

D. Shylmaganbetova *, **B. Sultanova** , **A. Nizamidinova** 

Al-Farabi Kazakh National University, Kazakhstan, Almaty

*e-mail: dinashyl@gmail.com

HARMANIZATION OF ACCOUNTING IN THE CONDITIONS OF THE EAEU: CURRENT STATE AND PROBLEMS

The article examines a wide range of issues related to the possibility and feasibility of harmonization of accounting and financial reporting, which, if implemented, would help improve the information base for the preparation of national accounts and the consistency of economic analysis. International Financial Reporting Standards (IFRS) are chosen as the main tool of information support for the integration of the countries of the Eurasian Economic Union (EAEU). On this basis the analytical review of the current state of harmonization of accounting in these countries is made: the trends are revealed, the current problems are summarized and the directions of development of the legislative and institutional framework of accounting are proposed. The subject of the study is a set of theoretical-methodological, organizational and practical problems of accounting harmonization at the national and international levels. The laws and bylaws of the EAEU countries governing the accounting and financial reporting procedures of business entities, as well as IFRS, are the object of study. The aim of the study is to scientifically substantiate the necessity of harmonization of accounting and reporting compiled according to national standards and to determine the directions of further research in this area. To implement this goal the following tasks are set: study of the organization of accounting, assessment of the state and problems of development of accounting and financial reporting in the EAEU countries. The results of the study can be used as methodological provisions determining the directions of development and content of accounting and analysis for solving applied problems to provide information support for managerial decisions.

Key words: accounting, standardization, harmonization, accounting system, financial reporting, IFRS.

Д.А. Шылмағанбетова*, Б.Б. Сұлтанова, А.К. Низамдинова

Әл-Фараби атындағы ҚазҰУ, Қазақстан, Алматы қ.

*e-mail: dinashyl@gmail.com

ЕАЭО жағдайында бухгалтерлік есепті үйлестіру: қазіргі жағдайы және мәселелері

Мақалада бухгалтерлік есеп пен қаржылық есептілікті үйлестіру мүмкіндігі мен орындылығына қатысты мәселелердің кең ауқымы қарастырылған, олар жүзеге асырылған жағдайда ұлттық есептерді құрастыру үшін ақпараттық базаны және экономикалық талдаудың жүйелілігін жақсартуға ықпал ететін еді. Еуразиялық экономикалық одақ (ЕАЭО) елдерінің интеграциясын ақпараттық қамтамасыз етудің негізгі құралы ретінде Халықаралық қаржылық есептілік стандарттары (ХҚЕС) таңдалды. Осының негізінде осы елдердегі бухгалтерлік есепті үйлестірудің ағымдағы жай-күйіне аналитикалық шолу жасалды: тенденциялар ашылды, ағымдағы проблемалар қорытындыланды, бухгалтерлік есептің заңнамалық және институционалдық негіздерін дамыту бағыттары ұсынылды. Зерттеу пәні ұлттық және халықаралық деңгейде бухгалтерлік есепті үйлестірудің теориялық, әдіснамалық, ұйымдастырушылық және практикалық мәселелерінің жиынтығы болып табылады. Зерттеу объектісі шаруашылық жүргізуші субъектілердің бухгалтерлік есебі мен қаржылық есептілігін реттейтін ЕАЭО елдерінің заңнамалық және заңға тәуелді актілері, сондай-ақ ХҚЕС болып табылады. Зерттеудің мақсаты – ұлттық стандарттар бойынша дайындалған бухгалтерлік есеп пен есептілікті үйлестіру қажеттілігін ғылыми негіздеу және осы саладағы әрі қарай зерттеу бағыттарын анықтау. Осы мақсатқа жету үшін келесі міндеттер қойылды: бухгалтерлік есепті ұйымдастыруды зерттеу, ЕАЭО елдеріндегі бухгалтерлік есеп пен қаржылық есептілікті дамытудың жай-күйі мен мәселелерін бағалау. Зерттеу нәтижелерін басқару шешімдерін қабылдауды ақпараттық қамтамасыз етудің қолданбалы мәселелерін шешу үшін есеп пен талдаудың даму бағыты мен мазмұнын анықтайтын әдістемелік ережелер ретінде пайдалануға болады.

Түйін сөздер: бухгалтерлік есеп, стандарттау, үйлестіру, бухгалтерлік есеп жүйесі, қаржылық есеп беру, ХҚЕС.

Д.А. Шылмаганбетова*, Б.Б. Султанова, А.К. Низамдинова
Казахский национальный университет им. аль-Фараби, Казахстан, г. Алматы
*e-mail: dinashyl@gmail.com

Гармонизация бухгалтерского учета в условиях ЕАЭС: современное состояние и проблемы

В статье рассматривается широкий круг вопросов, связанных с возможностью и целесообразностью гармонизации бухгалтерского учета и финансовой отчетности, которая в случае ее осуществления содействовала бы улучшению информационной базы для составления национальных счетов и согласованности экономического анализа. В качестве основного инструмента информационного обеспечения интеграции стран Евразийского экономического союза (ЕАЭС) выбраны Международные стандарты финансовой отчетности (МСФО). На этой основе произведен аналитический обзор современного состояния гармонизации бухгалтерского учета в этих странах: раскрыты тенденции, обобщены актуальные проблемы и предложены направления развития законодательной и институциональной основ бухгалтерского учета. Предметом исследования является совокупность теоретико-методологических, организационных и практических проблем гармонизации бухгалтерского учета на национальном и международном уровнях. Объектом исследования выступают законы и подзаконные нормативно-правовые акты стран ЕАЭС, регулирующие порядок бухгалтерского учета и финансовой отчетности субъектов бизнеса, а также МСФО. Цель исследования состоит в том, чтобы научно обосновать необходимость гармонизации учета и отчетности, составленной по национальным стандартам и определить направления дальнейшего исследования в этой области. Для реализации указанной цели поставлены следующие задачи: исследование организации бухгалтерского учета, оценка состояния и проблемы развития бухгалтерского учета и составления финансовой отчетности в странах ЕАЭС. Результаты исследования могут быть использованы в качестве методических положений, определяющих направления развития и содержание бухгалтерского учета и анализа для решения прикладных задач по обеспечению информационной поддержки принятия управленческих решений.

