

Zaderaka Natalia Nikolaevna,

senior lecturer

Department of Finance, Accounting and Taxation,

Kyryk Natalia Vitaliyivna.

National Aviation University

CONCEPTS OF DETERMINATION OF FINANCIAL RESULTS: CURRENT STATE AND DEVELOPMENT PROSPECTS

Annotation. The definition of financial result according to different concepts of profit and capital is considered. The direct dependence of the amount of profit on the concepts of capital support used in the preparation of financial statements is determined.

Key words: income, expenses, financial result of activity, accounting, financial reporting.

In the domestic economic literature, the concepts of formation and reflection of profits in accounting are given little attention. Basically, the works are mechanical in nature, which is due to the current rules of regulation of accounting and tax legislation [1].

The financial result (profit or loss) is the main indicator of the organization. Getting a positive result - the purpose of any enterprise, written in its Charter. Profit is often used as a measure of efficiency or as a basis for other dimensions, such as return on investment or earnings per share [2, p. 48].

The amount of profit directly depends on the concepts used by companies in the preparation of financial statements of capital support. The impact of the concepts of profit and capital on the calculation of the financial result are presented in table 1.

The choice of concept depends on the needs of reporting users. International Financial Reporting Standards (IFRS) state the following: if users are concerned about the provision of nominal invested capital or the purchasing power of invested capital, the financial concept is adopted; if users are concerned about the operational capacity of the company, the physical concept is used [2, p. 48].

The concept of financial capital support. According to this concept, capital is synonymous with net assets or invested purchasing power. Profit is considered to be received if the financial (monetary) amount of net assets at the end of the period exceeds the financial (monetary) amount of net assets at the beginning of the period minus all distributions and contributions of owners during the period [2].

The concept of supporting physical capital. Capital is the production capacity of a company. Profit is considered to be obtained if the physical productivity (or operating capacity) of the company at the end of the period exceeds the physical productivity at the beginning of the period after deducting all distributions or contributions of owners during the period [2].

The fundamental difference between the two concepts is to reflect in accounting for the results of changes in asset prices and accounts payable. With the support of financial capital, price changes are related to the results of the period, and with the support of physical capital, price changes affect the amount of capital.

Table 1

The influence of the concepts of profit and capital on the calculation of the financial result

Concepts	Determination of profit (loss)	Influence on the calculation of the result
The concept of total (total) profit	Changes in the entity's equity (net assets) for the period as a result of business transactions and events not related to owners' contributions and payments to owners	Changes in equity regardless of its owners and cumulative adjustments to data from previous periods are attributed to the result of the reporting period
Net profit concept	Amount of profit (loss) from operating activities (main and non-main)	Changes in capital regardless of its owners and general adjustments to data from previous periods are attributed to capital accounts
The concept of financial capital support	Exceeding the financial (monetary) amount of assets for the period less all distributions and contributions of owners	Changes in asset prices and accounts payable are attributed to the result of the period
The concept of supporting physical capital	Excess of physical production (operating capacity) of the company for the period minus all distributions and contributions of owners	Changes in asset prices and accounts payable are credited to equity accounts

Domestic regulatory documents on accounting do not consider provisions on different approaches to calculating the result. The amount of revaluation of fixed assets is attributed to additional capital, which corresponds to the concept of supporting physical capital.

Changes in the prices of current assets, such as securities, are reflected in the results of operations for the period. Thus, the concept of financial capital support is applied.

Conclusions. Thus, net profit is a rather subjective category, as its indicator is determined not by the amount of funds in the current account, not the size of the trade margin, and the moment of identification in the accounting of the elements that form it, adopted by the company accounting method. In modern accounting, the calculation of the financial result is governed not only by the concepts of profit, the rules proposed by current regulations on accounting and taxation, but also by theoretical principles.

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