішень проблемних питань, а саме: оптимізація облікової інформації, мінімізація впливу парадоксів облікової інформації з урахуванням особливостей обліку, розширення теоретичної бази.

Ключові слова: парадокси облікової інформації, управлінський облік, користувачі облікової інформації, якість облікової інформації.

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СУТЬ И ПОНЯТИЕ УЧЕТНЫХ ПАРАДОКСОВ

Учетная информация является первичным источником для формирования данных бухгалтерской отчетности, на основании которых принимаются дальнейшие управленческие решения. Однако существующие формы финансовой отчетности не могут полностью удовлетворить информационные потребности пользователей. Одна из причин – парадоксы бухгалтерской информации. Аргументирована роль влияния парадоксов данных бухгалтерского учета на дальнейшую деятельность предприятия. Прослежена причинно-следственная связь между возможностью искажения учетной информации на разных этапах ее формирования в зависимости от объекта бухгалтерского учета и дальнейшим превращением в управленческие данные. В результате анализа данной темы предлагается ряд решений проблемных вопросов, а именно: оптимизация учетной информации, минимизация влияния парадоксов учетной информации с учетом особенностей учета, расширение теоретической базы.

Ключевые слова: парадоксы учетной информации, управленческий учет, пользователи учетной информации, качество учетной информации.

Introduction. Modification of information processes plays an important role in the system of modern accounting. With the introduction in Ukraine of new management systems and integrated reporting (quality management, environmental accounting, occupational safety, and health management, etc.) and new information requests of the management staff, there is a need for detailed explanation and development of ways to identify paradoxical information: unreliable or distorted. The idea of the paradox of accounting information has been little studied and covered in the scientific literature. The lack of a system of accounting for paradoxical information indicators, lack of conceptual principles of regulation and solving problems of management data accounting, non-compliance with the theoretical aspect and methodology for determining accounting distortions do not have a clear wording that causes the final product of accounting - reporting.

Analysis of recent research and publications. The quality of accounting information today is a very important factor in the formation of a database of accounting data on business activities of the enterprise in order to optimize the management of the entity. The works of such scientists as N. Ershova [3], A. Shchyrskya [9], O. Podolyanchuk [7], T. Gorbach, S.S. Drozd [2], and others. The paradoxes of accounting are reflected in the works of Ya. Sokolov [8], N. Mazur [6], I. Boyarko, L. Hrytsenko [1] and others. Among the foreign authors are the works of D. Mugge, L. Lincy [10], B. Nixon, D. Burns [11], I. Yaremko, L. Pylypenko, O. Tyvonchuk [12], B. Cunningham, L. Nikolai, J. Bazley [13], J. van Helden, Ch. Reichard [14], A. Elaoud, A. Jarbouy [14], and others.

Selection of previously unsolved parts of the overall problem. The purpose of the article is to substantiate the theoretical and methodological approaches and generate the basic principles of the essence, classification of paradoxes of accounting information, and development of proposals to minimize their impact on the order of management decisions.

Results of research. Images of business entities in the minds of internal and external users can be considered an accounting feature. A paradox is a phenomenon or object that is the opposite of the usual, which contradicts generally accepted rules and norms [4]. The paradox of accounting information is the contradiction of the data that make up the financial statements, which greatly complicates its interpretation.

The paradox must be a series of contradictions, with such activities of management staff in reporting and decision-making. Understanding paradoxes as the basis, the sources of all subsequent considerations lead to the fact that paradoxes are often confused with causes.

V. Sokolov highlighted the following paradoxes of accounting information in his scientific works:

- availability of profits without money;
- availability of money without profits;
- balance sheet assets have changed, while the balance of profits remained unchanged;
- the amount of changed profit with the unchanged assets;
- losses actually incurred, but profits are shown;
- a certain amount can be both expenses and profits;
- the same object can be classified as both covering and current assets;
- balances are not equal to the actual availability;
- profits from the time of establishment until the termination of the economic entity's activity shall not be equal to the number of profits received for each reporting period;

- reporting reflects facts that have already occurred in the past, and the meaning of accounting is that users of information are to make management decisions in the future [4].

Consequently, the paradox of accounting information involves the assessment of transparency and compliance of accounting transactions to the actual presence or absence of objects of accounting, which causes certain discrepancies and doubts and does not allow to make objective management decisions.

The formation of paradoxes of accounting information is due to many reasons that should be considered during the management decision-making process. Most of the paradoxes arise due to differences in the interpretation of several important categories through economic and accounting prisms. Such categories include income and expenses, the difference between which will form a profit or loss. For distortion of the income or expenditure part, it is impossible to obtain a reliable result of economic activity.

Most often, enterprises can observe the paradox of the presence of profit in the absence of cash or vice versa. The first case can be explained by non-recognition of income on receipt of funds for the previous sale of products, goods, services, in the absence of repayment of receivables by the buyer or customer, and cash receipts are deferred until the date of repayment of receivables.

