

THEORETICAL ISSUES OF ENVIRONMENTAL ACCOUNTING

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Abstract

In the conditions of stable economic growth, improvement of accounting is required from the theoretical and methodological sides, expansion of its types and subsystems. If financial and management accounting are described as an integral part of accounting, in subsequent periods in the economic literature, the concepts of “tax accounting”, “strategic accounting”, “environmental accounting”, and “dynamic accounting” meet as subsystems of accounting. This scientific article studies the theoretical and methodological problems of environmental accounting and provides the relationship of financial, managerial and environmental accounting.

Keywords: Environmental protection, ecology, accounting, financial accounting, management accounting, tax accounting, strategic accounting, environmental accounting

INTRODUCTION

In the conditions of stable economic growth, improvement of accounting is required from the theoretical and methodological sides, expansion of its types and subsystems. If financial and management accounting are described as an integral part of accounting, in subsequent periods in the economic literature, the concepts of “tax accounting”, “strategic accounting”, “environmental accounting”, and “dynamic accounting” meet as subsystems of accounting. In this scientific article investigated the theoretical and methodological problems of environmental accounting. This stage of economic development cannot be imagined without the costs of environmental protection. What evidence adopted regulations, particularly in Decree of President of the Republic of Uzbekistan “On improvement of public administration in the field of ecology and environmental protection” No. 5424 on April 21, 2017, a decree “On measures to

ensure the organization of activity of the State Committee on Ecology and Environmental Protection of the Republics and Uzbekistan” PD No. 2915 of April 21, 2017, Presidential Decree No. 2916 of April 21, 2017 “On Measures for Coordinating Improvement and the development of a system for conducting activities with household waste recycling in 2017–2021”, as well as the order of the Cabinet of Ministers of the Republic of Uzbekistan “Action Program for Environmental Protection in the Republic of Uzbekistan 2013-2017” No. 142 dated May 27, 2013. On the basis of the abovementioned decrees and orders for the protection of the environment are allocated in large quantities of funds. Only according to the Order of the No.142 for the implementation of established measures is allocated a total of 89.39 billion UZS, 1.63555 billion US dollars and 57.63 million euros, including:

- Funds from the state budget - in the amount of about 10.12 billion UZS;
- Funds of ministries, agencies, other organizations and the Fund for Reconstruction and Development of Uzbekistan, bank loans, as well as of individuals and non-governmental entities (voluntarily) from 79.27 billion UZS, 1247,14 million dollars and 57.49 million euros, including, all with the means of the State Committee for nature protection is 3.0 billion UZS;
- Foreign investments and other sources of international investment – 388,41 million US dollars and 140 thousand euros, including international grants for conservation activities 3.52 million us dollars 140 thousand euros.

For the implementation of funding and control over these funds arises the need for the formation of environmental accounting.

Analysis of economic literature and research in the field of accounting has shown that the following issues exist in environmental accounting:

- Recognition of environmental accounting in the accounting information system as a separate type;
- Issues of the formation of the principles of environmental accounting;
- Development and practical implementation of national environmental accounting standards;
- Definition of the object and the formation of indicators of environmental accounting;
- Clarification of the concept of environmental costs and the development of their classification;
- Development of reporting forms for environmental accounting and their implementation in practice.

LITERATURE REVIEW

Foreign academic economists recognize financial, managerial, tax and environmental accounting as types and subsystems of accounting. From the point of view, one of the leading scientists of the Russian Federation, V.F. Palia (2004) said: “accounting for nature protection

activities should be considered as an accounting subsystem, rather than as an independent accounting system”

In the book Y.V. Sokolov (2006) “The History of Accounting” shows: “Unified accounting has split into financial and managerial. From it also stood out accounting for small businesses. Since 2002, tax accounting has been officially proclaimed in our country. In financial accounting, all new directions in the development of accounting are emerging that form various types of accounting (creative, social, human resources accounting, work with insiders, environmental accounting).”

Z.N. Kurbanov (2012) in his scientific works, considering the classification of types of accounting in the composition of management accounting, gives the urban environmental accounting.

If we consider environmental accounting as an integral part of accounting, it is necessary to reveal its essence. Let us make an attempt to investigate this issue through the study of the point of view of learned economists.

E.K. Murueva (2007) believes that environmental accounting in the economic literature is defined as “an independent direction of accounting for an economic entity that will provide accounting with relevant environmental information currently not having a systematic character”. In our opinion, environmental accounting is not an independent direction of accounting, and its integral part.

E.V. Ilyicheva (2010) in the continuation of her scientific work on environmental accounting, cites the following point of view: “Accounting environmental is a system for collecting, recording and summarizing information for determining and evaluating planning and forecasting environmental costs and obligations, enabling them to be monitored and analyzed”.

K.S. Saenko (2005) gives his definition as an orderly system of collecting, recording and summarizing information in kind and in monetary terms about natural resources, environmental obligations, business operations of the organization’s environmental activities through continuous, continuous documentation of the environmental management of an economic entity”, this definition does not give an opinion on the statements. Article 4 of the Law of the Republic of Uzbekistan “On Accounting” (dated April 13, 2016) states that on the basis of accounting, financial and other statements are compiled.

