

FORMATION OF INFORMATION SUPPORT FOR EFFECTIVE MANAGEMENT OF SUSTAINABLE DEVELOPMENT OF THE ORGANIZATION

^aOKSANA BUDKO, ^bALEVITYNA VORONINA, ^cNATALIYA KARAVAN, ^dANTONINA ZIENINA-BILICHENKO, ^eMARHARYTA KUCHER

^{a,b,c,e}Dniprovsk State Technical University, 2, Dnepropetrovsk Str., 51918, Kamianske, Ukraine

^dNational University of Food Technologies, 68, Volodymyrska Str., 01601, Kyiv, Ukraine

email: ^abisnescon@ukr.net, ^balevtina.voronina20@gmail.com, ^ckaravan_eco@ukr.net, ^dt.bilichenko@gmail.com, ^eritakucher@ukr.net

Abstract: The article explores the formation of information support for the management of sustainable development of an organization. The essence of accounting policy as an instrument of information support, which considers the economic, environmental, and social aspects of sustainable development, is explored. The accounting policy goals, implemented through the implementation of tasks in the context of subsystems of accounting and analytical support for sustainable development (accounting, analytical, and subsystems for providing non-financial information), have been determined. The legal regulation levels of its formation and implementation (international, state, sectoral, and microlevels) have been established. The accounting policy components (organizational, methodological, technical) and their content have been determined. The stages of formation and implementation of accounting policies (preparatory, main, final) have been substantiated. The proposed methodology for assessing the quality of accounting policies for the formation of information support for an organization's sustainable development was based on clear criteria. The accounting policy elements have been determined, which should be assessed in detail when determining the level of its quality. The necessity of forming the organization's accounting policy taking into account the factors of sustainable development to effectively manage the economic, environmental, and social aspects of the activity, has been proved. The practical significance of the results obtained lies in the possibility of applying the developed methodology for the quality of accounting policy when forming an order on accounting policy, as a regulatory document, and when carrying out an internal audit of the financial and economic activities of an organization.

Keywords: Accounting policy, Cost, Information support, Management, Organization, Quality, Strategic direction, Sustainable development.

1 Introduction

A necessary condition of the formation and implementation of the strategy of sustainable development of the organization is the use of the most effective tools of information management, which is part of the accounting and analytical support system. An important tool for making management decisions is the accounting policy of the entity. At the same time, at the present stage, accounting policy as a tool to provide the company with complete, reliable, unbiased, and objective information does not take into account the need to reflect in the accounting and analytical process the relationship of economic, environmental and social aspects of the organization.

Among the main problems of insufficient attention to take into account in the accounting policy of the strategic focus on sustainable development of the organization are the following:

- Imperfection of the current legislation in the field of sustainable development and inconsistency of provisions of separate regulations among themselves;
- Definition of the concept of "accounting policy" without taking into account its focus on addressing issues of information management of sustainable development of the organization;
- Formal attitude of accountants to the formation of accounting policies without taking into account the priorities of information support for sustainable development;
- The difficulty of choosing the most economically justified option for accounting or evaluation of a particular object, which characterizes not only economic but also environmental and social aspects of the activity;
- Failure to take into account the impact of accounting policies on the economic, environmental and social performance of the organization in reporting on sustainable development;

- Lack of methods for assessing the quality of the established accounting policy, which would provide an opportunity to obtain objective information for effective management of the organization in implementing its sustainable development strategy.

Solving these problems requires changes in approaches to the methodological aspects of accounting policy formation and assessment of its quality in the context of the organization's choice of sustainable development strategy.

2 Literature Review

A number of scientific works are devoted to the problems of information support of sustainable development management of the organization and their solution. The implementation of corporate social and environmental responsibility measures as one of the components of sustainable development and taking into account its practices in shaping the organization's strategy was studied by a group of scientists [8]. They analyzed the competitiveness indicators of companies that determine corporate social responsibility.

The relationship of sustainable development with the enterprise's accounting and analytical system has been proven in scientific work [4]. A number of scientists have confirmed the scientific and practical hypothesis about the theoretical and methodological ability of the Institute of Accounting to solve the problem of information support for the implementation of the national policy of sustainable development [23].

Other scientists have also studied the need to change the accounting methodology due to the introduction of the principles of sustainable development in their activities. They analyzed the role of accounting for sustainable development and national security of Ukraine and pointed out the importance of implementing integrated reporting [1]. Some scientists have established the relationship between the concept of sustainable development and the enterprise's accounting system, developed a matrix for determining the level of corporate social responsibility in terms of its hierarchical levels, and nomenclature of indicators for assessing the state of social responsibility [20]. Some aspects of accounting and analytical support for sustainable development, in particular, the environmental component, scientists reveal [24]. They proved the need to reflect in the accounting of environmental activities, which include environmental assets, liabilities, and performance.

Many scholars have devoted their work to the problematic aspects of reporting, which reflects the organization's activities in terms of sustainable development. Research of technological innovations are associated with the growth of the array of accounting data, the speed of their dissemination, the need for timely and in-depth analysis and audit in order to make decisions by stakeholders on the basis of reporting, which is based on accounting data according to ESG-criteria Vasilieva and IM Makarenko [27]. The rationale and relevance of the presentation of environmental, social, and management information by stakeholders in the format of ESG-reporting in order to form the long-term value of the business on the principles of transparency and business ethics have been studied by scientists [13]. They proved that the companies that prepare such reports provide information needs of users on the possibilities of implementing a sustainable development strategy. A number of scientists also reveal the issues of accounting and reporting of the impact of enterprises on the environment and society [26]. A. Krutova, T. Tarasova, and O. Nesterenko [12] studied the new concept of reporting, which actualizes the solution of problems of measuring and forecasting the potential consequences of economic, environmental, and social interaction through indicators of integrated reporting.