Ключевые слова: бухгалтерский учет, стандартизация, гармонизация, система бухгалтерского учета, финансовая отчетность, МСФО.

Introduction

One of the key trends in the modern economy is progressive globalization. High-quality information support is of particular relevance in the process of globalization of economic relations. Accounting and financial statements of organizations from different countries are compiled according to different national rules, which makes it difficult to compare and reduces the value as a source of information.

The problem of inconsistency in accounting models used in different countries is not limited to the countries of the European Union (EU) and the Eurasian Economic Union. It is global in nature, since each country has unique features, including in economic terms.

In this regard, to facilitate the integration of economies of different countries, the United Nations (UN) has established the World Bank, the International Monetary Fund, the Council on Economy and Social Affairs, including the Committee on Transnational Corporations (TNC). These institutions help developing countries in every way, including assis-

tance in implementing international accounting and reporting standards.

The UN is actively involved in promoting the standardization of the accounting system at the country level and globally. Back in the mid 70s 20th century the group of experts from the UN Commission on Transnational Corporations noted serious shortcomings in the reporting of TNCs, in particular its poor comparability. In order to improve reporting for international analysis and comparison, a list of indicators to be reflected in financial statements was prepared. In the early 1980s, the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting began its work to promote accounting harmonization in developing countries. This working group cooperates with the International Accounting Standards Board (IASB), which carries out targeted activities to develop new and modernize previously adopted standards.

Thus, there is a problem of incomparability of accounting and reporting due to differences in national accounting systems. Moreover, the reflection of modern international processes in national ac-

counting systems is a complex, largely unresolved problem. Solving the problem of accounting harmonization will increase the methodological level of accounting; ensure the comparability of financial statements and reduce the cost of their preparation; activates the distribution and circulation of capital. In this regard, the issue of providing all worldwide stakeholders with understandable, accessible, objective, comparable accounting information becomes relevant.

Methodology and research methods

The methodology of the institutional approach was used, which involves consideration of the process of harmonization of accounting for a wide range of non-economic factors: institutional and political, social, scientific and technical, etc. The study was carried out on the basis of modern scientific methods, including using the general scientific method of dialectical cognition and logical methods (analysis, synthesis, deduction, induction, etc.), private scientific methods, such as historical, structural-functional and statistical methods, as well as special scientific methods – formal legal and comparative legal.

Literature review

A significant contribution to the study of accounting harmonization processes was made by foreign scientists: Alexander D., Anderson X., Amat O., Blake D., Van Breda M., British A., Gernon X., Radeba L.Kh., Gray S.J., Matthews M.R., Meek G., Muller G., Needles B., Perer M.H.B., Hendriksen E., Choi F. et al.; scientists of the EAEU countries: Druzhilovskaya T.Yu., Kuter M.I., Stukov S.A., Suglobov A.E., Satubaldin S.S., Isakova S.A., Fayzulina S.A., Baidybekova S.K., Moshkalova B.K., Askarov D.S. and etc.

Some researchers consider harmonization and standardization as two approaches that emerged in the second half of the 20th century in relation to attempts to unify accounting. According to Professor V.A. Terekhova: "... at first they differed both in terms of the ideology embedded in them and in terms of the principles of implementation. Although, these terms are now used as complementary or as synonyms" (Terekhova, 2004: 6-8).

With the globalization of the economy that multinational corporations (MNCs) are developing, the study of accounting harmonization has begun and many authors from developed countries have published a large number of their works.

When MNCs open representative offices and subsidiaries in other countries, they encounter different political and economic systems and operate the representative office and subsidiaries under a different law from that of the parent company's country. In order to make the economic indicators of reporting comparable so that investors and creditors can understand and make the right decision to intensify capital turnover, as well as strengthen the effectiveness of social control over TNCs, which will enable a more rational allocation of the world's resources, accounting harmonization should be addressed.

The objective necessity and relevance of solving problems related to the harmonization of accounting and financial reporting, the continuing problems of adapting national accounting systems to international requirements, the debatability and insufficient development of methodological aspects of ensuring the comparability of organizations reporting information determined the choice of the topic and the main directions of the study.

Results and discussion

The discrepancy between the accounting systems of different countries is solved using two approaches: harmonization and standardization. In most countries, and our country is no exception, the path of harmonization has been chosen.

The concept of "accounting harmonization" is defined differently in domestic and foreign sources. Some imply unification or full standardization, others – the process of developing the comparability of accounting methods. In many cases, the terms "standardization", "harmonization" and "unification" are used in almost the same sense. At the same time, harmonization is characterized by a more flexible approach than standardization, which in turn gravitates towards unification.

Consequently, the discussion arises already at the stage of terminology. Therefore, let us analyze the meaning given by various authors to the concepts of "harmonization" and "standardization" (Table 1).