The paradox of the previous situation, the availability of money and lack of profit can be traced in the case of sales of goods, works, services below cost, obtaining loans on a repayable basis, reserving potential costs, allocating future expenses to the reporting period and more.

Paradoxes based on the discrepancy between the increase in the value of enterprise property and profit due to the size of economic activity to receive goods, work performed, services on the terms of prolongation of payment, free receipt, revaluation of assets, debt to participants for accrued dividends, etc.

Such general indicators of the business entity as profit, loss, the value of information-based assets, are manipulative by the nature of the formation in the process of making management decisions. Irresponsible understanding with the management of the characteristics of the formation of accounting information created by erroneous courts about the interdependence of the following categories: profit, cash, asset value.

The paradoxes of accounting information can be divided into two groups: depending on the nature of the impact on the accounting process and depending on the completeness of coverage. According to the nature of the impact on accounting processes, it is possible to distinguish paradoxes with positive and negative effects. The positive impact of paradoxes on accounting processes is the generation of innovative approaches to solving problem aspects, as well as the optimization of existing processes, taking into account the specifics of the enterprise management staff to improve the situation. Negative effects, on the other hand, sometimes lead to inevitable consequences, such as distortions in accounting data, which, in turn, affects the presentation of all types of reporting, including management.

Depending on the completeness of the coverage, paradoxes can be classified according to the impact on the information in general and about the objects of accounting. The impact on information, in general, is reflected in the distortion of accounting data, which affects the further activities of the enterprise as a whole, for example, reporting reflects facts that have occurred in the past, and the meaning of accounting is that information users make management decisions in the future. As for the impact on the information regarding individual objects of accounting, it can be divided concerning income, expenses, and financial reserves; assets; in respect of liabilities and collateral; relative to equity.

The paradoxes of accounting information can be divided into catalysts and inhibitors, which ultimately lead to corresponding changes. The triggers for the accounting information paradoxes are processes and phenomena that precede the acceleration of information processing through motivators. Motivators are incentives to address problematic aspects and fill or update information gaps for further successful management decisions. The facilitation process, caused by previous actions, is the last step on the company's path to positive changes. It aims at the process of collective decision-making, which will significantly improve the economic condition of the organization. The facilitation method is relatively new and widespread among developed countries due to a number of its advantages, such as:

- efficiency and rate of making management decisions and delegating responsibilities and tasks;
- mechanisms modernization through the generation of new ideas under the specifics of the business entity activity;
- rapid reaction and adaptation to changes in the internal and external environments;

- transformational processes of transition to a higher level of the market, increasing competitiveness;
- elucidation of employees' mental potential [5].

It should be noted that the paradoxes of accounting information transformation into management information in most cases are negative. They can be characterized as inhibitors. Paradoxical information inhibitors are processes and phenomena that slow down the process of modifying accounting data, the product of which are frustrators. Frustrators are barriers in the form of curvature and damage to indicators.

Such generalizing indicators of the economic entity's activity as profit, loss, the value of information-based assets are manipulative by the nature of formation in making management decisions. Suppose the management personnel doesn't properly understand the specifics of the formation of the accounting information. In that case, inaccurate judgments are created about the interdependence of the following categories: profit, cash, asset value. In the early stages of management decision-making, namely the search for information about the state of the economic entity, management should take into account the following statements:

- the amount of profit does not necessarily depend on the inflow and outflow of assets;
- the study of the differences between the increase in assets of an economic entity and the amount of profit is necessary for all circumstances.

The existence of accounting paradoxes determines the number of rules for management personnel to follow when using accounting data as the basis for further decision-making:

- to take into account the paradoxes of accounting information in the case of its use as a primary data source on the state of the economic entity in the management decision-making process;
- to calculate the quality of accounting information for the ability to accurately and unbiasedly evaluate the obtained information;
- to generate a derivative array of information which will be based on accounting data, taking into account the chosen accounting methodology and a list of features following the accounting policy, which can significantly change the vector of information quality;
- to check and control the accuracy of accounting information following the primary documents.

In addition, accounting information must meet the following basic requirements: clear positioning of public importance; full representation of the intellectual potential of the company by the system of accounting and financial reporting; taking into account the social, environmental, and ethical aspects of companies as important criteria for their overall effectiveness; taking into account the dynamics of the economic factor in the development of approaches to the assessment of objects of accounting.

Conclusions and prospects for further research. Based on research results it was found that the main problem is the obvious imbalance of accounting theory with the stages of economic, technological, and information development of the socio-economic environment. The problem of appropriate enterprise management is inconsistency, which may be solved only in the development of a new accounting paradigm based on the development of the concept of integrated reporting, which would give a comprehensive picture of the state and prospects of the entity.

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