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## **Organizational and Methodological Approaches to Development of Accounting Policy for Formation of Integrated Accounting of Interrelated Agricultural Companies**

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**Abstract:**

*The purpose of the article is to determine advantages and drawbacks of existing organizational and methodological approaches to development of accounting policy and develop optimal approach to formation of integrated accounting of interrelated agricultural enterprises. For this purpose, the article uses methods of problem and comparative analysis, method of optimization, and methods of graphical presentation of information. The authors conduct comparative analysis of existing organizational and methodological approaches to development of accounting policy of enterprise and develop optimal approach to formation of integrated accounting of interrelated agricultural enterprises. As a result of the research, the authors come to the conclusion that Russian and international approach to development of accounting policy differ from each other, but neither of these approaches is optimal for formation of integrated accounting of interrelated agricultural enterprises. The developed optimal approach to formation of integrated accounting allows unifying the process of development of accounting policy of enterprise and thus is the best for interrelated agricultural enterprises. This approach is oriented at consumers, due to which it is able not only to simplify the process of formation of corporate accounting of interrelated agricultural enterprises but to turn it into the factor of their competitiveness.*

**Key Words:** *corporate accounting policy, integrated accounting, methodology of integrated accounting, interrelated agricultural companies.*

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## **Introduction**

In the globalizing world, economy of modern Russia faces change of situation in most spheres of economy in the direction of strengthening of competition, including agriculture, which leads to increase of the tendency of integration of Russian agricultural enterprises and formation of agro-industrial holdings, agro-clusters, and other types of associations of enterprises.

Interrelated agricultural enterprises not only closely cooperate in their production activities and exchange resources, technologies, and information but lead joint financial, tax, and managerial accounting (Balashova & Melikhov, 2014).

Due to differences in accounting policy of various agricultural enterprises – members of such integrated associations – there is a problem of its unification and formation of integrated accounting of all interrelated agricultural enterprises.

This article is devoted to solving the stated problem and analysis of organizational and methodological approaches to development of accounting policy for formation of integrated accounting of interrelated agricultural enterprises. The purpose of the article is to determine advantages and drawbacks of existing organizational and methodological approaches to development of accounting policy and to develop optimal approach to formation of integrated accounting of interrelated agricultural enterprises.

## **Materials and method**

Fundamental foundations of corporate accounting of enterprises are set in scientific works and publications of such authors as (Al Daoud et al., 2015), (Bean & Irvine, 2015), (Hąbek & Wolniak, 2015), (Joensuu et al., 2015), (Searcy & Buslovich, 2014), (Wang & Li, 2015), (Thalassinos & Liapis, 2013), (Thalassinos *et al.* 2013). Among scientists which study organizational and methodological issues of development of accounting policy of enterprise, the following authors can be distinguished: (Abdel-khalik & Chen, 2015), (Bradshaw et al., 2014), (Dabbicco, 2015), (Freidank & Sassen, 2015), (Galli, 2015), (Nobes & Stadler, 2015).

Issues of interrelated agricultural enterprises are studied by such economists as (Bernardes, 2015), (Medernach & Burnod, 2013), (Grouiez, 2012), (Bazylyuk & Mynenko, 2010), etc.

However, despite the high level of study of the problem of formation of corporate accounting of enterprises and peculiarities of interrelated agricultural enterprises, organizational and methodological issues of formation of integrated accounting for interrelated agricultural enterprises are viewed discretely and peripherally in works of modern scientists.

This research is devoted to complex solution to the problem of formation of integrated accounting of interrelated agricultural enterprises. For that, the work uses methods of problem and comparative analysis, method of optimization and graphical presentation of information.

## **Results**

In order to enter global markets, attract foreign investments, etc., Russian enterprise gradually transfer to international approach to development of accounting policy and presentation of corporate accounting which significantly differs from Russian approach (Table 1).