Table 1 – Interpretation of the concepts of "harmonization", "standardization" and "unification" in various publications

Authors / sources	Category characteristic
<i>Harmonization</i>	
Matthews M.R., Perera M.H.B. (Matthews, 1999: 663)	The term «harmonization» means the unification or complete standardization
Nobes S., Parker R. (Nobes, 2022)	Harmonization is the process of developing comparability of accounting methods
Druzhilovskaya T.Yu. (Druzhilovskaya, 2022)	Harmonization is the linking of various accounting and reporting systems by introducing them into the framework of a general classification, i.e. standardization of the form while maintaining significant differences
Gordova M.A. (Gordova, 2019: 226)	Harmonization of accounting systems should be understood as ensuring the comparability of different accounting systems
Tkhamokova S.M. (Tkhamokova, 2016: 49-53)	Harmonization is the linking of various accounting and reporting systems, ensuring their consistency, based on the use of fundamental legislative documents
Kurakov L.P., Kurakov V.L., Kurakov A.L. (Kurakov, 2004: 1072)	Harmonization is understood as mutual agreement, bringing into the system, unification, coordination, ordering, ensuring mutual compliance; linking different accounting and reporting systems, ensuring their consistency on the basis of fundamental legislative documents
Zyryanova T.V., Skrebkova Zh.R. (Zyryanova, 2008)	Accounting harmonization implies the existence in each country of its own national accounting system, which is based on international financial reporting standards
Voronchenko T.V. (Voronchenko, 2019: 284)	Harmonization can be viewed as a process of convergence of methodological norms, principles and rules of accounting and reporting
Moshkalova B.K., Askarov D.S. (Moshkalova, 2014)	Under the harmonization of economic processes, relations of goods, taxes, one should understand mutual agreement, integration into a system, unification, coordination, streamlining, ensuring mutual compliance.
Merzlikina E.M., Avramenko G.M., et al. (Merzlikina, 2012: 11-18)	Harmonization is the of various accounting and reporting systems by introducing them into the framework of a common classification, i.e. standardization of the form while maintaining significant differences
<i>Standardization</i>	
Matthews M.R., Perera M.H.B. (Matthews, 1999: 663), Druzhilovskaya T.Yu. (Druzhilovskaya, 2022)	Standardization – a limited set of alternative methods to maintain accounting flexibility
Gordova M.A. (Gordova, 2019: 226)	Under the standardization of accounting – the development of standards that involve the establishment of uniform rules for accounting and reporting
Tkhamokova S.M. (Tkhamokova, 2016: 49-53), Merzlikina E.M., Avramenko G.M., and others (Merzlikina, 2012: 11-18)	Standardization is defined as the development of a limited set of alternative accounting and reporting practices. The essence of this approach is to develop a single set of standards applicable in any country
Zyryanova T.V., Skrebkova Zh.R. (Zyryanova, 2008)	Accounting standardization aims to develop a unified set of standards applicable to any situation in any country. In this case, there is no need to create national standards
Voronchenko T.V. (Voronchenko, 2019: 284)	Standardization can be considered as an element of the harmonization process, which involves the formation of such norms, principles and that best meet the requirements and unite users of information in different countries.
Kovalev V.V. (Kovalev, 2003)	Defines standardization as the process of developing and implementing standards applicable to any situation in any country, and harmonization as allowing the existence of many national accounting and reporting standards that do not contradict similar standards in other countries

Table continuation

Authors / sources	Category characteristic
Fayzullina S.A. (Faizullina, 2014)	Standardization of the accounting system is an objective need, which consists in the study, classification and grouping of accounting systems existing in various countries and the development of recommendations for improving accounting and reporting
<i>Unification</i>	
Gordova M.A. (Gordova, 2019: 226)	Under the unification of accounting systems – the creation of unified forms of financial reporting
Druzhilovskaya T.Yu. (Druzhilovskaya, 2022), Merzlikina E.M. and others. (Merzlikina, 2012: 11-18)	Unification is the exclusion of alternative methods of accounting for business transactions, events and circumstances
Note: compiled by the author on the basis of the sources given in the References	

These concepts can be used at different levels: both at the global and regional levels, and at the level of the union of individual states, as well as at the state, group or individual organizations. At the same time, the degree of integration is determined by the degree of harmonization of accounting. At the level of individual economic entities that are participants in the same business process or own the same assets, a high degree of harmonization in accounting is required, since they use the same information. In this regard, we believe that the main role in the harmonization of accounting at this level is played by unification processes, including the development of a unified policy at the level of accounting methods. At the next, higher level – the level of a group of organizations, convergence can be implemented through the development of an unified accounting policy at the level of unified assessments (standardization). At the world, regional, union of any states and state levels, the coordination of accounting is of paramount importance, which can be achieved through the development of a unified accounting policy at the level of financial reporting forms, the main requirements to be disclosed in the reporting. Thus, the higher the level of integration, the more the issue of accounting harmonization is associated with information disclosure.

Under these conditions, the task of harmonizing accounting seems to be more realistic. It could facilitate economic cooperation of different companies from different countries, as well as the elimination of obvious differences in national accounting systems. Professor Kuter M.I. writes that the process of convergence of national standards to international standards is the most optimal, although it is a long process (Kuter, 2007: 592).

The need for standardization of accounting at the international level is recognized by many foreign and domestic experts. However, the global standardization of accounting at the international level has many opponents. Some experts believe that the scope of standardization is limited due to objective differences in national regulations, as well as far from the same economic development of the countries of the world community. For others, international standards are costly copies of national standards and are therefore useless. At the same time, the centuries-old evolution of accounting shows that the trend towards standardization of accounting activities is an objective pattern in the development of accounting and has historical roots.