Solving the problems of analytical support of sustainable development, substantiation of the need to analyze the results of enterprises' financial and economic activities using financial and non-financial indicators, the study of the relationship between reporting on corporate social responsibility and performance was carried out by scientists [2, 10, 16]. A methodology for assessing and determining an integrated indicator of sustainable development based on enterprises' accounting and analytical performance indicators was also developed [22].

However, the formation of information for sustainable development management at the initial stage with the help of accounting policy tools is ignored. The analysis of scientific works shows that the general issues of formation and implementation of accounting policy are mainly studied.

Disclosure of the essence of accounting policy as a tool for managing the value of the enterprise and a means aimed at ensuring the implementation of the tasks set before the accounting service, carried out by O.A. Lagovska [14]. Koryagin studied the accounting policy in terms of the components of the value of the enterprise. He stressed the need to approve the provisions in the accounting policy regarding the choice of methods for estimating the value of assets and liabilities, the order of their application in order to bring the value of the enterprise to market level [11]. Zhytny studied the organizational and methodological aspects of accounting policy of financial and industrial groups, particularly the essence of accounting policy and the prerequisites for its development, classification features of factors influencing accounting policy, the formation process, and its applied aspects [29].

A number of authors have devoted their work to solving problems of formation and implementation of accounting policies in specific sectors of the economy. Yes, V.M. Rozhelyuk was engaged in solving the problems of forming the processing enterprise's accounting policy [21]. The formation of accounting policies at the grape and wine industry enterprises in terms of the distribution of management costs was considered by a group of scientists [7]. N.G. Tsaruk identified key elements of accounting policy and proposed its regulations, which are typical for agricultural enterprises [25]. Peculiarities of the bank's accounting policy were revealed by N. Artemyeva [3]. The study of the content, purpose, practical application of the basic levels of accounting policy and their tools in the public sector was carried out by Yu.O. Lucik [17].

However, the issues of methodology and organization of accounting policy and assessment of its quality in its focus on ensuring the sustainable development of the organization remain out of academia's attention and require thorough research.

3 Materials and Methods

The purpose of the article is to substantiate the conceptual, theoretical, methodological, organizational, and methodological provisions of accounting policy and the development of methods for assessing its quality as a tool to take into account the impact of sustainable development factors on the results of the organization.

The study's methodological basis is dialectical and epistemological methods that are used to deepen the economic essence of the concept of "accounting policy" in terms of sustainable development. To achieve this goal, such general and special scientific knowledge methods as methods of analysis and synthesis, induction and deduction, expert evaluations, logical generalization were used. Thus, induction and deduction methods were used to identify possible alternatives to accounting policy methods and procedures.

The methods of analysis and synthesis are used to determine the levels of accounting policies that will help obtain information to manage the organization's sustainable development. The method of expert assessments was used to assess the level of quality of accounting policy, the method of observation – to monitor the status of elements of accounting policy in the organization.

Using the abstract-logical method, the sequence of stages of formation and implementation of accounting policy is determined. The method of logical generalization is used in the development of practical recommendations for the preparation and content of the order on the accounting policy of the organization and the use of methods for assessing the quality of accounting policy in the system of accounting and analytical support for sustainable development.

Tabular and graphical methods are used for visual visualization of materials and a schematic of a number of theoretical provisions of the study. Bibliometric and bibliographic analysis revealed the level of research in the field of information organization, in particular, accounting and analytics. The implementation of sustainable development strategies identified unresolved issues of accounting policy as a basis for generating the necessary information for management decisions in the economic, environmental, and social spheres of enterprise activity.

4 Results and Discussion

Analysis of accounting policy interpretations shows that, mainly, researchers define it as a set of principles, methods, procedures, and accounting methods for financial and economic activities. In addition to defining the essence, some scholars point to accounting policy's ability to ensure the optimal construction of all accounting subsystems and be a tool for enterprise management. As you can see, the approaches of scientists emphasize the crucial role of accounting policy as a tool for implementing development strategies and balancing the interests of different stakeholder groups. However, its role in the management of an organization focused on sustainable development and justification of its importance in forming the optimal model of accounting and analytical support for sustainable development of the organization, the information end product of which is reporting on sustainable development, is not defined in these approaches.

Given the above, accounting policies for sustainable development should be interpreted as a set of principles, methods, and procedures, using which based on the application of regulations or professional judgment, take into account the features of information reflection of economic, environmental, and social aspects of the organization using financial and non-financial indicators of which nature will ensure the formation of reporting in accordance with the requests of stakeholders.

The purpose of accounting policy is to obtain the maximum total effect of the activity, taking into account its priorities to achieve tactical and strategic goals of sustainable development using reliable financial and non-financial information reflected in the financial statements and Sustainable Development Reporting. The goal is realized through the implementation of tasks in terms of subsystems of the system of accounting and analytical support of sustainable development, which should include accounting, analytical and subsystem of non-financial information:

- 1) In relation to the accounting subsystem:
 - Within the framework of financial accounting - ensuring compliance with the uniform requirements for the formation of financial statements and reflection of the financial condition to achieve maximum attractiveness of the company for investors;
 - Within the management accounting – the formation of a rational system of information support for management decisions;
 - Within tax calculations – the choice of the optimal taxation system;
- 2) In relation to the analytical subsystem – ensuring comparability of indicators of the organization, which are reflected in the financial statements and reports on sustainable development for different periods and with indicators of other organizations, development of

- guidelines for analyzing the financial condition of the organization and analysis of sustainable development;
- 3) In relation to the subsystem of providing non-financial information – ensuring the formation of a system of non-financial objects that characterize the organization's economic, environmental, and social performance.

