

International Transaction Journal of Engineering, Management, & Applied Sciences & Technologies

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HISTORICAL ASPECTS OF THE ECONOMIC ENTITIES' FINANCIAL REPORTING DEVELOPMENT IN RUSSIA

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ARTICLEINFO

Article history:
Received 07 June 2019
Received in revised form 21
August 2019
Accepted 02 September 2019
Available online 16 September 2019

Keywords:

Accounting reporting development; Double-entry bookkeeping; Accounting objects; Information users.

ABSTRACT

In recent decades, a special interest in studying the history of the accounting and reporting development has been evolving in the Russian and foreign scientific community. Undoubtedly, the reason for this is both an attempt to identify trends in the development of this science, and the desire to establish justice (truth) in the existing contradictions and fill in the gaps in the history of the development of this phenomenon. In its historical development, accounting reporting has passed a sufficient number of stages, and its current state has formed under the influence of certain factors. Based on the historical approach, it is possible to identify the prerequisites for the origin of financial statements, distribution conditions, identify development stages and areas of improvement. Many authors divide the history of the accounting reporting development in 2 stages, where the emergence of double-entry bookkeeping is considered as a turning point. With the development of the economy, the expansion of trade, and the emergence of new accounting entities, the system for reflecting the economic activity facts was improved, and the reporting forms became more complicated. Based on the analysis of various sources, we provide the main characteristics of reporting, based on the various stages of development of mankind and science in general. The current state of the accounting (financial) statements is reflected and the prospects for its development are indicated.

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1. INTRODUCTION

Information support for enterprise management includes the use of various data: accounting, tax and statistical reporting, operational data and extra-account information (information in open sources, arbitration cases, contracts, media, etc.). However, despite the information source variety, the most reliable of them is accounting. At the same time, accounting and financial reporting are not always operational, analytical and understandable to participants in economic activities, and sometimes to specialists. It follows that the above negative qualities limit, and sometimes exclude the use of such

information for making managerial decisions (Kulikova & Gafieva, 2014; Chemetova et al., 2017).

It is worth noting that the current system of statutory regulation of accounting records and reporting (financial statements) is a significant (but not absolute) guarantee of its reliability. This factor allows us to increase the degree of trust of potential users to the information contained in it. However, this was not always the case (Kulikova & Goshunova, 2014). Our previous study was devoted to the study of the history of accounting, in this study we want to reflect the main stages in the accounting reporting development as a separate phenomenon (Mukhametzyanov et al., 2017).

2. METHODS

The historical aspects of the development of accounting reporting have been studied throughout humanity. This is evidenced by the works of various scientists forming the idea of financial statements (Mukhametzyanov & Nugaev, 2016). Accounting reporting in its historical development has gone through a fairly large number of stages, and its current state has developed under the influence of various factors (Table 1).

Table 1: The origin and development of financial statements (Yasmenko & Zhuk, 2014).

Date	Reporting Feature	Factors Affecting the Emergence and Development of Reporting
II millennium BC	List of property in physical meters	The emergence of phonetic writing, the development of a Unigraphics accounting paradigm
V c. BC.	Property listing in a single money measure	Use of a single money measure in accounting
XIV c.	Reflection of information with the division to the assets and liabilities in the balance, the division of the asset balance to non-current and current assets, the appearance of abstract indicators, the use of market prices in the reflection of goods in the statements	The appearance of double entry
XVIII c.	The aggregated and generalized data about accounting entities,	Classification and division of accounts into synthetic and analytical ones
XIX c.	The dependence of reporting on accepted goals and mistakes, the development of a profit and loss statement, the establishment of reporting as an independent element of the general information base, the development of statistical and dynamic balance theories	The emergence of balance sheet and accounting legislation
Since the second half of the XX c.	Comparability	The advent of IFRS
Since the beginning of the XXI c.	Transparency, completeness, and usefulness for a wide range of users; social responsibility	Distribution of IFRS, integrated reporting, the use of automated systems for operational analysis and decision making, development of corporate social responsibility

It is assumed that accounting statutory regulation has led to the emergence of a reporting theory. The main accounting techniques in the Middle Ages were reporting and inventory. However, in those days it was believed that oral evidence was more reliable than written evidence; later some banks and merchants began to draw up written balances, but this was irregular.

One of the modern, fairly well-known studies in the field of studying the development of accounting and reporting is the work by Professor Ageeva O.A., who in 2008 in her study identified 4 dialectical stages in the development of accounting and reporting from the period of their inception

to the modern stage of economic development. In her opinion, only at the second dialectical stage of accounting development, reporting did stand out from it and became an independent field of research (Ageeva, 2008).

At the beginning of its development, the accounting reporting consisted solely of an inventory of property in kind, using in-kind measures typical of those entities at a certain date.

Over time, the Unigraphics method has undergone significant changes, such a method of accounting as collation (reconciliation of mutual settlements) has arisen, therefore, reporting has also been modified (Aletkin, 2014). The main feature of the inventory was that in addition to the cost measure, it also had an in-kind measure. Over time, in addition to in-kind measures, monetary measures appeared in the reporting (to display the amount of debt). However, the quality of reporting did not improve, since, along with the property of an economy, accounts payable began to be reflected in it: they were the source for the formation of such property. The reason was that during this period of time there was no division of accounting entities into property and sources of their formation with a division into assets and liabilities.

The emergence of money and its use as a measure of value has led to the emergence of valuation. The monetary expression of a fact of economic life has increased the value of accounting reporting since it becomes possible to compare reporting data for various reporting dates, as well as the ability to compare data from different economies. Consequently, the opportunity arose to satisfy the information needs of not only internal but also external users (Ageeva, 2008).

