

# FORMATION OF ACCOUNTING POLICY CONTENT

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**Abstract.** Currently, the relevance of the accounting policy is great, since the current economic situation in Kazakhstan directly affects the financial condition of enterprises, therefore, depending on the chosen accounting policy, the economic activity of an economic entity is formed at the modern level and has scientific and practical significance. Accounting is defined by law as an ordered system for collecting, registering and summarizing in monetary terms information on property, liabilities and their movement through continuous, continuous and documentary accounting of all business transactions.

**Key words:** accounting policy, primary accounting documents, workflow rules, accounting information processing technology, business operations control procedures.

With the transition to market relations, approaches to the formulation of accounting in organizations have changed. In the past, the state has now passed from strict regulation of the accounting process by the state to a reasonable combination of state regulation and the independence of organizations in accounting. The essence of new approaches to the formulation of accounting consists mainly in the fact that, based on the general accounting rules established by the state, organizations independently develop an accounting policy to solve the tasks set for accounting.

Under the accounting policy adopted by the organization understood the totality of ways of doing it and the organization of accounting: a primary observation, cost measurement, current grouping and final generalization of economic activity. Accounting policies must be developed at each independent enterprise, regardless of ownership. Type of activity and ownership of the enterprise significantly affect the

accounting policies. Focused on the current standards and taxation system in a market economy, an economic entity forms and tax policy.

Accounting policy - a set of methods, principles, rules and procedures of accounting and tax accounting and preparation on their basis of financial reporting.

Meanwhile, the accounting policies selected organization has a significant impact on the value of indicators of production costs, profits, income tax, value added tax and property indicators the organization's financial condition. Therefore, the accounting policy of the organization is an important means of shaping values of the main indicators of the organization, tax planning, pricing policy. Without reference to the accounting policy cannot be done the comparative analysis of organizational performance over time and the more comparative analysis of the various organizations.

All subjects of small, medium and large business operating in the territory of the Republic of Kazakhstan are required to keep accounting and financial statements in accordance with the Law of the Republic of Kazakhstan "On Accounting and Financial Reporting" dated February 28, 2007 No. 234. The requirements of the Law apply to individual entrepreneurs. According to article 8 of the Law, the head or individual entrepreneur agrees and approves the accounting policy, ensures the organization of accounting. The accounting policy is approved in the manner prescribed by the legislation of the Republic of Kazakhstan and the charter (regulation) of the organization. Standards provide common basic rules for all businesses, practices and principles of accounting and accounting policies company describes the individual methods and rules, reveals the activities of the company, its features. Kazakhstan has an accrual method in determining the amount of income and the amount of costs. However, each entity may have their own principles of recognition of income and expenses, your expenditure: There are industry-specific features, which are processed by the various special documents.

Head of the company, together with the accountant and other professionals employed or self-develop and adopt accounting policies. Accounting policy preparation services can be provided by audit and consulting firms. But no one except the manager and the entrepreneur does not know all the intricacies of the technology

companies. The accounting policy begins with a description of the status of the company, governing bodies, data of registration documents, types of activities. Then sign:

a) the form and method of accounting (IFRS), the method of accounting (manually on paper forms and in books or using a computer and software), principles;