**Table 1.** Comparative analysis of existing organizational and methodological approaches to development of accounting policy of enterprises

Criteria of comparison	Approaches to development of accounting policy of enterprise	
	Russian approach to accounting	International approach to accounting
Final users of accounting	public authorities (tax bodies, statistics bodies, etc.)	investors and financial institutes (credit organizations and insurance companies)
Determination of accounting date	accounting date is fixed to calendar year	accounting date is not fixed to calendar year
Main principle of income recognition and expenses, assets and liabilities	principle of domination of form over content	principle of domination of content over form
Method of fixed assets accounting	normative information	Professional opinion
Method of revenue recognition	loyalty programs are not accounted for	loyalty programs are accounted for
Advantages of approach	strictness and clearness	correspondence of accounting and actual data
Drawbacks of approach	difference between accounting data and factual data	subjectivism in accounting data

As is seen from Table 1, Russian approach to development of accounting policy supposes that final users of corporate accounting are public authorities, primarily, tax bodies and state statistics bodies. This predetermines prevailing of tax accounting in corporate accounting (Balashova, 2014).

International approach to development of accounting policy of enterprise supposes that final users of corporate accounting are investors and financial institutes, primarily credit organizations and insurance companies. That's why financial accounting prevails in corporate accounting (Chekrygina et al., 2014).

In the Russian approach to development of accounting policy of enterprise, accounting date is tied to calendar year. That is, accounting is conducted from January 1 to December 31 of each year at all enterprises. This complicates the procedure of verification of accounting for controlling bodies due to complexity of simultaneous check of all enterprises.

However, this simplifies the work of accounting bodies. Consumers and other interested parties can easily track corporate accounting of all interesting enterprises without the risk of missing the date of its publication – as all enterprises do it at the same time.

International approach to development of accounting policy of enterprise does not suppose orientation at calendar year – accounting can be conducted starting from any date of the year. On the one hand, it is more convenient for enterprises. On the other hand, this increases the level of uncertainty among investors and causes necessity for tracking the date of accounting issue of all required enterprises (Ioannis & Serafeim, 2014).

The main principle of recognition of income and expenses, assets and liabilities within Russian approach to development of accounting policy of enterprise is the principle of domination of form over content. This means that real value and consequences of certain events for enterprises in its corporate accounting give way to external surface information which differs from real state of affairs (Melikhov & Pavlova, 2014).

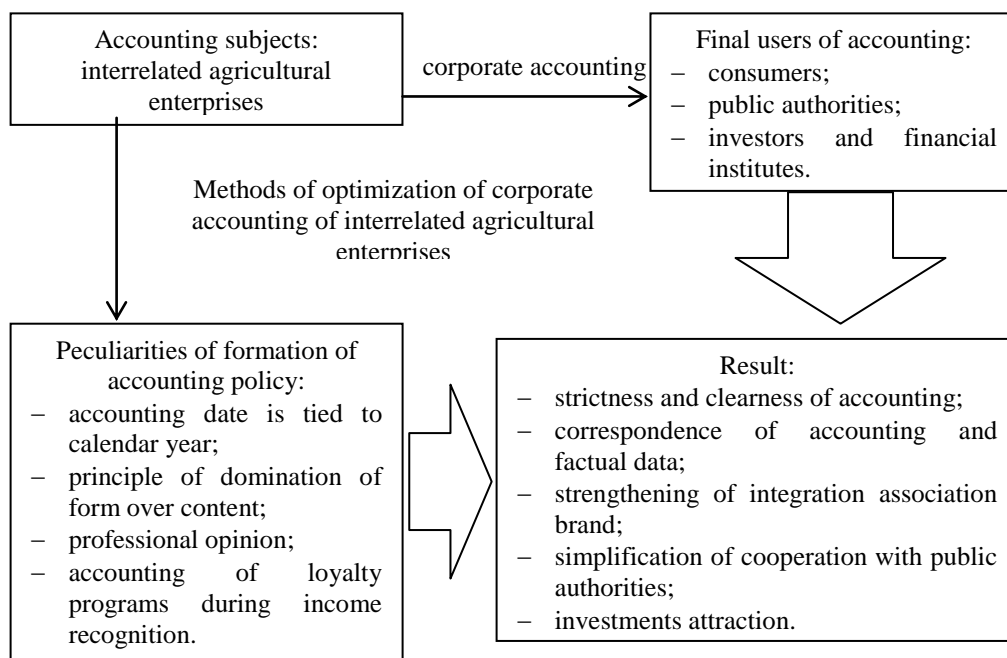
International approach to development of accounting policy of enterprise uses the principle of domination of content over form, according to which corporate accounting reflects factual state of affairs at enterprise which can contradict various legal documents, reflecting economic sense of phenomena and processes (Popkova et al., 2015).