The answer to the need for harmonization of accounting was the creation of organizations whose activities are related to the problems of developing accounting standards, including the IASB and the International Sustainability Standards Board. In recent years, as Professor Getman V.G. notes, there has been an acceleration in the process of harmonization of financial reporting accounting “between the two most common systems in the world: IFRS and GAAP” (Getman, 2015: 9-16).

International convergence of accounting principles and procedures takes place at the international and local levels.

Harmonization of financial reporting at the international level implies that the financial statements of each country must be prepared in accordance with IFRS. This process, although complex and lengthy, is reported by the IASC as having a good track record.

Harmonization of financial statements on local level means that financial statements of certain

countries, belonging to a certain group have to comply with the requirements of accounting standards (norms) of member states. For example, the EU countries have their own Directives on accounting and auditing and their own requirements for the harmonization of reporting of transnational organizations. However, EAEU member countries do not have the same requirements for accounting standards and not all countries have fully implemented IFRS.

Due to economic integration of the countries and strengthening of the role of transnational corporations the process of standardization of accounting, originally conducted at the national level, is actively spreading to the international level. However, when implementing this work, many obstacles must be overcome because of the distinctive features of the accounting systems between countries. Let us note some (Voronchenko, 2019: 284):

- Theoretical concepts of accounting. For example, the United States pays a lot of attention to cash flow in the organization and rejects valuation judgments. While in the CIS countries during the period of socialism accounting was based on the theory of political economy, now – market economy and the focus is on obtaining useful information for users about the activities of organizations;

- State regulation of accounting. The stronger the state's influence on the economy, the degree of unification is high. Then the system fundamentally does not meet the requirements of a market economy;

- The economic development of the country. For the purposes of the tax system, the level of inflation, the government may introduce accounting standards to support or discourage the use of certain methods of cost accounting.

- Users of financial information and their purposes. Depending on whom the source of formation of resources is provided, the interests of users abroad are positioned. For example, in the United States and the United Kingdom, the interests of investors come first, because investor capital is used to form the resources of the company. In Germany, companies mainly use credit funds, so the interests of creditors prevail for them. Previously, in the CIS countries, the interests of tax authorities prevailed, because funds were formed from public resources;

- Historical traditions. European countries, the U.S. and other countries have their own historical traditions, so the accounting system differs between countries. However, some countries apply American GAAP accounting standards, because of the interaction with each other for a long time.

Standardization is possible within one country, but it can extend to other countries if they have common economic and cultural traditions. Accounting harmonization can be achieved globally to ensure comparability of financial statements.

Harmonization of accounting is only possible within one country, several countries and one type of economic activity (industry). For example, the EU Harmonization Program introduces not only accounting standards, but also includes coordination of capital markets, monetary systems and settlements, as well as laws on entrepreneurship and on taxation.

The International Accounting Standards Board has developed and published International Financial Reporting Standards (IFRS) as part of accounting harmonization. IFRS are a tool for a uniform approach to company operations, which can be applied in any situation and in any country, eliminating the need for national standards (Fig. 1).

Financial statements prepared in accordance with IFRS are very informative, transparent and useful for reporting users.

Despite the development and promotion of IFRS, they have not received a sufficiently wide distribution in the world due to the uneven economic development of countries, political characteristics, national and historical traditions, and a number of other objective circumstances. Nevertheless, the processes of regional integration have deep roots. The countries included in the regional groupings are geographically and historically close, have practically no language barriers, and are traditionally economically interconnected. The formation of regional groupings strengthens trade ties, helps to accelerate economic growth in the participating countries.

Positive and negative aspects of IAS (IFRS).

Compared to national standards of individual countries, several advantages of IFRS can be highlighted as a synthesis of the world's best accounting practices, ease of perception of financial information by users. In addition, the application of IFRS reduces not only the cost of forming the company's financial statements, but also the cost of raising funds.

However, the disadvantages of IFRS should also be noted. These, in particular, include: sometimes lack of specifics, given a few accounting methods – generalized nature; few detailed explanations and examples of the application of the standard to specific cases. In addition, the introduction of standards around the world is hampered by such factors as traditional principles, different levels of development

of nationalities, as well as the reluctance of national institutions to give up their priority in the field of regulation and accounting methodology.

Improvement of national accounting systems on the basis of harmonization will make it possible to bring the dynamic characteristics of activities closer, bringing the less economically developed countries to the level of more developed ones. Information obtained in harmonized accounting systems and having the same qualitative characteristics will

create objective conditions for accelerating positive processes and business development in the region as a whole.

Harmonization of financial statements is carried out in two ways: substantive and formal. Convergence of principles, concepts, methods, accounting and reporting procedures of national and international accounting standards is an essential way to harmonize financial reporting. This way is long and not easy (Fig. 2).