Given the importance of accounting policies for managing the organization's sustainable development, it is necessary to dwell on the different levels of legal regulation of its formation and implementation. Most scientists who study accounting policy formation problems determine that the accounting policy is carried out at the state and enterprise levels [5, p. 8]. Scientists also distinguish three other levels of accounting policy regulation: state, intermediate (branch, departmental), local (enterprise) [6, p. 154]. MS Pushkar defines such levels of formation and application of accounting policy as international, interstate, state, branch, and enterprise-level [19, p. 241]. Despite the above approaches of scientists, based on the concept of sustainable development, it is logical to assume that accounting policies should be regulated at four levels: international, state, industry, and organization. In particular, for financial reporting, there is a separate standard at IAS 8, IAS 8, accounting policies, changes in accounting estimates and errors, which defines the criteria for selecting and changing accounting policies, together with the accounting approach and disclosure of changes in accounting policies and changes in accounting policies, and estimates and error correction [15]. Based on the content of this IAS, we conclude that it is necessary to cover in the financial statements of environmental and social aspects of activities, as this document aims to ensure the relevance and reliability of financial statements and their comparability with the reporting of other periods and financial statements of other organizations. The main requirements and recommendations for reporting on sustainable development at the international level contain modular standards for non-financial reporting (GRI Standards), and therefore when formulating accounting policies for non-financial reporting, they should be based on their provisions. As a tool for regulating accounting at the state level, accounting policy should be the basis for the formation of accounting policy at the micro-level, i.e., at the organizational level. This can be achieved in the process of improving the legislative and regulatory framework in the field of accounting. The analysis of the domestic legal framework shows complete compliance with international accounting and reporting standards. In view of this, at the state level, it is necessary to begin work on the development and implementation of a separate standard (provision) of accounting, "Accounting Policy of the organization". The development, adoption, and implementation of the proposed methodological document on accounting policy will be an important area of implementation of accounting doctrine and contribute to the formation of accounting policies aimed at solving problems of accounting for operations that characterize its sustainable development at the micro-level. It is also important for the implementation of the state accounting policy in the field of sustainable development to adapt the provisions of the modular standards for non-financial reporting (GRI Standards) to national conditions in the process of developing guidelines for sustainable development reporting, as a document that regulates, environmental and social aspects of the activity.

At the micro-level, organizations are currently actively using standards-approved alternatives. Thus at the formation of provisions of the accounting policy directed on coverage of ecological and social aspects of activity, the following situations can arise:

- The legislation establishes clear rules on valuation methods and procedures for reflected transactions;
- There is no legislative regulation or undeveloped provisions of regulatory regulation of valuation methods and accounting procedures for transactions;
- The possibility of using several options for valuation methods and accounting procedures defined at the legislative level.

According to the first option, the situation should be clearly reflected in the account without any accountant's professional judgment. Where legislation is not developed, or there is no regulation of accounting principles, methods, and procedures, entities may apply International Financial Reporting Standards (IFRSs), the provisions of which relate to similar and related transactions, events, and conditions. In the absence of IFRS, organizations are given the right to use professional judgment as an opinion expressed in good faith by a professional accountant in relation to an economic situation that is useful for its description and making effective management decisions. This option can be used to identify non-financial objects that characterize the economic, environmental, and social aspects of the activity to assess the organization's sustainable development. Suppose the legislation and regulatory framework provide for several options for accounting for the object in the account. In that case, the organization chooses one of the possible options while forming its accounting policy on the basis of the legal and regulatory framework. In this regard, it should be noted that the legislation of Ukraine gives companies the right to determine "in agreement with the owner (owners) or his authorized body (official) in accordance with the constituent documents of the accounting policy of the enterprise" [15]. The imperative-recommendatory norm of the law and the absence of a separate normative-legal document on the obligation to form an accounting policy by business entities leads to a formal approach to this process. In view of this, the accounting policy does not ensure the implementation of the defined purpose of the organization but is a purely formal procedure, which is taken into account only because prescribed by the legislation of Ukraine. At the same time, the effective choice and implementation of accounting policies depend on the effectiveness of management of the organization and the future strategy of sustainable development. The current accounting policy does not take into account the provisions of the concept of sustainable development and does not meet the information needs in terms of reporting on sustainable development.

Accounting in accounting policy as an information basis for management, goals, objectives, and principles of sustainable development will provide:

- Formation of reliable, objective, and complete information of financial and non-financial nature on economic, environmental, and social aspects of the organization;
- Providing users with information about the degree of social responsibility of the organization;
- The ability to compare financial statements in terms of indicators that characterize the environmental and social aspects of activities for different periods and with the reporting of other organizations;
- Formation of non-financial information, without which it is impossible to assess the achievements of the organization in the field of sustainable development;
- Elimination of contradictions and imperfections of the current legislative and regulatory acts through the use of accounting policy provisions for substantiated evidence of the chosen method of reflecting individual business transactions;
- Increase the efficiency of activities and prevent negative results of economic, environmental, and social aspects of activities through a system of selected accounting procedures;
- Formation of a single methodological basis for creating an accounting and analytical system for objective assessment of assets, liabilities, expenses and income, tax optimization, a full reflection of internal and external accounting information and non-financial indicators that directly or indirectly determine the degree of social activity of the organization, as conditions for its sustainable development.
- Optimization of the taxation system, when the choice of individual elements of accounting policy affects the amount of taxable income;
- Achievement of optimal performance indicators for all types of activities, which are embodied in financial and

non-financial indicators (indicators that characterize the environment and social aspects of activity).