Many authors separate 2 stages in the development of accounting reporting: the emergence of double-entry bookkeeping is considered as a special historical moment, which is a borderline separating the two main stages in its development (Yasmenko & Zhuk, 2014).

However, we should not equate the period of occurrence of accounting reporting with the period of occurrence of accounting records, since the first is associated with the reflection of information about economic activities with the use of a particular information carrier. In this regard, according to G.N. Yasmenko and V.N. Zhuk, the accounting reporting origin moment can be considered the period of occurrence of phonetic writing in the second millennium BC, which was a period of development of a Unigraphics accounting paradigm based on the reproduction of facts of economic life. The accounting reporting at that time consisted solely of an inventory of property in kind, specific to those entities as of a specific date (table 2).

Table 2. Assets of a slave owner's workshop (Mukhametzyanov et al., 2017).

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Movable property	3 talents 56 minas *	or 28.5%
Slaves (52 people)	2 talents 50 minas	or 28.0%
Jewels of various kinds	3 talents -	or 21.8%
Raw materials for production	2 talents 30 minas	or 18.1%
House	- 30 minas	or 3.6%
Total	12 talents 46 minas	- 100%

^{* 1} talent = 60 minas = 25.5 kg; minas = 425 g.

Many accounting historians attribute the appearance of a double-entry with the publication of the treatise "On Accounts and Records" by Luca Pacioli, who described an extremely simplified version

of double-entry bookkeeping. However, the Venetian method did not provide for the preparation of accounting reporting (Kulikova & Goshunova, 2014).

However, even before the Treatise appeared, a number of large trading and banking companies in Florence used double-entry bookkeeping of a sufficiently high level. The bookkeepers of these companies regularly prepared a balance sheet and a profit and loss statement, which were fully agreed upon among themselves (Aletkin, 2014).

Attempts to classify accounts and use the division of accounts into control and analytical (XVIII century) had a significant impact on the reporting structure (Amel-Zadeh et al., 2016).

The creation of joint-stock companies also played a significant role in changing the legislation. The emergence of large economies, an increase in global trade, and the emergence of trading exchanges have dramatically increased the number of external users of accounting reporting. At that time, accounting legislation began to take shape in most countries, which obliged business executives to publish their accounting reports in order to reduce the risk from shareholders, investors, and other external users. In the meantime, the balance sheet became the main document confirming the solvency of owner, and a document that can be used as evidence in resolving issues of economic disputes (Cairns, 2015).

Since the second half of the XIX century accounting reporting began to separate from accounting records and became an independent element of the general information base. By the end of the XIX century, merchants compiled balances not only for controlling the turnover but as an instrument of control and management of their economies (Vetoshkina & Tukhvatullin, 2014).

The 20s of the XX century are characterized by the restoration of commodity-money relations and the concept of business accounting. Priority was given to the preparation of the balance and its use. Monitoring compliance with reporting requirements, business activities and the financial condition of participants in the national economic process was ensured by public reporting (Vetoshkina et al., 2016).

The entry of individual companies into the world market in connection with the growth of economic potential created the unification problem for accounting reporting since the principles of its preparation differed significantly in different countries and even in different companies of one country. Misunderstanding of the reporting by users, its incomparability and unsuitability for business analysis led to erroneous and ambiguous conclusions about the results of activities of business entities that submitted reports. All these prerequisites contributed to the development of international financial reporting standards. Some countries have begun to voluntarily use IFRS as national accounting systems, and some to prepare consolidated accounting reporting. The application of IFRS possibly facilitated the most accurate comparison of reporting for companies from different countries, as well as a comparison of the results of work in different periods for one business entity (Mukhametzyanov & Nugaev, 2016).

3. REVIEW REMARK

The economic globalisation processes, the development of market relations at a high level determine the construction of an accounting (financial) reporting system that meets the needs of a

reformed market economy. These factors determine the need to rethink the criteria for the formation of accounting records and reporting information, a more detailed definition of the financing reporting elements, as well as establishing the relationship between them, which will subsequently affect the convergence of accounting and reporting. In modern conditions, the promising trends of reporting development have become the presentation of integrated reporting which is aimed at informing its users about corporate social responsibility (CSR), provision of relevant and forward-looking data for making informed management decisions.

4. CONCLUSION

Being a fairly complex system, accounting reporting could not arise only from general assumptions. The use of the historical approach in our study allowed us to reveal the time course and development stages for accounting reporting. However, the historical approach is not single but is only one of several methodological approaches that make it possible to recognize such a complex and ambiguous phenomenon as accounting turns out to be. Accounting reporting in its historical development has passed a sufficient number of stages, and its current state has developed under the influence of various factors. Along with the change in the stages of development, the qualitative characteristics of the reporting also changed: the number of items raised, the methods of reflection were refined, and the reporting has been focused on identifying the results of economic activity. The expansion of the globalization process and active participation in world markets have led to the formation of reporting that meets the common requirements and needs of a reformed market economy. Rethinking these factors allowed us to expand transparency and achieve the orientation of reporting for a wide range of users. According to many authors, the current financial reporting system does not fully provide the necessary quality and reliability of the information, and that limits the potential for its use. In this regard, the identification of development areas for accounting reporting is relevant. In the context of the economy digitalization, the question of changing the format for data presenting arises. A special role there would be played by the formation of online reporting, the use of the XBRL reporting format, and the presentation of data in 3d format. Of course, all these changes are due to the rapid development of modern information technologies, which accelerate and facilitate the process of generation of accounting reporting having the required format.

5. AVAILABILITY OF DATA AND MATERIAL

Information used and generated from this work is available by contacting the corresponding author

6. ACKNOWLEDGEMENT

The work is performed according to the Russian Government Program of Competitive Growth of Kazan Federal University. Financial support is gratefully acknowledged.

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