Korpaniuk T.
Candidate of Economic Sciences, Associate Professor,
Associate Professor of the Department of Accounting and Taxation in the Fields of the Economy,
Vinnytsia National Agrarian University
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ORGANIZATIONAL AND ECONOMIC PRINCIPLES OF LOAN ACCOUNTING IN COMMERCIAL BANKS ACCORDING TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

***Introduction**. Historically formed national models of accounting and reporting of different countries for a certain period of time met the requirements of the reproduction process within a relatively independent economic system. In the context of the growth of international integration processes, enhancement of the role of transnational corporations, active development of international financial markets and world trade, it became necessary to eliminate differences in reporting, which is prepared in different countries. In response to this request, accounting and auditing organizations in a number of countries have developed and implemented unified rules for presenting information on financial indicators – International Financial Reporting Standards (IFRS). This allowed to make the financial statements clear to users of different countries and ensure comparability of these indicators.*

The purpose of implementing international financial reporting standards (IFRS) into national practice is to achieve information transparency of the banking sector, build theconfidence of potential investors in the country's banking system and the economy in general.

Presentation ofthe main material. The preparation of financial statements in accordance with IFRS is possible in two ways:

by using the transformation of financial statements prepared in accordance with domestic law, in accordance with IFRS at the end of the accounting period;

by maintaining parallel accounting in accordance with IFRS during the whole reporting period.

The advantages of the transformation method include minimal changes in internal technologies and participation in the process of only a limited number of specialists. The disadvantages of this method include a less accurate presentation of reports, longer terms of its preparation.

The advantage of parallel accounting is maximum accuracy and efficiency. It does not require a significant amount of time forthe preparation of IFRS reporting after the presentation of reporting in accordance with the law. However, parallel accounting is more time-consuming compared to the method of transformation. The use of the method of parallel accounting is appropriate for a large amount of work on the transformation of reporting.

IFRS financial statements will be prepared by domestic banks using the transformation method.

When using the transformation method, assets and liabilities are reclassified in accordance with IFRS based on the tables for this purpose, reflecting the transformation from the domestic accounting system to the international one.

Credit operations are the main operations of the bank and the main item of interest income. The bank's deliberate credit policy allows minimizing credit risks and increasing the number of the bank's clients in various lending segments. The reliable presentation of information on credit claims in the bank's financial statements in accordance with IFRS is the best tool for monitoring own activities.

The method of reflecting credit requirements in the financial statements of banks according to IFRS is based on the bank's accounting policy.

The main elements of the bank's accounting policy in accordance with IFRS include the following issues:

classification of loans and contingent liabilities in accordance with the principles of IAS 1, 10, 21, 30, 32, 37, 39;

conditions for initial recognition set out in IAS 39;

further measurement in accordance with the principles of IAS 39;

recognition of interest income, determination of non-market interest rates in accordance with the principles of IAS 18, 39;

conducting an impairment test on credit terms set out in IAS 39;

calculation of deferred taxes on credit operations in accordance with IAS 12;

stages of loan debt transformation in accordance with the bank's internal regulations;

disclosures in the notes to the financial statements in accordance with IAS 10, 14, 21, 29, 30, 32, 37, 39 [1].

In accordance with IFRS, loans are financial assets of a credit institution granted in the form of cash or other assets directly to the borrower, except when they are granted for immediate assignment in the near future or short term.

Loans granted by a commercial bank in the form of cash directly to a borrower or an organizer of a syndicated loan (except for those granted to immediately or promptlysell and recorded as trading assets) are classified as loans and advances.

In the line "Funds in other banks"according to the IFRS balance sheet, the bank displays loans issued and deposits placed in other credit institutions, as well as balances on correspondent accounts "nostro", which are not equated to cash equivalents.

In the line "Loans and advances to customers" of the balance sheet according IFRS the Bank shows loans issued and equivalent credit indebtedness if a borrower (contractual counterparty) is not a credit institution.

The Bank treats the considered promissory as "Loans and advances granted" if the promissory note is purchased from an issuer and there are no intentions to sell it (alienate for other reasons until the promissory note is repaid) within 6 months (180 calendar days) from the date of purchase. A reasoned judgment on this issue is formed by a responsible specialist of the Bank by including information on purchased promissory notes that is recorded on the bank's balance sheet according to IFRS on the reporting or interim reporting date in the relevant auxiliary transformation table.