The implementation of this should be carried out in the context of individual, clearly defined components of accounting policies. Pushkar points to four components - the theory of accounting policy, organizational methodology, techniques, and accounting technology [19, p. 239-240]. Rozhelyuk notes that the accounting policy should cover all aspects of the accounting process, including methodological and organizational-technical [21, p. 142-143]. Koryagin points out that for the effective formation of accounting policy in assessing the value of the enterprise, it must consider its main elements in terms of organizational, methodological, technical, and other components [11, p. 227]. The author does not specify other components, but we can assume that these are components which the enterprise can allocate independently, proceeding from its own needs. It is also proposed to distinguish two types of components of accounting policy: those based on the legislative regulation of accounting policy (methodological, organizational, technical, and tax) and those based on the strategy of the enterprise, the main purpose of which is to ensure cost-oriented management and achieve sustainable development (analytical and international components) [14, p. 233]. Given the review of accounting policy components, it is logical to identify three that will contribute to effective accounting and reporting (financial, management, tax, and reporting on sustainable development). These are organizational, methodological, and technical components that are traditional but aimed at the formation of information flows of financial and non-financial nature and ensuring the information needs of stakeholders (Table 1).

Table 1: Components of the accounting policy of the organization in the management of sustainable development

Components of the accounting policy of the organization
I. Organizational component
<ul style="list-style-type: none"> - Determination of persons responsible for accounting, reporting (financial, management, tax) and reporting on sustainable development; - Development of job descriptions of specialists who form reports on sustainable development; - Determining the method of accounting; - Determining the order of interaction of accounting with other services in order to obtain information of a non-financial nature (quantitative and qualitative indicators) for the formation of reporting on sustainable development; - Development of internal legal and methodological support for accounting of environmental and social aspects of activity; - Definition of the organizational form of accounting
II. Methodical component
2.1 Methodical component that determines the financial parameters of the activity:
<ul style="list-style-type: none"> - Definition of objects of accounting, including economic, environmental and social aspects of activity; - Establishing a list, criteria for choosing methods of valuation of assets and liabilities, including environmental and social nature; - Determination of income and expenses, including environmental and social; - The choice of methods of accounting for environmental and social aspects of the activity; - Choice of taxation system
2.2 Methodical component that determines the non-financial parameters of the activity:
<ul style="list-style-type: none"> - Definition of non-financial objects of sustainable development accounting; - Definition of qualitative criteria of identification, definition of criteria of estimation of nonfinancial objects
III. Technical component
<ul style="list-style-type: none"> - Development and approval of the working plan of accounts and the plan of accounts-accounting of non-financial objects (information accounts); - Development of forms of primary documents in the absence of standard forms, as well as for the collection of information on environmental and social aspects of activities; - The choice of form of accounting; - Development and approval of the document flow schedule; - Development and approval of the schedule of inventory of assets and liabilities; - Composition of management (internal) reporting, including environmental and social aspects of activities; - Keeping records of activities of branches, representative offices and other separate units; - Development of the schedule of formation of the financial, administrative and tax reporting; - Development of a schedule for reporting on sustainable development

Source: developed by the authors.

The organizational component involves the definition of persons responsible for accounting and reporting, the structure of accounting, the development of internal instructions and standards, a description of the method of accounting, the order of interaction of accounting with other services.

Here it is important to identify the person responsible for reporting on sustainable development. Of particular importance

in the formation of accounting and analytical systems of sustainable development is the description of the interaction of accounting with other services because such interaction is formed non-financial information in the relevant subsystem.

The methodological component concerns the features of the organization's economic, environmental, and social aspects, i.e., the establishment of criteria and a list of methods for valuing assets and liabilities, rules and procedures for applying these methods, and the order of reflection in the accounts and reporting. Since the assessment of sustainable development of the organization is determined by indicators of a financial nature and non-financial indicators, the methodological component should include a list of non-financial objects and describe the procedure for their definition. Therefore, the composition of accounting policy issues for this component should be developed with a focus on the preparation of various types of traditional reporting (financial, management, tax) and reporting on sustainable development.

The accounting policy's technical component concerns the sequence of documents and the order of their processing, development of internal reporting forms, and organization of internal control. Taking into account these components of the accounting policy will ensure the implementation of the organization's strategy of sustainable development. When developing an accounting policy from the standpoint of sustainable development should take into account the needs of stakeholders of information of financial and non-financial nature, without which the assessment and management of sustainable development are impossible.

The process of forming an accounting policy involves the implementation of several stages: preparatory, basic, and final (Figure 1).

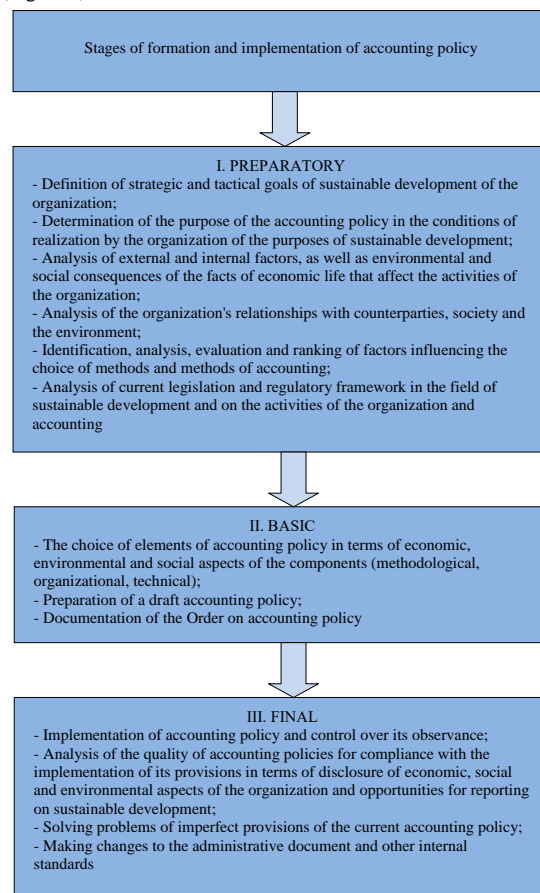


Figure 1 – Stages of formation and implementation of accounting policy as a tool for managing sustainable development of the organization.