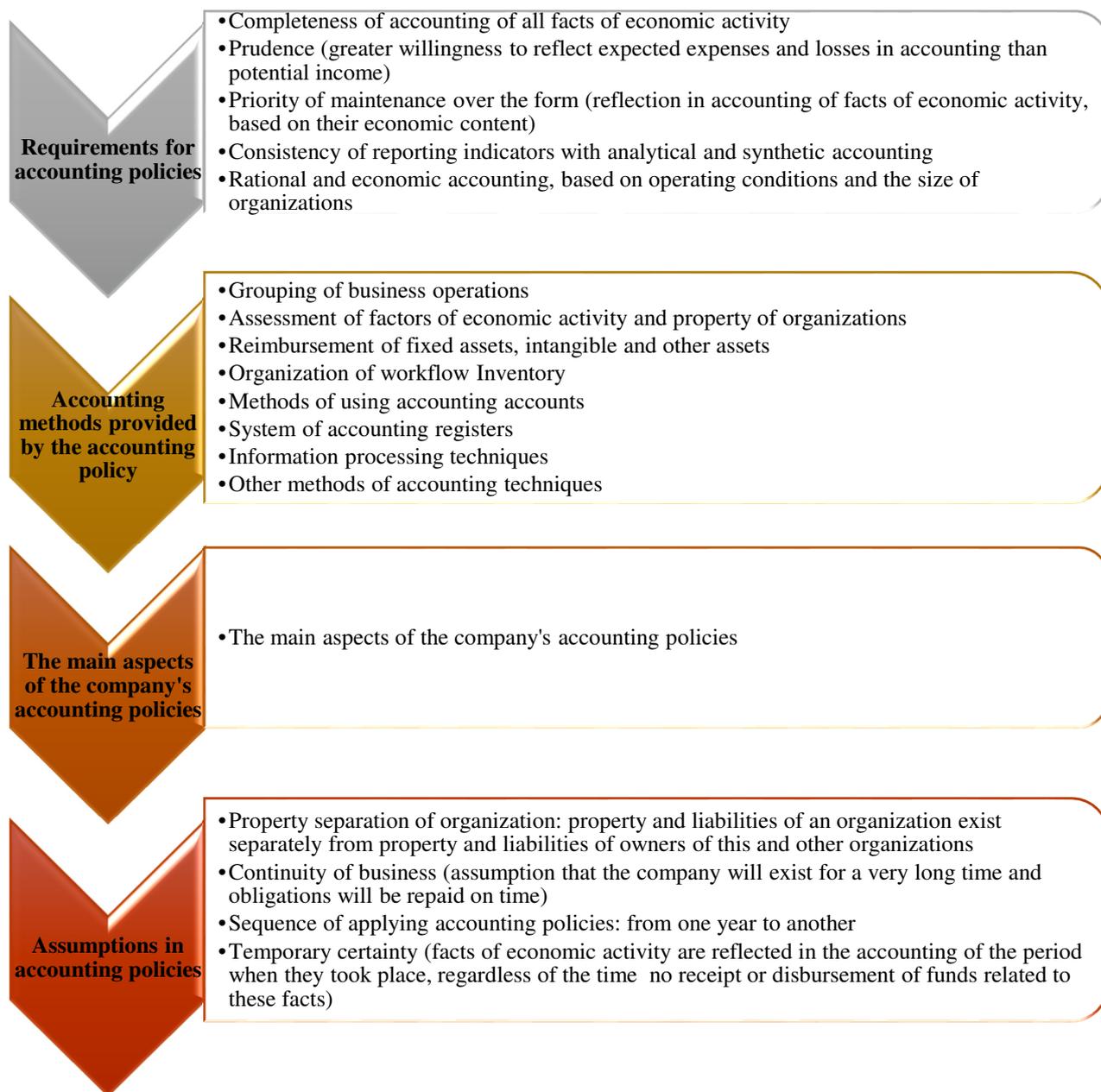
b) the person who will keep records: an independent entrepreneur, a hired accountant, an accounting firm;

c) tax treatment (generally established simplified declaration, or other);

d) the composition of the reporting (financial, tax, statistical), the frequency of reporting;

d) the main part of the accounting policy reveals the principles of recognition of income and expenses, methods that allow an alternative in accounting for fixed assets, inventory, industry features and special documents, provisions on wages of employees and so on.

The accounting policy has been in effect throughout the entire existence of the enterprise, therefore, when developing it, it is necessary to consider the smallest details and foresee plans (for example, expanding the business, the emergence of new activities). However, if there are reasonable grounds, allowing changes and additions to the accounting policies, which can also be caused by changes in legislation. The accounting policy has the following structure showed in picture 1:



Picture 1 - Elements of an enterprise accounting policy

An accounting policy may consider the needs of entrepreneurs in varying analytical data. You can provide yourself with information by developing your own special tables and reports for internal use, which allow you to analyze various economic indicators. Accounting will provide information for management decision-making, facilitate the organization of effective business, increase sales and profit margins.

The more detailed the accounting policy is drawn up, the easier it is in the future to conduct a dialogue with the Tax Committee and other regulatory bodies, because

when compiling the accounting policy, everything is thought out in steps, considering various situations that arise in any business.

The procedure for the formation of accounting policies, the purpose and scope of activity, its disclosure are defined in accounting standard No. 1 “Accounting policies and its disclosure”, approved by the National Accounting Commission of the Republic of Kazakhstan.

In the modern system of economic management of the Republic of Kazakhstan, there are two levels of accounting policy: global (national) and local.

Accounting policies are defined by: Department of Accounting and Audit Methodology of the Ministry of Finance of the Republic of Kazakhstan, National Securities Commission of the Republic of Kazakhstan, National Statistical Agency, Ministry of Finance, Tax Committee of the Ministry of Finance, Ministry of Economy, National Bank of the Republic of Kazakhstan, Chamber of Auditors of the Republic of Kazakhstan, Industry Ministries, public companies, and others. These bodies, within their competence, issue various regulations, instructions and other normative documents, the combination of which allows the formation of accounting policies. Business entities formulate their accounting policies based on national accounting standards, applicable laws affecting accounting, taxation and financial reporting.