Sale and repurchase agreements ("repos") are treated as operations to raise funds to provide security for securities. Securities sold under sale and repurchase agreements are included in the categories "Trading securities", "Available-for-sale investment securities" or "Held-to-maturity investment securities" according to IFRS, depending on the type of transaction. Relevant liabilities under the line "Debts to other banks" or "Other borrowed funds".

Securities purchased under resale agreements ("reverse repos") are accounted for as funds in other banks or loans and advances to customers. The difference between the sale and repurchase prices is recorded as interest and is accrued throughout the term of the repo agreement using the effective yield method.

Securities provided by the Bank as a loan to counterparties continue to be displayed as securities in the Bank's financial statements.

Securities received as a loan are not shown in the financial statements. In case these securities are sold to third parties, the financial result from the purchase and sale of these securities is recorded in the income statement as income less expenses from trading securities. The obligation to return these securities is indicated at fair value as a trade liability.

Loans and advances are displayed from the date of disbursement to borrowers.

First, loans and advances are displayed at initial value, which is the fair value of the loan.

Loans and advances with a maturity of more than one calendar year are included in the amount of amortized costs less loan loss provision.

Depreciation is an important element of accounting. We believe that amortized cost means the value of a financial asset determined at initial recognition, minus the repayment of the principal debt amount, plus or minus theaccumulated depreciation of the difference between the initialvalue and the value at the time of repayment.

Depreciation is accumulated using the effective initial interest method [2].

The effective initial interest rate is the interest rate that is used to accurately discount the expected amount of future cash flows before the date of initial recognition or the reporting date.

If the financial instrument (loan) under the terms of the agreement provides not one but several cash flows after the date of their issuance to the borrower, the effective initial interest rate is calculated using special computer programs, in particular through the financial function in Microsoft Excel "internal rate profitability".

The accumulated depreciation as the difference between the initial value and the value at maturity is determined by the accrued interest formula at the effective (complex) initial interest rate.

Loans and advances may not be accounted for at amortized cost in the following cases:

if, based on the conditions in effect at the reporting date, it is not possible to reliably determine the amount of future cash flows;

if the loan is not calculated at amortized cost, it is subject to be displayed in the balance sheet in accordance with IFRS at nominal value with the addition of accrued interest received under the terms of the agreement or loan agreement. In this case, the Bank is guided by the idea that there are insignificant differences between the amount of interest accrued at the effective initial rate and the amount of interest accrued at a simple rate under the terms of the loan agreement.

Loans granted at interest rates other than market interest rates are measured at the date of issue at fair value, which is the future interest payments and the amount of the principal debt, discounted at market interest rates for similar loans. The difference between the fair value and nominal value of the loan is indicated in the income statement as income from the provision of assets at rates above market rates or as expenses from the provision of assets at rates below market rates. Subsequently, the carrying value of these loans is adjusted for amortization of income/expense on the loan, which is shown in the income statement using the effective yield method.

When calculating the amount of adjustments for loans granted at interest rates other than market interest rates, the bank conducts the following paymentsfor:

determining the new initial fair value;

determining the amount of adjustment to the initial cost of the loan;

interest accrual on the reporting (intermediate reporting) date.

An authorized specialist of the Bank forms a reasoned judgment on the size of the market interest rate when filling in the relevant developed auxiliary table.

The calculation of theadjustment amount of the initial value of the loan is defined as the difference between the new initial fair value and the cash actually issued. The adjustment amount is indicated in the income statement under the line "Income/expenses from the provision of assets at rates above/below market".

After adjusting the initial value of the loan, interest on the reporting or intermediate reporting date is accrued from the new initial fair value of the loan at the market interest rate used to determine the new initial fair value [3].

If the terms of the loan agreement after the date of initial recognition provide for the repayment of interest and principal in tranches, the interest accrual on the reporting or intermediate reporting date is divided into periods:

from the date of the loan granting to the first date of payment;

from the first date of payment to the second date of payment, etc.