Source: developed by the authors.

At the preparatory stage: the strategic and tactical goals of the organization are determined taking into account the strategy of sustainable development defined by the organization; outlines the purpose of accounting policies in sustainable development management; external and internal factors that affect the economic, environmental, and social aspects of the organization are analyzed; diagnoses the state of the organization's relationships with counterparties, society, and the environment; factors of influence on the choice of methods and techniques of accounting objects are determined, evaluated and ranked; the current legislation and regulatory framework in the field of sustainable development and on the activities of the organization and accounting are studied.

This stage is the basis for the development of accounting policy elements in the second – the main stage, which selects the elements of an accounting policy that provide an objective reflection of economic, environmental, and social aspects of the organization and, accordingly, its economic, environmental and social performance. According to International Financial Reporting Standards, each entity has the right to choose the elements of accounting policies based on considerations of economic efficiency and the specifics of their activities [9].

The third is the final stage aimed at resolving issues that arise during the implementation of accounting policies. Actions at this stage relate to the improvement of certain elements of accounting policy in terms of coverage and implementation of the concept of sustainable development.

The chosen accounting policy, which is aimed at implementing the principles of sustainable development, must meet quality criteria. As a rule, it is not the quality that is determined but the effectiveness of accounting policies, which are understood differently in scientific circles. The research states that the methods of accounting should be aimed at improving the efficiency of financial and economic activities. At the same time, an effective accounting policy will provide an opportunity to reduce the tax burden, simplify document flows and the order of reflection in the accounting of business transactions, reduce errors in accounting and financial results, increase financial stability (use of accounting methods that increase working capital, optimize the amount of profit and, accordingly, increase the amount of taxes and non-tax payments to the budget, as well as ways to increase profits and improve the financial result). Also, an effective accounting policy is defined as enshrined in the internal documentation of a set of principles, techniques, and rules of accounting, which corresponds to the organization's development strategy and helps to get the maximum effect from the functioning of the accounting system under current legislation. Under the effect, it is proposed to understand the achievement of goals and solutions to certain tasks that are set before the accounting policy. Accounting policies should meet such characteristics as rationality (manipulation of accounting data to achieve the objectives of financial performance and reporting without additional costs) and achieve one of four goals: streamlining cash flows, reducing the complexity of accounting, increasing the investment attractiveness of reporting, convergence with International Standards financial statements (IFRS) [28, p. 9].

Since the effect and efficiency, as a rule, is expressed in quantitative terms to determine the compliance of the established accounting policy with the information needs of sustainable development, it is advisable to use the concept of accounting policy quality. The indicators embodied in the criteria are used to assess the quality of the accounting policy. Based on the analysis and generalization of research by scientists [3, 28], to assess the quality of accounting policies in sustainable development management, we highlight the criteria listed in Table 2.

Table 2: Criteria for the quality of accounting policy in the implementation of the principles of sustainable development of the organization

Criteria	Characteristic
1. Compliance with the requirements of legislation in the field of sustainable development and regulation of accounting and reporting	Assessment of the completeness of the reflection of the elements of accounting policy, options for their use and compliance of their use with the requirements of the law (including environmental and social issues)
2. Compliance of the accounting policy with the defined purpose of its formation	Assess the compliance of the accounting policy of the purpose for each task
3. Compliance of the selected elements with the strategic and tactical goals of sustainable development of the organization	Analysis of each element in order to assess the feasibility of its choice in terms of achieving maximum effect in the activities of the organization (maximum positive impact on the economy, environment and the environment)
4. Coverage of methods and ways of accounting for significant environmental and social aspects of activities, as well as information on non-financial indicators	Identification of the most significant environmental and social aspects of the activity and assessment of their compliance with the defined social and environmental policy of the organization; determining the composition of non-financial objects that form the Sustainable Development Report
5. Accounting policy statement (table of contents)	The accounting policy must meet the following requirements: - Expediency - the absence in the accounting policy of elements under which the legislation is clearly regulated, as well as other redundant information; - Detail - a rational detailed approach to the presentation of the accounting procedure or method of reflecting a certain element of accounting policy, based, inter alia, on existing industry regulations; - Structure - clarity and logical construction of sections of accounting policy, taking into account the need to separate units in the methodological component, which outlines the financial and non-financial parameters; - Proportionality - the optimal ratio between the presentation of essential aspects and elements that are subject to option choice, but is not essential for the organization; - Consistency - the absence of elements and their descriptions that contradict each other

Source: developed by the authors.

A prerequisite for the formation of a quality accounting policy is the purpose for which it is carried out. The accounting policy is seen, on the one hand, as a process of selecting certain options, on the other hand, as a tool for streamlining, regulating accounting techniques and methods. The choice of certain options and methods of accounting leads to the fact that the same facts of economic life in different organizations can be interpreted in accounting differently and, accordingly, differently affect the balance sheet items.

In determining the quality of accounting policy, it is advisable to use the expert method, which involves assessing accounting policies' compliance with the criteria on the scale of assessments. The rating scale can be represented by a scoring system or a rating system "excellent", "good", "satisfactory".

To assess the quality of accounting policy, a 10-point system of assessments of compliance of accounting policy elements with certain criteria is proposed (Table 3).