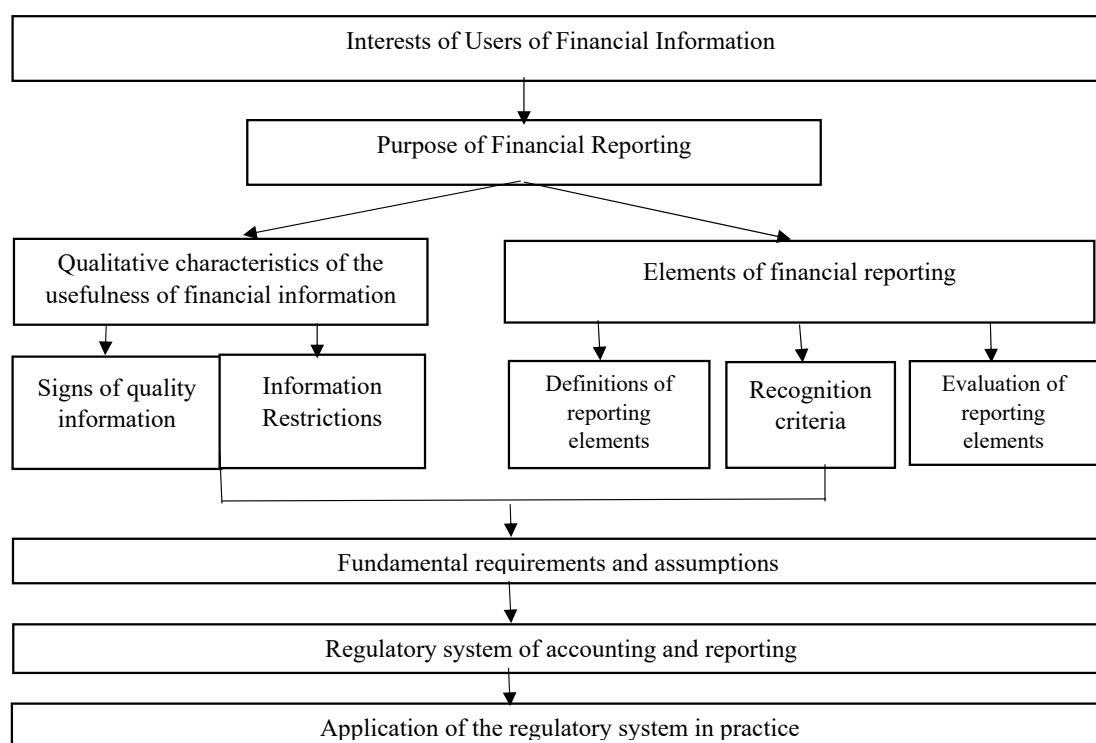


Figure 1 – Framework Model financial reporting systems
 Note: developed from sources (Solovyova, 2004; Merzlikina, 2012)

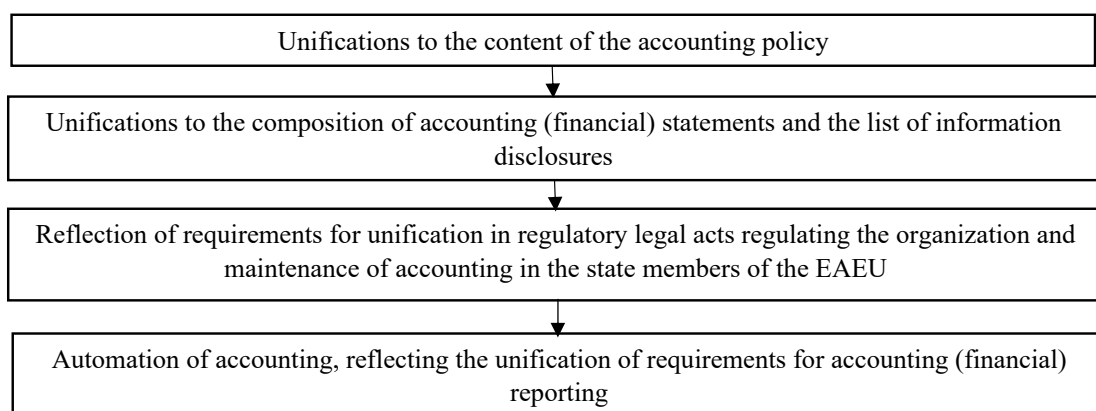


Figure 2 – Ways to harmonize financial statements
 Note: developed on the basis of sources (Terekhova, 2004; Klinov, 2004)

Within the EU, accounting is harmonized, which implies that EU member states have their own national accounting standards that do not contradict similar standards of other states of the Community and are relatively compatible with each other.

In European countries, where national traditions are strong, the problem of accounting harmonization is treated very cautiously. Accounting harmonization, in their opinion, should not harm their economic freedom, and should be carried out thoughtfully and without undue haste. In this regard, in 2008 the EU decided to adopt IFRS.

IFRS has been chosen as a guideline for the development of national accounting and reporting systems in the EAEU countries, an important task of methodological support for accounting should be the work to reduce contradictions between the national accounting systems of the EAEU countries and globally recognized approaches to accounting. To this end, it is proposed to create a working group to introduce into the practice of the EAEU countries widely used in the world IFRS.

The main functions of the working group will be (Gordova, 2019: 226):

- monitoring of innovations in IFRS;
- study and analysis of the possibility of applying innovations in IFRS in the territory of the EAEU countries;
- implementation of an official translation of IFRS into the languages of the EAEU countries to ensure that the economic entities of the union states use the same version of the translation of IFRS in order to increase the comparability of financial information;
- timely publication of the official translation of the latest editions of IFRS on the website.

In the context of economic integration, it is of interest to prepare financial statements in the EAEU countries: the Russian Federation (RF), the Republic of Belarus (RB), the Republic of Kazakhstan (RK), the Republic of Armenia (RA), the Kyrgyz Republic (KR).

There are four levels in the system of accounting regulation in the EAEU member countries (Table 2).

As can be seen from this table, the first level is the legislative one, which establishes the rules for maintaining accounting records for all states that are members of the EAEU. In each participating country, the regulation of the national accounting system is carried out on the basis of the adopted Law on Accounting and Reporting.