Accounting policies must develop such accounting solutions, to implement both current and future challenges of accounting and taxation. The accounting policy of the company is selected and justified by economic, legal and accounting services of the company and approved by the head, it should be framed appropriately organizational and administrative documents of the enterprise and approved by the order or the order of the enterprise. It states:

- working plan of accounts containing synthetic and analytical accounts necessary for accounting in accordance with the requirements of timeliness and completeness of accounting and reporting;

- forms of primary accounting documents used for processing facts of economic activity for which standard forms of primary accounting documents are not provided, as well as forms of documents for internal financial statements;

- the procedure for the inventory of assets and liabilities of the organization;
- methods for valuing assets and liabilities;
- workflow rules and accounting information processing technology;
- the procedure for controlling business operations;
- other decisions necessary for the organization of accounting.

An entity shall disclose adopted in the formation of accounting policies accounting methods that significantly affect the assessment and decision-making by interested users of financial statements. The methods of accounting are recognized as essential without knowledge, the use of which by interested users of the financial statements cannot provide a reliable assessment of the financial position, cash flow or financial results of the organization.

The methods of accounting adopted in the formation of the accounting policies of the organization and subject to disclosure in the financial statements include:

- depreciation methods for fixed assets, intangible and other assets;
- methods for assessing inventories, goods, work in progress and finished products;
- methods of recognition of profits from the sale of products, goods, works, services;
- other significant accounting methods.

In case of publication of the financial statements are not in full, on the accounting policy information to be disclosed, at least in part, directly related to the published materials.

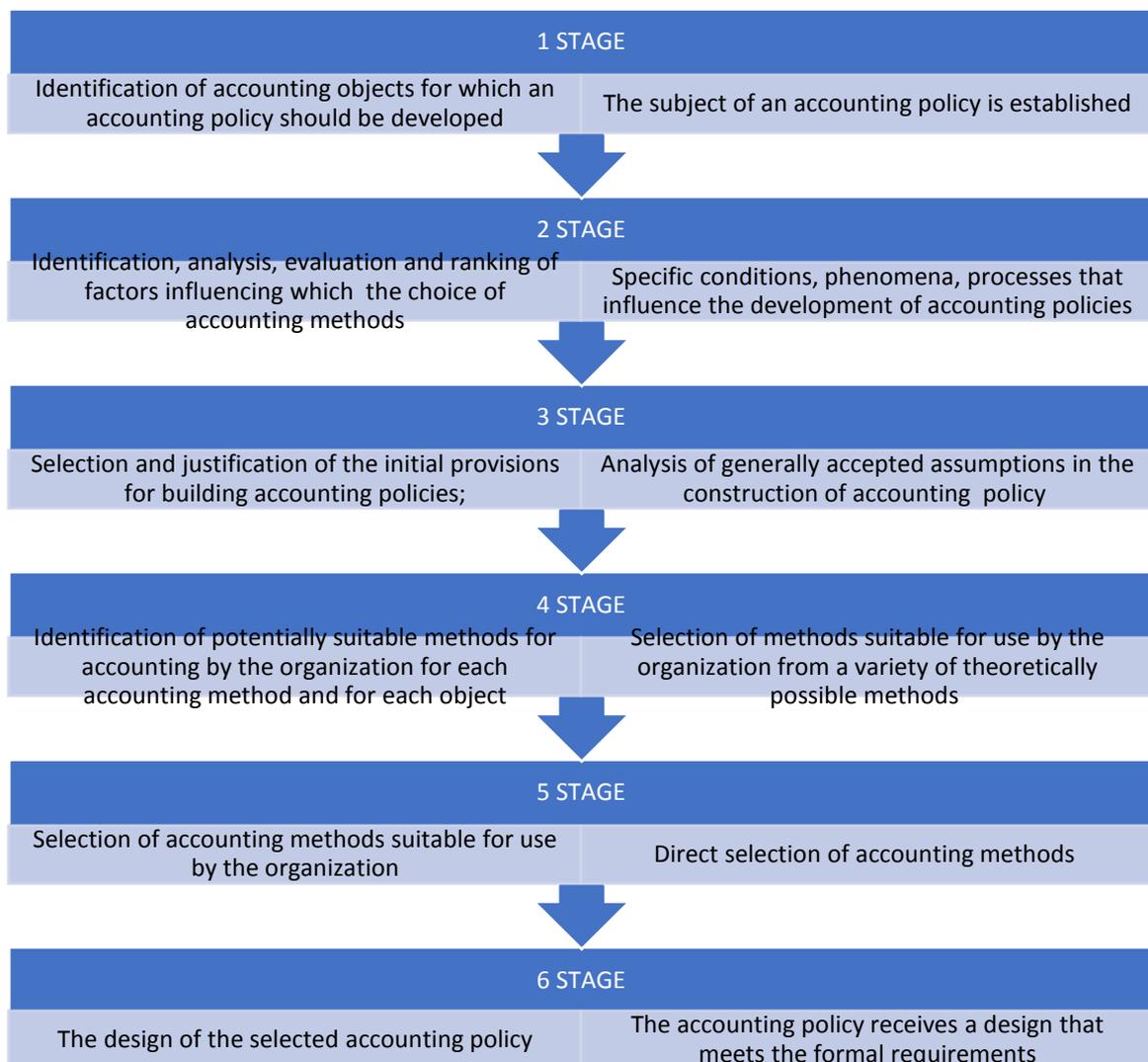
When forming the accounting policy is assumed that:

- assets and liabilities of the enterprise exist separately from the assets and liabilities of the owners of the enterprise and other enterprises (assumption isolation property of the enterprise);
- the enterprise will continue its activities in the foreseeable future and it has no intentions and need to liquidate or significantly reduce its activity, and, therefore, the obligations will be repaid in the prescribed manner (assumption of continuous activity of the enterprise);

– the accounting policy chosen by the enterprise is applied sequentially from one reporting year to another (assuming the sequence in applying the accounting policy);

– facts of economic activity of the enterprise are of the reporting period (and therefore reflected in the accounting), in which they took place, irrespective of the actual time of receipt or payment of funds relating to these facts (assumption of time definiteness of the facts of economic activities).

The following steps should be observed during the formation of accounting policies showed in picture 2.



Picture 2 - The stages of accounting policy formation

The accounting policy of the enterprise should provide:

– complete reflection of accounting of all the facts of economic activities (requirement of completeness);

– greater willingness to accounting losses (expenses) and liabilities than the possible income and assets, avoiding the creation of hidden reserves (requiring diligence);

– reflection, in the accounting of facts of economic activity, proceeding not only from their legal form, but also from the economic content of the facts and economic conditions (the requirement that the content be prioritized over the form);

– the identity of the data of analytical accounting of turnover and balances. In the respective accounts of the synthetic account of the first day of each month, as well as indicators of financial statements according to synthetic and analytical accounting (requirement of consistency);

– rational and economic accounting based on business conditions and the size of the enterprise (the requirement of rationality).

The terms and conditions given in the regulation mainly correspond to the accounting principles adopted in world practice.

Based on the current general accounting rules, regulatory documents, enterprises, organizations have the right to independently form the following elements of accounting policies:

✓ The choice of accounting registers used, the sequence of entries in them (accounting forms);

✓ Drawing up a working chart of accounts based on a standard chart of accounts;

✓ Selecting synthetic accounting of inventory and assessment;

✓ Establishment of evaluation method of consumed inventories of finished goods, work in progress;

✓ Determining the cost limit of reference objects to fixed assets and to the IBE;

✓ Establishment of the procedure for calculating depreciation for fixed assets;

✓ Establishment of the procedure for depreciation on intangible assets;

✓ Establishment of a method for calculating depreciation on the IBE;

- ✓ The choice of a method (methodology) for grouping and writing off production costs;
- ✓ Establishment of a method for accounting for the output of products (works, services);
- ✓ The choice of cost-accounting method for production and calculation of the cost of production;
- ✓ Selection method of distribution of indirect expenses between individual objects and accounting calculation;
- ✓ Formation of reserves;
- ✓ Procedure for writing off repair costs;
- ✓ The choice of method of determining the proceeds from the sale;
- ✓ Accounting treatment of exchange rate changes;
- ✓ Options for the allocation and use of net profit.
- ✓ Accounting for financial results in the performance of long-term contracts.

The accounting policy of the enterprise is subject to registration by the relevant organizational and administrative documentation (order) of the enterprise.

Accounting methods chosen by the company during the formation of accounting policies applied to the first day of January of the year following the year of publication of the corresponding organizational and administrative documents. In this case, they are applied by all entities (including separate balance), regardless of their location.

Changes in the accounting policies of an enterprise may take place in the following cases: reorganization of an enterprise (merger, division); change of ownership; legislative changes; developing new accounting methods.

Finally, entity shall disclose the favorites in the formation of accounting policies accounting methods that significantly affect the assessment and decision-making of users of financial statements. Significant methods of accounting are recognized, without knowledge of the use of which users of financial statements cannot provide a reliable assessment of the property and financial condition, cash flow or the results of an enterprise.

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