Table 3: Scale for assessing the compliance of selected elements of accounting policies with quality criteria

Points	Explanation
10	The item fully meets the defined criteria
9	The item fully meets certain criteria, but there are isolated inaccuracies of wording, which in general do not affect the content of accounting policies
8	The element practically meets the criteria, but the subject of assessment is not sure enough about the correctness of the choice due to objective circumstances beyond the control of the organization
7	An element of accounting policy generally meets the criteria, but subject to a more thorough analysis of the proposed regulatory framework, another element would more accurately reflect the fact of economic life
6	The accounting policy element is chosen formally, without focusing on financial results and stakeholder inquiries, but generally does not distort the content of the statements.

5	The element of accounting policy is consistent with the law in terms of its essence, but has the wrong wording, in particular due to legislative and regulatory changes
4	The selected element of the accounting policy significantly affects the results of activities and, accordingly, reduces the objectivity of determining their value
3	The element of the accounting policy is chosen for the purpose of misleading the interested persons concerning formation of the general estimation of activity of the organization
2	The element of accounting policy misleads the management of the organization
1	There is no accounting policy element, but it is implied based on the analysis of other elements (for example, analytical accounts of the 3rd order, etc.)

Source: developed by the authors.

Based on the scores through the application of the expert method, the level of quality of accounting policy (Q) is proposed to be determined by the formula:

$$Q = \frac{p}{10} \times 100,$$

where p is the value of the evaluation by the relevant criterion.

The level of quality of accounting policy is determined by the scale (Table 4).

Table 4: The level of quality of accounting policies

Level of efficiency, %	Determining the level of quality of accounting policy
90–100	High level of quality of accounting policy
70–89	Appropriate level of accounting policy quality
60–69	Satisfactory level of accounting policy quality
30–59	Doubtful level of quality of accounting policy
10–29	Critical level of accounting policy quality
0–9	Unsatisfactory level of quality of accounting policy

Source: developed by the authors.

This valuation technique is applied to the accounting policy of PJSC "Dnieper Metallurgical Plant". PJSC "Dnieper Metallurgical Plant" is one of the largest enterprises of the mining and metallurgical complex of Ukraine, is part of the six leading metallurgical plants in the country in terms of production and sales of metal products [18]. The company actively implements sustainable development strategies through the development of environmental measures, social programs, and the achievement of planned economic indicators.

The level of compliance of the company's accounting policy with the law was assessed based on the fact that the total number of elements was 50 (according to the order on accounting policy), of which one element does not meet the legal framework (in the working plan of accounts – outdated names of accounts). This item was awarded 5 points as the purpose of the account corresponding to the economic content. As a result, the level of efficiency in compliance with accounting policies with the requirements of the legislation will be 99% (Table 5).

Table 5: Compliance of accounting policies with legal requirements

Criterion of efficiency	Number of accounting policy elements	Number of elements that meet the requirements of the legislation / points	Number of items that do not meet the legal requirements / points	Number of points	Level of quality, %
Compliance with legal requirements	50	49 / 490	1 / 5	495	99
Average value	x	x	x	9,9	99

Source: authors' calculations.

The analysis of the compliance of the accounting policy with the defined purpose showed that the purpose and objectives of the accounting policy are not defined in the Order of the enterprise, and therefore it is not possible to assess this criterion for this enterprise.

To analyze the compliance of the selected elements with the tactical and strategic goals of the enterprise, the selected

elements are selected, according to which the enterprise is given the right to choose from the proposed options (Table 6).

Table 6: Correspondence of the chosen elements to tactical and strategic purposes

Element of accounting policy	Number of points	Level of quality, %
1. Displays the cost of repairing fixed assets	10	100
2. Valuable features of items that are part of low-value non-current assets	10	100
3. The procedure for determining the useful life of non-current assets	10	100
4. Criteria for deciding on the revaluation of fixed assets	10	100
5. Methods of depreciation of fixed assets	10	100
6. Depreciation methods of other non-current tangible assets	10	100
7. Criteria for deciding on the revaluation of intangible assets	10	100
8. Methods of amortization of intangible assets	10	100
9. Choice of methods for estimating inventory disposal	10	100
10. The order of accounting and distribution of transport and procurement costs	10	100
11. List and composition of articles for calculating the production cost of products (works, services)	10	100
12. List and composition of items of variable and fixed overhead costs and determining the basis for the distribution of fixed overhead costs	10	100
13. The procedure for assessing the degree of completion of operations for the provision of services	10	100
14. The method of calculating the amount of the provision for doubtful debts	8	80
15. Classification of receivables by maturity	7	70
16. List of collateral for future expenses and payments	10	100
17. Determination of exchange rate differences on the date of the transaction	10	100
18. Recurrence of deferred tax assets and deferred tax liabilities in the financial statements	10	100
19. Determining the threshold of materiality of information	10	100
20. The duration of the operating cycle	10	100
Average value	9,75	97,5

Source: authors' calculations.

Two elements of accounting policy according to the developed scale are assigned 7 and 8 points because these elements, although selected from the point of view of regulatory correctness, but an in-depth analysis of, for example, receivables by maturity indicates the need for more detailed grouping (7 points), which accordingly affects certain coefficients of doubt, which when changing the grouping of overdue receivables must also change (8 points).

The evaluation according to the fourth criterion (coverage of methods and ways of accounting for significant environmental and social aspects of activities, as well as information on non-financial objects) involves the selection of such aspects in the accounting policy. Analysis of the company's accounting policy content showed that aspects of environmental and social nature (including the list of relevant costs), and especially the list of non-financial objects, it is not covered, and therefore the accounting policy is unsatisfactory. The results of assessing the quality of the content of accounting policies are shown in Table 7.