Accounting of fixed assets within Russian approach to development of accounting policy of enterprise is conducted on the basis of normative information. That is, enterprises which use this approach in their corporate accounting mention term of beneficial use and not factual term of service of fixed assets (Ovchinnikov, 2014).

Within international approach to development of accounting policy of enterprise, it is supposed to use professional opinion for accounting of fixed assets. In other words, corporate accounting includes factual term of service of fixed assets which can differ from information of supplier or manufacturing factory.

Enterprises which use Russian approach to development of accounting policy, do not take into account loyalty programs during recognition of revenue, which reduces authenticity of information regarding revenue and makes its of surface nature. International approach to development of accounting policy supposes taking into account loyalty programs during revenue recognition.

Advantages of Russian approach are strictness and clearness. This is important for tax accounting. There's also a possibility of difference between accounting data with factual data due to domination of legal form over economic entity. Advantage of international approach is correspondence of accounting and factual data. Drawback of the approach is subjectivism in accounting data due to the use of method of professional opinion (Perepelkina, 2014). These drawbacks make the existing approaches to development of accounting policy unfit for the process of formation of integrated accounting of interrelated agricultural enterprises. In order to overcome the determined drawbacks of existing approaches, this research offers specially developed proprietary optimal approach to formation of integrated accounting of interrelated agricultural enterprises (Fig. 1).



**Figure 1.** Optimal approach to formation of integrated accounting of interrelated agricultural enterprises

As is seen from Fig. 1, methods of optimization of corporate accounting of interrelated agricultural enterprises predetermine peculiarities of formation of accounting policy. Accounting date is tied to calendar year. This ensures maximal correspondence to requirements of tax bodies and simplifies cooperation with interested parties.

During formation of corporate accounting, the principle of domination of form over content is used. This allows reflecting in corporate accounting factual information and economic sense of processes. In accounting policy, professional opinion is used. This allows enterprises to get rid of normative informational and enables them to reflect more authoritative information in accounting.

Under the modern conditions, enterprise's accounting is a significant factor of its competitiveness. As financial literacy of consumers grows and their market power increases, the tendency of growth of consumers' interest in studying corporate accounting of enterprises becomes more popular. Thus, an important place among final users of corporate accounting should be occupied by consumers.

Orientation at their interests supposes reflection in corporate accounting of information on social and ecological responsibility of enterprise and provision of information in graphical form, which is most clear and convenient for mass consumers. Therefore, managerial accounting should prevail in corporate accounting of interrelated agricultural enterprises.

The idea of integration of enterprises is based on strengthening of their brand by means of joining their marketing efforts (Serafeim, 2014). That's why during income recognition of interrelated agricultural enterprises, it is advisable to take into account loyalty programs, as it will simplify evaluation of efficiency of marketing efforts of enterprises and will allow determining common positive effect of all enterprises in the sphere of clients' loyalty management.

## **Conclusion**

Thus, as a result of comparative analysis of existing organizational and methodological approaches to development of accounting policy of enterprise, it was determined that they differ a lot from each other, but neither of these approaches is optimal for formation of integrated accounting of interrelated agricultural enterprises.

The developed optimal approach to formation of integrated accounting allows unifying the process of development of accounting policy of enterprise and, thus, is the best option for interrelated agricultural enterprises. This approach is oriented at consumers, due to which it is able not only to simplify the process of formation of corporate accounting of interrelated agricultural enterprises but to turn it into factor of their competitiveness.

Limitations of results of conducted research include orientation of the developed approach to formation of integrated accounting at agricultural enterprises and its optimality under the condition of close interrelation of these enterprises, which is achieved under the condition of their entering integration associations of enterprises (agro-industrial holdings, agro-clusters, etc.).

For certain agricultural enterprises and other types of enterprises, such process of development of accounting policy is not optimal. That's why a perspective direction for further research is development of approaches to formation of corporate accounting for various enterprises in view of their sectorial specifics and other individual peculiarities.

Also, a perspective direction of scientific research is approbation and determination of advantages and drawbacks of developed optimal approach to formation of integrated accounting of interrelated agricultural enterprises for the purpose of its perfection.

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