In the Russian Federation, the legal mechanism for regulating accounting belongs to the Federal Law of December 6, 2011 No. 402-FZ "On Accounting" (Federal Law of December 6, 2011 No. 402-FZ "On Accounting", 2023).

In the Russian Federation, all companies, except for banks and budgetary institutions, use the national chart of accounts, which has the characteristics of consistency and flexibility. These characteristics allow it to be used by different organizations regardless of their form of ownership and sphere of activity. This chart of accounts is built with reference to the current principles of the national accounting system for the formation of information on the first order synthetic accounts in the negotiation and balance sheet.

The Russian accounting system has distinctive features from (IAS) IFRS in almost all areas of accounting, for example, on the accounting of the national system of fixed assets there is no testing for impairment of fixed assets, their useful life is not reconsidered, etc.

In this regard, the formation of a unified approach to the harmonization of national standards of accounting is recommended because the transition to a single market of services in the field of reporting and accounting (ERU in CCA and BU) is planned (GordovaM., 2019).

Some scholars emphasize the following points about trends in improving the accounting system in the Russian Federation (Terekhova, 2004):

- Financial and economic independence of the company: each company is responsible for its activities, the state will not provide free assistance and all resources of the company are their property and can own them, distribute them within the limits of the law;
- The legal provisions of the legislation in force. Legislation provides for the conclusion of contracts between counterparties, the state regulation of taxation, including income tax.
- Promotion of employee participation in management. These trends are also relevant today.

The accounting and reporting procedures in the Republic of Belarus are largely identical to those in the Russian Federation. Belarus has national accounting and reporting standards that are based on IFRS in accordance with Law of the Republic of Belarus No. 57-3 dated 12 July 2013 "On Accounting and Reporting" (Law of the Republic of Belarus No. 57-3 dated 12 July 2013 "On Accounting and Reporting", 2023).

Table 2 – Accounting regulation system in the EAEU member countries

Level	Essence	The documents	Authorities accepting documents				
			Russia	Belarus	Kazakhstan	Armenia	Kyrgyzstan
1.Legislative	Defines the essence of accounting, basic concepts, regulation, organization and maintenance of accounting and reporting	Laws, codes, decrees and decrees of the President, resolutions	State Duma and Federation Council, President	President, National Assembly, Council of Ministers	Parliament of the Republic of Kazakhstan, President	National Assembly of the Republic of Armenia, President	Jogorku Kenesh – Parliament of the Kyrgyz Republic, President
2.Normative	Establishes the basic rules for the formation of complete and reliable information on individual sections of accounting and reporting information	Accounting Regulations	Central Bank, Ministry of Finance	Ministry of Finance, Ministry of Economy, National Bank	Ministry of Finance, National Bank	Ministry of Finance, Central Bank	Ministry of Finance, National Bank
3.Methodological	It is advisory in nature, through documents that provide clarifications on the formulation and maintenance of accounting	Instructions, Methodical instructions, recommendations	Central Bank, Ministry of Finance and other departments	Ministry of Finance, National Bank, ministries and departments	Ministry of Finance, National Bank	Ministry of Finance, Central Bank	Ministry of Finance, National Bank
4.Organizational	Regulates accounting directly in the organization through documents that determine the accounting policy of the organization in methodological, technical, organizational terms	Orders, orders, plans, schedules and other internal documents of the organization	Organizations, institutions	Organizations, institutions and their structural subdivisions	Organizations, institutions	Organizations, institutions	Organizations, institutions

Note: developed by the author based on sources (Korotaev, 2017, Law of the Republic of Armenia «On Accounting», 2019)

State regulation of accounting and reporting is carried out in order to achieve unity of accounting and preparation of accounting statements, reliability of reflection and timeliness of accounting and reporting information, ensuring uniform principles of calculation of taxes and fees. State regulation implies the creation of unified methodological and legal support of accounting and reporting for all organizations, irrespective of their form of ownership.

The procedure for conducting accounting and reporting by organizations in the Republic of Belarus largely coincides with the procedure in force in the Russian Federation. Belarus has national accounting and reporting standards based on IFRS.

State regulation of accounting and reporting is carried out in order to achieve uniformity in accounting and preparation of financial statements, the reliability of reflection and the timeliness of receipt of accounting and reporting information, and to ensure uniform principles for calculating taxes and fees. State regulation involves the creation of a unified methodological and legal support for accounting and reporting for all organizations, regardless of ownership, type of activity, departmental subordination.

As part of the transition to IFRS principles, the Ministry of Finance of the Republic of Belarus is systematically working to co-opt progressive elements of IFRS into national accounting and reporting standards. At the same time, practice shows that business entities in implementing IFRS encounter significant difficulties in this work due to both objective and subjective reasons. Moreover, as accountants and accounting professionals understand the essence of IFRS, there are significant doubts about the advisability of switching to IFRS and, accordingly, auditing financial statements prepared in accordance with IFRS.