Table 7: Assessment of the quality of the content (presentation) of the accounting policy of the enterprise

Element of accounting policy	Number of points	Level of quality, %	Disadvantages
1. Structured	8	80	Insufficiently structured sections on income, expenses, financial results, taxation, lack of separate sections. There are no sections on the order of accounting for these objects of environmental and social nature
2. Expediency	5	50	The order on accounting policy contains provisions that are clearly defined by law and do not provide for the right to choose, and therefore they clutter the content of the document (accounting principles, the procedure for classifying objects as intangible assets, etc.)
3. Detail	4	40	The order does not detail income and expenses in terms of environmental and social activities, as well as information on the composition of non-financial facilities
4. Consistency	10	100	The order on accounting policy does not contain contradictory provisions
5. Proportionality	5	50	The information provided in the order is presented taking into account its importance, but the absence of such important aspects as the definition of goals and objectives reduces the value of this criterion.
Average value	6,4	64	X

Source: authors' calculations.

The overall level of quality of accounting policy in general is presented in Table 8.

Table 8: The level of quality of the accounting policy of the enterprise

Criterion	Number of points	Level of quality, %	Determining the level of quality
1. Compliance with legal requirements	9,9	99	High
2. Compliance of accounting policies with the defined purpose of its formation	0	0	Unsatisfactory
3. Compliance of the selected elements with the tactical and strategic goals of the enterprise	9,75	97,5	High
4. Coverage of methods and ways of accounting for significant aspects of social and environmental activities, as well as information on non-financial objects	0	0	Unsatisfactory
5. Qualitative content (statement of accounting policy)	6,4	64	Satisfactory
Total (average)	5,21	52,1	Questionable

Source: authors' calculations.

Despite the almost complete compliance of the enterprise's accounting policy with the legislation and the expediency of the selected options and methods of accounting, the quality of the accounting policy is at the level of 52.1%, which on the quality scale is defined as a questionable level. This indicates that the current accounting policy does not provide the formation of the necessary information for effective management of the enterprise's sustainable development, which requires the development of measures to improve the quality of accounting policies and, consequently, the quality of management information. Management should clearly define the purpose and objectives of the accounting policy, accordingly, based on this, review the set of elements and options for accounting for them. Since the goal will be determined, including the implementation

of sustainable development principles, it is necessary to detail the list of environmental and social assets, liabilities, income, and expenses of the enterprise. This will affect the criterion of quality of the content of the order on accounting policy, the value of which is 64%, mainly due to uncertainty of the purpose, objectives of accounting policy, environmental and social indicators, and non-financial indicators required for reporting on sustainable development.

Addressing the shortcomings identified in the process of assessing the quality of accounting policies will ensure a high level of its content, which will take into account the need and ability to fully reflect all processes occurring in the economic, environmental, and social spheres of the organization.

5 Conclusion

Coverage of accounting policies of economic, environmental, and social aspects of activities as components of sustainable development will ensure the formation of a single information space for management decisions by the management of the organization and other stakeholders. Improving the methodological, organizational, and technical principles of building the organization's accounting policy, aimed at meeting the information needs of sustainable development management, is possible in the process of implementing a purposeful national policy in the field of accounting.

Using the developed approach to determining the level of quality of accounting policy, each organization will have a reasonable opportunity to change its accounting policy, focusing on the formation of information support of environmental and social aspects of activities. The proposed method of assessing the quality of accounting policies will contribute to the formation of complete, reliable, and objective information to develop and implement sustainable development strategies by organizations in modern conditions.

Literature:

1. Akimova, L.M., Levytska, S.O., Pavlov, K.V., Kupchak, V.R., & Karpa, M.I. (2019). The role of accounting in providing sustainable development and national safety of Ukraine. *Financial and Credit Activity Problems of Theory and Practice*, 3(30), 54-61. DOI: <https://doi.org/10.18371/fcaptop.v3i30.179501>.
2. Al-Hajri, M. & Al-Enezi, F. (2019). The association between Corporate Social Responsibility Disclosure and accounting-based financial performance: a Kuwaiti evidence. *Investment Management and Financial Innovations*, 16(1), 1-13. DOI: [http://dx.doi.org/10.21511/imfi.16\(1\).2019.01](http://dx.doi.org/10.21511/imfi.16(1).2019.01).
3. Artemeva, N. (2013). Quality criteria of the bank's accounting policy. *Banking Bulletin*, 3, 47-53.
4. Budko, O.V. (2017). *Oblik i analiz u zabezpechenni stalogo rozvytku pidpryyemstv Ukrayiny [Accounting and analysis in ensuring sustainable development of Ukrainian enterprises]*. DDTU, Kamianske.
5. Butynets, F.F. & Maliuha, N.M. (2001). *Bukhhalterskyi oblik: oblikova polityka i plan rakhunkiv, standarty i korespondentsiia rakhunkiv, zvitnist [Accounting: accounting policy and chart of accounts, standards and correspondence of accounts, reporting]*. PP "Ruta", Zhytomyr.
6. Davydov, H.M. & Savchenko, V.M. (2017). *Oblikova polityka [Accounting policy]*. PP "Eksklyuzyv-System", Kropyvnytskyj.
7. Gutsalenko, L., Marchuk, U., Hutsalenko, O., & Tsaruk, N. (2020). Wine industry: economic and environmental factors which influence development and accounting. *Economic Annals-XXI*, 181(1-2), 105-114. DOI: <https://doi.org/10.21003/ea.V181-09>.
8. Hakobyan, N., Khachatryan, A., Vardanyan, N., Chortok, Y., & Starchenko, L. (2019). The Implementation of Corporate Social and Environmental Responsibility Practices into Competitive Strategy of the Company. *Marketing and Management of Innovations*, 2, 42-51. DOI: <http://doi.org/10.21272/mmi.2019.2-04>.

