Kravchenko O.V,
PhD in Economics, Associate Professor of the Department of Accounting and Taxation,
Educational and Research Institute of Business Technologies “UABS”
Sumy State University

CURRENT APPROACHES TO ACCOUNTING OF BUDGET INSTITUTIONS

For budgetary institutions, revenue is generated through budgeting on a regular basis to achieve social impact. Financial activity consists in obtaining, organizing the movement and using financial resources. The compensation of resources is for the purpose of their restoration for the fulfillment of the functional duties of the subject, specified in its constituent documents. Revenues (identified with budgetary allocations) and expenditures (expenditures) of budgetary institutions are determined by the budget for the next financial year, which is approved in the manner established by the current legislation. The Budget Code of Ukraine stipulates that for the implementation of programs and activities implemented at the expense of budget funds, budget appropriations provided in accordance with the budget purpose, budget commitments and payments, which have quantitative, time and target constraints are provided to budget spending units (budgetary institutions) [1]. The peculiarities of their functioning make it necessary to study new methodological and organizational approaches to accounting.

The peculiarities of their functioning make it necessary to study new methodological and organizational approaches to accounting.

With the entry into force of the NPSAR, the methodological bases for accounting for the implementation of estimates of revenues and expenditures of budgetary institutions and other business operations, taking into account the specifics of their activities, have undergone significant changes in order to approximate to international standards.

New concepts have been introduced, so in NPSAR 101 “Submission of Financial Statements” it is defined that income is an increase in economic benefits in the form of an inflow of assets or a decrease in liabilities that lead to an increase in equity (excluding capital growth through contributions the owner) [2].

NPSAR 124 "Revenues" discloses basic information about the accounting of revenues of budgetary institutions, taking into account their new classification from exchange and non-exchange transactions. An exchange is a transaction for the acquisition of assets in exchange for cash, services (work), other assets or settlement of liabilities; non-exchangeable - does not involve the transfer of assets, services (works) in exchange for income or assets, but may provide for certain conditions.

Revenues under the exchange NPSAR 124 include: budgetary allocations, revenues from services; sales revenue; interest income, royalties, dividends and other income from exchange transactions (income from exchange differences and from the sale of non-current assets) [2].

Non-exchange income includes: tax revenues; non-tax revenues (administration fees and payments); transfers and funds received from budgetary institutions from enterprises, organizations, individuals and from other budgetary institutions to fulfill targeted activities; receipt of state trust funds; non-repayable liabilities.

According to the provision, income should be recognized if there is a likelihood of economic benefits and a fair estimate of it. NPSAR 124 defines the procedure for recognizing budget allocations, income related to the provision of services, performance of works, income from the sale of assets, income from interest, dividends and royalties, income from tax revenues, etc.

Revenue from exchange transactions should be measured by the value of the assets received. If one of the revenue recognition criteria is not met, it must be estimated at cost. Revenue from non-exchange transactions should be measured at cost. If it is impossible to determine, then fair.

Also, the new standards prescribe the procedure for presenting income and expenses in the notes to its financial statements. For example, in the case of income from exchange transactions, the institution should reflect the accounting policies adopted for recognizing revenue from services rendered, separately the amount of income received by type, decoding other income received, the amount of revenue recognized but not previously received.

Revenue from non-exchange transactions should be reflected in the notes to the relevant accounting policies, the amount of income received from non-exchange transactions by type and income from transactions with specific types of assets, works, services (bequest property, donations, gifts).

Income and expense information is summarized and presented in the Income Statement (f. 2)

The main component of reflecting the facts of activity in a budgetary institution is the proper correspondence of accounting accounts. To display information on the revenues of budgetary institutions, accounts of the 7th class of the Public Sector Accounting Account Plan are provided in the breakdown of certain types of income for exchange and non-exchange transactions [3].

So, the reform of public sector accounting in the area of income accounting has led to the formation of new approaches to their definition, measurement and classification, bringing them closer to international standards. These changes will allow the objective and clear monitoring of the activities of budget spending units, and help ensure that all levels of management information about the movement and use of budget funds.

References

1. Budget Code of Ukraine. [Electronic resource]. - Access mode: http://zakon.rada.gov.ua
2. NPSAR [Electronic resource]. - Access mode: //buhgalter.com.ua/zakonodavstvo/natsstandarti-buhobliku-v-derzhavnomu-sektori/
3. On approval of the Public Sector Accounts Plan: Order of the Ministry of Finance of Ukraine from 31.12.13 № 1203 Electronic resource]. - Access mode:http://zakon2.rada.gov.ua/laws/show/z0089-11