Let us single out the following problems and related questions regarding the feasibility and effectiveness of applying IFRS in the Republic of Belarus (Korotaev, 2017: 133-136):

1) many of the rules provided for by IFRS cannot be applied in the national accounting system due to a number of objective reasons due to the dominance of state ownership in Belarus, the underdevelopment of the securities market, national accounting traditions, etc., which initially excludes the possibility of applying IFRS in an expanded (full) format;

2) IFRS rules, which are fundamentally different from the norms of national legislation, are quite difficult for domestic accountants to understand, which makes it impossible for parallel accounting under

IFRS by the commercial organizations themselves. As a result, in practice, the transformation of national reporting into the IFRS format is carried out, followed by an audit of such reporting by international audit companies that have their own transformation methods and have experience in performing such work;

3) the transition to IFRS does not mean ensuring unconditional transparency and reliability of financial statements. This is due to the fact that there remain risks on unaudited reports prepared according to national standards. Since according to Article 17 of the Law on Audit of the Republic of Belarus the audit of the report drawn up in accordance with IFRS allows not to audit the financial statements prepared in the format of national legislation;

4) the introduction of IFRS, followed by an audit of statements prepared in accordance with IFRS, should be due to objective reasons, rather than formal requirements of a mandatory audit, as it follows from the legislation;

5) the transformation of national reporting into the IFRS format does not mean that with such a transformation carried out in relation to the same organization by different audit companies, the same result will be achieved and identical conclusions will be drawn. Both the result and the conclusions may be different due to different methods of transformation, different formulas used in the transformation, etc.;

6) Due to the closeness of the transformation mechanisms, it is basically impossible to verify the correctness of the transformation of national reporting into the IFRS format. Accordingly, the results of the audit of the reliability of financial statements prepared in accordance with IFRS raise significant doubts;

7) insufficient knowledge of the principles of IFRS, the closeness of the mechanisms for transforming national reporting into the IFRS format cause the inability of national audit companies to compete in terms of providing services for the audit of statements in accordance with IFRS with international companies that set a higher cost of their services than the cost of services of national audit companies;

8) a number of national standards and instructions for accounting and reporting, prepared in accordance with IFRS, do not find their practical application, which is due, firstly, either to their complexity or the lack of specific methods for calculating the relevant indicators and the procedure for including them in reporting.

It should be especially noted that, despite the ongoing measures to harmonize the national accounting system with the rules and principles of IFRS in the Republic of Belarus, government authorities often make such decisions in the field of accounting that are fundamentally not linked to IFRS and significantly distort the financial statements. So, for example, business entities are still allowed not to accrue depreciation, to accumulate exchange rate differences on the accounts of deferred expenses. Until 2017, the country had a rule according to which interest on loans and borrowings received for the acquisition of fixed assets could be attributed to the increase in the cost of such assets after they were put into operation, which generally contradicts international approaches and leads to a distortion of the financial results of business entities.

The formation of the modern accounting system of the Republic of Kazakhstan is due to the prudence of the government, as Kazakhstan was one of the first CIS countries to apply IFRS. Financial organizations create financial statements in accordance with IFRS from January 1, 2003, joint-stock companies from January 1, 2005, and other organizations (except public institutions) from January 1, 2006 (Aitzhanova Zh. N., 2019).

Realization of conceptual directions of accounting development in the Republic of Kazakhstan is closely connected with the world tendency of improvement of IAS (IFRS). Since according to the Law of the Republic of Kazakhstan dated February 28, 2007 № 234-III "On accounting and financial reporting" depending on the subject of business they are obliged to carry out accounting in accordance with national standard, international standard for small and medium business and international standards (Law on Accounting of RK, article 3).

If we consider National Standards of Financial Reporting (NSFR), there is a small difference between IFRS, because NSFR are made on the basis of IAS (IFRS) and apply accrual and going concern principles.

National Financial Reporting Standards are for small business entities, so accounting system is simplified compared to IFRS.

K. Rakhmanov (2015) noted the following differences between NSFR and IAS (IFRS):

- Methods of accrual of depreciation: under NSFR the straight-line method is used, while under IFRS not only straight-line, but also reducing balance, production and cumulative.

- Method of accounting of fixed assets: under NSFR it is allowed to keep accounting at initial cost,

while under IAS (IFRS) – not only at initial cost, but also at revalued cost.

- Impairment of assets: under NSFR they do impairment, where under IAS (IFRS) companies are required to test assets for impairment and record them at fair value

- Cost of inventories: under NSFR inventories are recorded at cost, under IAS (IFRS) inventories are recorded at the lower of cost or net realizable value.

- Accounting for investments, financial assets and liabilities: under NSFR investments are recognized at acquisition cost, under IAS (IFRS) different accounting methods are used.

- Financial statements: under NSFR, financial statements include only balance sheet and income statement, under IAS (IFRS), financial statements include all forms, i.e., statement of financial position, statement of comprehensive income, cash flow statement, statement of changes in equity, notes to financial statements.

An analysis of international and Kazakhstani practice has made it possible to clarify and systematize the conceptual approaches to the formation of financial statements, ensuring the consistency of their preparation and the consistency of principles, requirements and assumptions. When formulating the conceptual foundations of systemic financial reporting, the starting points were the economic interests of reporting users and its goals.

Thus, in the Kazakhstan accounting system, in form and content, it is as close as possible to IFRS, since accounting is carried out in accordance with IFRS and NFRS, which are developed on the basis of IFRS.

In the manner prescribed by law, IFRS are in force in the Republic of Armenia, as well as the principles for the preparation and presentation of financial statements, recommendations on standards and other mandatory documents published by the IASB (Invest, 2022).

In accounting practice, the idea of the priority of the professional judgment of an accountant over the prescriptions of normative acts has been adapted. In recent years, in connection with the implementation of measures to reform accounting in the Republic of Armenia, the financial statements of organizations are increasingly in line with the spirit of IFRS, but nevertheless, despite all the changes that are taking place, the methodology for preparing financial statements in this area continues to differ significantly from the methodological foundations of IFRS.