9. International Financial Reporting Standards. (2020). *Ministry of Finance and Education*. Available at: <http://minfin.gov.ua/news/view/mizhnarodni-standarty-finansovoi-zvitnosti-versiia-perekladu-ukrainskoiu>, last accessed 2020/09/28.
10. Kasych, A. & Vochozka, M. (2018). Methodical support of the enterprise sustainable development management. *Marketing and Management of Innovations*, 1, 371-381. DOI: <http://doi.org/10.21272/mmi.2018.1-29>.
11. Koryagin, M.V. (2012). *Buxgalterskyj oblik u systemi upravlinnya vartystyu pidpryyemstva: teoretyko-metodologichni koncepciyi* [Accounting in the value management system of the enterprise: theoretical and methodological concepts]. LKA, Lviv.
12. Krutova, A.S., Tarasova, T.O., & Nesterenko, O.O. (2018). Sustainable development reporting as an instrument for institutional reform in Ukraine. *Scientific Bulletin of Polissia*, 1(13), 15-19.
13. Kundrya-Vysotska, O. & Demko, I. (2020). Environmental, social and management (ESG) information in accounting system as a tool for verifying the concept of sustainable development. *Financial and Credit Activity Problems of Theory and Practice*, 2(33), 554-565. DOI: <https://doi.org/10.18371/fcaptop.v2i33.207241>.
14. Lagovska, O.A. (2012). *Oblikovo-analitychne zabezpechennya vartisno-oriyentovanogo upravlinnya: teoriya ta metodologiya* [Accounting and analytical support of cost-oriented management: theory and methodology]. ZhDTU, Zhytomyr.
15. Law of Ukraine. (2020). *On Accounting and Financial Reporting*. Dated on July 16, 1999, №996–XIV. Available at: <http://zakon3.rada.gov.ua/laws/show/996-14>, last accessed 2020/09/21.
16. Levytska, S.O., Krynychnay, I.P., Akimova, A.O., & Kuzmin, O.V. (2018). Analysis of the results of financial and economic activities of economic entities in terms of sustainable development. *Financial and Credit Activity Problems of Theory and Practice*, 2(25), 122-127. DOI: <https://doi.org/10.18371/fcaptop.v2i25.136476>.
17. Lutsyk, Yu.O. (2019). Accounting policy of the government sector entity at the stage of accounting system modernization. *Financial and Credit Activity Problems of Theory and Practice*, 1(28), 170-178. DOI: <https://doi.org/10.18371/fcaptop.v1i28.163920>.
18. Official site of PJSC. (2020). *Dneprovsky Integrated Iron & Steel Works*. Available at: <http://www.dmkd.dp.ua>.
19. Pushkar, M.S. (2010). *Suchasni problemy obliku* [Modern accounting problems]. TNEU, Ternopil (2010).
20. Pylypiv, N.I., Maksymiv, Ju.V., & Piatnychuk, I.D. (2018). Conceptual approach to construction of accounting and information provision of social responsibility for business enterprise through the prism of the business partnership system. *Financial and Credit Activity Problems of Theory and Practice*, 4(27), 201-211. DOI: <https://doi.org/10.18371/fcaptop.v4i27.154374>.
21. Rozhelyuk, V.M. (2013). *Organizaciya buxgalterskogo obliku diyalnosti pererobnyx pidpryyemstv* [Organization of accounting of processing enterprises]. NNC IAE, Kyiv.
22. Sokil, O., Zhuk, V., & Vasa, L. (2018). Integral assessment of the sustainable development of agriculture in Ukraine. *Economic Annals-XXI*, 170(3-4), 15-21. DOI: <https://doi.org/10.21003/ea.V170-03>.
23. Sokil, O., Zvezdov, D., Zhuk, V., Kucherkova, S., & Sakhno, L. (2020). Social and environmental costs: the impact of accounting and analytical support on enterprises' sustainable development in Germany and Ukraine. *Economic Annals-XXI*, 181(1-2), 124-136. DOI: <https://doi.org/10.21003/ea.V181-11>.
24. Tomchuk, O., Lepetan, I., Zdyrko, N., & Vasa, L. (2018). Environmental activities of agricultural enterprises: accounting and analytical support. *Economic Annals-XXI*, 169 (1-2), 77-83(2018). DOI: <https://doi.org/10.21003/ea.V169-15>.
25. Tsaruk, N.G. (2016). *Oblikova polityka pidpryyemstva ta yiyi formuvannya v ovochivnyctvi* [Accounting policy of the enterprise and its formation in vegetable growing]. *Actual problems of economics*, 2, 317-328.
26. Vallišova, L., Černa, M., & Hinke, J. (2018). Implementation of sustainability aspects in the financial reporting system: an environmental accounting standard. *Economic Annals-XXI*, 173(9-10), 55-59. DOI: <https://doi.org/10.21003/ea.V173-09>.
27. Vasilyeva, T.A. & Makarenko, I.A. (2017). Modern innovations in corporate reporting. *Marketing and Management of innovations*, 1, 115-125. DOI: <http://doi.org/10.21272/mi.2017.1-10>.
28. Zalyshkina, T.A. (2006). *Technology of forming an effective accounting policy of the organization* (PhD Thesis). NSUEM, Novosibirsk.
29. Zhytnyi, P.Ye. (2007). *Oblikova polityka v umovakh rozvytku finansovo-promyslovykh system: metodolohiia ta orhanizatsiia* [Accounting policy in the development of financial and industrial systems: methodology and organization]. SNU named after V. Dal', Luhansk.

Primary Paper Section: A**Secondary Paper Section: AE, AH**