It is worth paying attention to some methods of determining the non-market rate when the bank's experts interpret the total payments for loan servicing, which include interest on the loan at rates below market, payment for opening and maintaining a loan account as a market rate. They are of different nature and cannot be taken into account in the market interest rate of the loan granting.

Loan loss provisionis formed in the presence of objective data that would indicate that the bank is not able to receive the payable amounts under the original terms of the loan agreement.

If the loan is gotten at amortized cost, the amount of the provision is the difference between the carrying amount and the measured recoverable amount of the loan, calculated as the present value of expected cash flows, including amounts recoverable under guarantees and provision discounted using the effective primary interest rate.

If the initial value of the loan has been adjusted, the market interest rate used to determine the new initial fair value of the loan should be used instead of the effective initial interest rate.

If the loan is not accounted for at amortized cost, the amount of the expected loan repayment is the carrying amount of the loan at the reporting or interim reporting date minus the amount of the provision. The amount of the expected refund is not discounted.

Loan loss provision also includes potential loan losses that are objectively present in the loan portfolio at the reporting date [4]. Such losses are measuredbased on losses incurred in previous years for each component of the loan portfolio, credit ratings assigned to borrowers, as well as the measurements of the current economic conditions in which these borrowers operate.

Loans that cannot be repaid are charged offloan loss reserve formed on the balance sheet. Charge-off is carried out only after the completion of all necessary procedures and determination of the amount of loss.

The recovery of previously charged-off amounts is displayed on the loan line "Loan loss reserve" in the income statement.

The stages of transformation of loan debt are determined in accordance with the internal regulations of the bank and include, in addition to reclassification of accounts, the preparation of professional judgments by authorized employees of the bank, as well as a list of standard adjustments under this section.

Adjustments related to the creation of a provision for possible losses on loans to customers according to IFRScan be given as an example:

Dr"Loan loss provision"

Dr"Retained earnings for the reporting year"

Cr"Provision for impairment of amounts due in other banks".

Adjustments for interest accrual on promissory notes classified in "Loans and advances to customers" are displayed as follows:

Dr"Accrued interest income"

Cr "Retained earnings for the reporting year"

CrP&L statement"Loans and advances to customers (Interest income)".

Disclosures in the notes to the financial statements are carried out in accordance with the principles set out in IAS 10, 14, 21, 29, 30, 32, 37, 39.

The following events are subject to disclosure as non-adjusting events in accordance with IAS 10:

refinancing on a long-term basis;

elimination of violation of long-term loan agreement;

receiving from the creditor the introduction of actions to eliminate violations of the long-term loan agreement for a period of at least 12 months after the reporting date.

The Bank should disclose the following information for each class of contingent liabilities, except when the resource outflow resulting from a settlement is unlikely:

if possible, also provide ameasurement of the financial implications and signs of uncertainty about the amount or terms of any resource outflow;

in cases where the creation of a reserve for future expenses and payments and the occurrence of contingent liabilities are explained by the same circumstances, it is necessary to indicate the relationship between the reserve and contingent liabilities [5].

Sometimes the disclosure of some or entire information required by IAS 37 paragraphs 86-89 (points 1 and 3) may cause serious harm to a bank's position in a dispute with other parties over a contingent liability or contingent asset. In such cases, it is not necessary to disclose information, but the Bank should specify the following:

general nature of conditional events;

fact that the information was not disclosed;

reason for not disclosing such information.

The purpose of disclosing information in accordance with IAS 32 is to assist users in understanding the significance of financial instruments to the company's financial position, results of operations and cash flows, as well as to assist users in measuring the amounts, terms and certainty of future cash flows associated with those instruments.

IAS 32 does not set requirements for the format of information disclosed or its position in the financial statements.

If this information is disclosed in the main forms of financial statements, there is no need to repeat it in the notes to the financial statements. The information disclosed may include descriptive and quantitative data depending on the nature of the instruments and their significance to the company.

For each class of financial assets, financial liabilities and equity instruments, it is necessary to disclose information about the volume and nature of financial instruments, including their material terms, which may affect the amount, terms and certainty of future cash flows.