The problems of harmonization of national accounting practices and the formation of financial statements, the theoretical foundations for the transformation of the accounting mechanism according to IFRS principles in Armenia still need not only theoretical interpretation, but also practical implementation.

Integration of the Kyrgyz Republic into the world economic system is associated with the development of objective systemic processes such as globalization of the economy, internationalization of corporate activities and opening of the capital market. Due to new changes in business and tax legislation, there is a need to apply IFRS, the language of common business communication.

The introduction of IFRS began with the publication by the President of the Kyrgyz Republic of Decree No. 73 of April 3, 2000 "On measures to reform the accounting and financial reporting system" which established "that national accounting and financial reporting standards must strictly comply with IFRS". In 2001, the Government of the Kyrgyz Republic issued Resolution No. 593 approving a schedule for the implementation of IFRS by business entities. According to this schedule the period of transition to IFRS for large and medium-size enterprises according to Kyrgyz law, except for joint stock companies, is from 2005 to 2018, for small enterprises from 2012 to 2018. However, the issuers that made public offering of securities and open joint-stock companies that placed their shares for 500 thousand soms and more should have switched to IFRS in 2003-2008.

However, according to the article by A.M. Matkerimova and B.Sh. Zhanuzakov (2020), not all organizations in the country switched to IFRS in 2020, although according to the schedule all business entities should have already kept accounts according to IFRS. According to them, some of the reasons for the failure to comply with the schedule of transition to IFRS is the lack of methodological instructions and translation of IFRS into the national language, as well as the lack of good professionals who know the principles and rules of accounting world practice.

Also, they noted some problems of inconsistency of tax accounting and accounting in the calculation of income tax. Moreover, in the Chart of Accounts intangible assets are included in fixed assets, which is contrary to IFRS, where intangible assets are included in Non-current assets on a par with fixed assets.

Other authors (Arzybaev, 2008, Mamatov, 2013) noted that the psychological component is the

main problem in the transition of organizations in the Kyrgyz Republic to IFRS:

- Absence of the Chart of Accounts, as accountants in Kyrgyzstan are used to working with the Chart of Accounts;

- Lack of forms for accounting orders and ledgers.

- Lack of connection between the integrated report and the analytical report.

Another problem is the lack of qualified professionals who can understand and apply IFRS. Economic entities moving to IFRS will need significant funds for this. There are also costs associated with the acquisition of new software products, re-evaluation, etc.

Summarizing the above review of the state of the accounting harmonization process at the present stage in the EAEU countries, we can draw the following conclusions:

1. The concepts of harmonization, standardization and unification are not identical. Accounting harmonization is a broader concept aimed at achieving comparability of accounting and reporting. Harmonization does not provide for a strict adherence to any standards and does not set as the ultimate goal the achievement of certain uniform forms or methods of accounting. Thus, the paper clarifies the definitions of the terms "harmonization", "standardization", "unification" in relation to accounting.

2. The concept of "harmonization" can be used at various levels: at the global, regional, union of any states, state, group of companies or individual companies.

3. Harmonization in the EAEU conditions is the prevailing method of formation of integration law, which is understood as a new model of legal regulation of interstate and intrastate relations arising in the process of economic integration of EAEU member countries. It should be noted that the national standards of each country within the EAEU are more or less approximated to the IFRS. For example since 2006 in the Republic of Kazakhstan all nationally significant and large companies have accounting records according to IFRS, in the Republic of Kyrgyzstan all organizations were required to implement IFRS until 2018, but unfortunately not all organizations have so far transitioned to IFRS. The other EAEU member countries apply national accounting regulations, although the basis of which is (IAS) IFRS, but there are significant differences. In this regard, when comparing financial statements, economic indicators, the information base should be made comparable. This procedure requires re-

sources such as time, finances, qualified specialists. To eliminate the cost of the above resources, the Eurasian Economic Commission should develop a unified approach to the formation of financial statements and economic indicators, and create a unified database of accounting knowledge, which allows, for example, the use of accountants from one country in the labor market in the territory of other countries.

Conclusion

There is no consensus on the essence of the terms "harmonization", "standardization" and "unification". Some experts consider harmonization to be unification or full standardization, others – the process of developing the comparability of accounting methods. In many cases, the terms "harmonization" and "standardization" are used in almost the same sense.

Thus, the paper clarifies the definitions of the terms "harmonization", "standardization", "unification" in relation to accounting. The concept of "harmonization" can be used at various levels: at the global, regional, union of any states, state, group of companies or individual organizations.

A study of the history of the development of accounting has shown; that the trend towards harmoni-

zation of accounting and reporting is a natural phenomenon that begins with the spontaneous spread of general principles and rules of accounting and gradually becomes more and more conscious, purposeful and fixed-legislative activity at the national and international levels, covering more and more accounting aspects and geographical segments. Harmonization is a kind of model for regulating interstate and intrastate relations that arise in the process of globalization, as it is a softer method of integrating accounting for a union of states that can deepen partnership between them. For this purpose, the authors recommend the Eurasian Economic Commission to solve the problems of formation of financial reporting and economic indicators on the basis of a single system, like the IFRS and to develop a single base of certified accountants, so that qualified accountants could work in any country of the EAEU, which would improve the state of accounting and reporting in the Eurasian space.

It should be noted that, due to limitations in volume, the issues of tax accounting, import and export accounting, which require separate attention, are not considered. Since one of the main objectives of the EAEU is the abolition of double taxation in import and export transactions between member countries. Consequently, these are the topics of the following articles.

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