Contractual terms of transactions with financial instruments affect the amount, terms and certainty of future cash flows and payments of the parties [6]. If financial instruments, individually or combined, are of significant importance to the future financial position of the Bank or its future operating results, it is necessary to disclose information about the terms of the financial instruments. If none of the financial instruments separately is significant for the Bank's future cash flows, the main characteristics of the instruments are disclosed by the certain categories of similar instruments.

The notes to the financial statements should disclose information about the financial instruments held by the bank that create potentially significant financial risks, as described in IAS 32 (paragraph 52).

Among these arethe market risk, which includes currency risk, risk of changes in interest rates on fair value and price risk, as well as credit risk, liquidity risk and risk of changes in interest rates on cash flows.

We believe that when determining the fair value of the loan the greatest difficulty is to establish criteria for "marketability" of the interest rate. The conclusion of a loan agreement on terms significantly different from the marketis unlikely between independent and informed parties. In the conditions of the developed credit market, the bank will not conclude the credit agreement on deliberately unfavorable for itself conditions. When concluding such an agreement, it can be assumed that it is associated with the emergence of any unidentified asset (implicit economic benefits). In this case, the asset must be identified and legalized [7]. The difference between the carrying and nominal value of the loan in this case should not be attributed to the costs of the bank but to increase in the value of the asset. Therefore, when reporting accordingto IFRS, each case of asset allocation on non-market terms requires additional analysis of the reasons for such allocation. The reduction of the interest rate may be caused by market factors, in particular, the improvement of the borrower's financial situation or a change in the lending policy of certain industries. In such cases, there is no need to adjust loans to fair value.

In accordance with IFRS in the notes to the financial statements, the bank should disclose information about contingent liabilities of credit nature. For example, when concluding a guarantee agreement in the bank there is a current legal obligation. Such obligation is not contingent if there is no probability of disposal of assets. If such a probability occurs (worsening of the financial condition of the principal), the current liability begins to be treated as contingent and displayed in the financial statements. Finally, if the probability becomes significant (bankruptcy of the principal) and it is possible to make a reliable measurement of the liability, the bank creates a reserve for the best measurement. According to the law, the guarantor has no right by way of recourse to claim the principal to recover the amounts paid to the beneficiary under the bank guarantee, unless otherwise provided by the agreement of the principal and the guarantor. If the reimbursement is provided by the agreement, and the guarantor bank has the right of recourse to the debtor, then in this situation when a bank issues a guarantee for the client in favor of another commercial bank there is not only a contingent liability but also a contingent asset in the guarantee amount that is most likely to be fulfilled.

From the date of performance of the guarantee, it is shown in the balance sheet as an asset that is exposed to credit risk with the creation of a reserve.

As for the performed guarantees in the absence of a recourse claim against the debtor, in our opinion, they should not be indicated on the balance sheet at all.

After the termination of the contingent liability and the use of the reserve to meet the obligations of the guarantor bank to the beneficiary bank, the performed guarantees can be considered as contingent assets with the reflection of the latter in the financial statements of the bank [8].

Conclusions. Thus, the method of reflection in the accounting of loans accordingto IFRS is based on the bank's accounting policy. The most significant elements of accounting for loans in accordance with International Financial Reporting Standards are classification of loans and contingent liabilities in accordance with IFRS 32 "Financial Instruments: Information disclosure and presentation", 37 "Provisions, Contingent Liabilities and Contingent Assets", 39 "Financial instruments: recognition and measurement"; initial recognition of loans in accordance with IFRS 39; further measurement in accordance with IFRS 39; loan loss provision in accordance with IFRS 39; disclosures in the notes to the financial statements in accordance with IFRS 32, 37, 39.

It should be noted that IFRS isof great importance not only for banks and individual enterprises as a tool to raise additional investment and an element of high corporate governancebut also for the development of the economy as a whole since International Financial Reporting Standards contribute to a more open business climate and integration of Ukraine into the world economy.

As a result of consistent application of qualitative characteristics of information and subject to compliance with accounting standards, a reliable and objective presentation of reporting is provided. Special attention should be paid to the requirement of the "benefit-cost ratio". This restriction is relatively new and quite difficult to define. Its point is primarily that a specialist approaches the collection of information for financial reporting from the standpoint not only of its necessity, but also the complexity of its search and collection.

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Polova O.,
Doctor of Economics, Professor of the Department of Audit and State Control,
Vinnytsia National Agrarian University
DOI: 10.24412/2520-6990-2021-15102-21-29

FEATURES AND TRENDS OF DEVELOPMENT OF BALNEOLOGICAL TOURISM IN UKRAINE

Abstract.

The tourism and recreation industry is an important factor in a stable and dynamic increase in budget revenues, a significant positive impact on the state of affairs in many sectors of the economy (transport, trade, communications, construction, agriculture, etc.). Tourism is not only a source of knowledge about the world, but also a big profitable business. For many countries, tourism has already become a leading source of income. The purpose of the study is to generalize the features of the functioning of balneological institutions in Ukraine and the prospects for their further development. The tourism and recreation industry is characterized by relative independence, so its formation and development determine the conditions and factors influencing the solution of current organizational and managerial problems of effective tourism and recreation services through the use of available resources and creating a quality package of health services, recreational complex. Tourism and recreation is one of the priorities, as it is able to have both direct and indirect impact on the level of socio-economic development of the region.

Keywords: *tourism, tourist enterprise, recreation, balneology, mineral waters, brine, investments, budget.*

Introduction. High rates of development of the market of tourist services, appreciable growth of a role of tourism in a life of a society are followed by considerable aggravation of a competition in branch. In such conditions, there is an objective need for targeted influence on the development of the tourism sector, which is realized through the mechanisms of state and regional tourism policy. According to the UNWTO, the share of the tourism industry in Ukraine's GDP is about 2%, which indicates that the country's tourism potential is far from being used properly. The market of tourist services is not functioning efficiently enough. More than 200 thousand people work in the tourism industry of our country on a permanent basis and about 1 million people - seasonally. This indicates the obvious and urgent need to increase the number of jobs in this area.

Related literature review and hypotheses. Organizational and economic principles of management of tourist and recreational complexes in considered in the works of scientists Golovnia O.M. [1], Drebot O.I. [6], Ilyina L.O. [7], Savitskaya N.G. [8], Stavska Yu.V. [9], Chizhevskaya A.V. [12], Yashchuk V.I. [13] and others. However, the resource component of the balneological potential of Ukraine needs to be studied.

Data and methodology. The theoretical and methodological basis of the study were the provisions of economic theory, legislation and regulations. To solve the set tasks, general scientific methods were used: specific search - to identify, select, theoretical analysis, synthesis, classification, generalization of printed sources on state regulation of the tourism and recreation industry in Ukraine; historical and structural - in order to determine the peculiarities of the formation of balneological activities as a progressive direction of tourist activity at different stages of historical development; chronological – to consider the processes of formation and development of state regulation of tourism in the dynamics, changes and time sequence.

Results and Discussions. The tourism industry in Ukraine is formed due to three components: outbound (foreign) tourism; domestic tourism; inbound (foreign) tourism. Outbound tourism accounts for 41% of the total number of tourists. At the present stage, tourist Ukraine is more than 3 thousand health facilities, about 1.8 thousand hotel-type enterprises, more than 150 thousand monuments of culture, history and nature, 39 cities, whose age exceeds a thousand years. An integral element of the tourism industry of Ukraine is also domestic tourism, the advantages of which are the absence of language barriers and difficulties in obtaining a visa, reasonable prices and the development of infrastructure that attracts domestic tourists. This type of tourism is used by a third of travelers. Domestic tourism promotes the development of sightseeing, cultural, sports and other types of tourism

Ukraine as an independent subject of international economic activity remains insufficiently involved in international tourism processes, although the peculiarities of geographical location, unique natural and recreational resources and a large number of historical and cultural monuments create opportunities for the proper development of many types of tourism. The recreational complex forms a set of enterprises and institutions specializing in the production and sale of accommodation, food, health, leisure and transport (services are provided separately and in the complex), as well as the production of additional and related equipment for vacationers, in addition, it involves appropriate the level of economic development of the territory, the availability of transport network and local infrastructure [2, c. 114].

Intensive development of the recreational complex requires understanding in the following areas:

- assessment of compliance of the material and technical base of territorial complexes in the effective demand of the population for recreational services;
- assessment of the investment potential of the recreational complex;
- development of an investment program for the creation of closed technological schemes of service (housing, food, transport, information communication