L.Chkhutiashvili (2012) presents environmental accounting as a process of correlation in the accounting system for environmental costs and liabilities of organizations, as well as socio-ecological and economic performance of economic entities in order to manage business and achieve an optimal environmental and economic niche in the market for goods and services.

N.N. Rubanova (2005) in her research, gives the following definition of environmental accounting : “Environmental accounting is the process of collecting, recording, summarizing and

reflecting information on environmental protection expenditures in order to identify and manage environmental potential, natural assets, environmental funds, reserves and liabilities, as well as the results of the economic entity”.

S.K. Mahmudov (2007) expresses his opinion on the accounting of expenses for nature protection and believes that the following definition would be correct: “Accounting for environmental protection expenses is a system of information that measures, collects, systematizes, records, analyzes the costs of environmental protection of an economic entity and provides received results to interested parties”.

METHODOLOGY

It gives the following definition of the generalization of the scientific views of scientists and definitions given in the economic literature on environmental accounting: “Environmental accounting - a system of recycling economic information from the perspective of accounting of expenditures aimed at improving environmental protection, pollution prevention, waste disposal and compensation payments, as well as reporting”.

The purpose of environmental accounting is determined based on the definition of environmental accounting. In our opinion: The purpose of the environmental accounting is collection, registration, compilation of information and reporting on environmental accounting objects in order to provide users of accounting information with the necessary information.

The definition of the subject and object of environmental accounting should be carried out on the basis of its purpose. When determining the subject and object of environmental accounting it is necessary to proceed from the history of the evolution of the definition of the subject and object of generally accepted accounting. Analysis of the literature has shown that there is no definite conceptual limit to the definition of the subject of accounting. For example, if the Spanish scientist Diego del Castillo, under the subject of accounting, has in mind the contract, then the Italian scientist C. Bellini, under the subject of accounting, considers business processes, while I.F. Scher recognizes that internal and external economic legal events (states). The Russian accountant, K.I. Arnold, defines the subject from an economic point of view: “The turnover of parts of the estate,” the author wrote, “being a merchant’s own occupation, produces a continuous change in the quantity or price of it, that is, free increase or decrease of each part of capital. Accurate and accurate representation of this change is the only subject of accounting”.

Astakhov V.P. (2015), Bakanov M.I. (1999), Lamykin I.A. (2000), Sokolov Y.V. (1999), Sidelnikova L.B. (2003), Kondrakov N.P. (2007), Kozhinov V.Y. (2005), Sheremet A.D. (2010) and others in their textbooks, papers and monographs give a definition of the subject of accounting, and their opinions are different. For example, V.Y. Kozhinov (2005) gives a

generalized definition of “The subject of accounting is the economic activity of an enterprise or an individual”. From the above analysis of domestic and foreign literature it is clear that the definitions given to the subject of accounting differ from each other. Which in turn is the cause of various discussions and disputes. A clear example is the opinion of K.B. Urazov (2005): “Firstly, in the literature published in the countries of the Commonwealth and abroad it cannot be argued that there is unity in the opinion of recognizing financial and management accounting as constituent parts of accounting, definition, classification and characteristics of the subject and objects of accounting. Secondly, some definitions and the essence of the subject of accounting, as well as financial and management accounting, as part of it are given in the literature do not have a full scientific justification”.

K.B. Urazov (2005) gives the following definition of the subject of accounting: The subject of accounting is the processes, operations and their results, organizing the general economic activity of economic entities of various types of property, as well as the condition and movement of assets and sources of their formation, ensuring the continuity of this activity. This definition is consistent with the modern requirements of a market economy, it provides a comprehensive definition of accounting, as well as financial and management accounting as part of the accounting. In our opinion, when giving a definition of the subject of environmental accounting, it is necessary to proceed from the point of view of both accounting and environmental protection. Based on the above, we can cite the following definition of the subject of environmental accounting. The subject of environmental accounting are the accounting of business processes associated with the calculation of environmental costs and liabilities, in the form of the basis of business activities of economic entities.

ANALYSIS AND RESULTS

This definition shows that the concept of the subject of accounting is much broader than the subject of environmental accounting; environmental accounting is a part of the subject of accounting and further clarifies its essence.

Among the theoretical issues of environmental accounting, there is the problem of determining its object; in this matter, scientists have also not achieved a unity of opinion. In order to form an accurate opinion on this issue, let us turn to the opinion of academic economists and regulatory documents.

E.V. Ilyicheva (2010) as the main object of environmental accounting determines the environmental activities of the organization. You can partially support the opinion of this author, as an object of environmental accounting to consider not only environmental protection activities, but more widely.

K.S. Saenko (2005) pays more attention to the issues of accounting for paid use of natural resources, current costs and capital investments in environmental activities, i.e. those objects of environmental accounting, information about which can be formed in the accounting process.

I.V. Zamula (2014), A.L. Lipova (2014), and V.V. Travin (2011) explore the environmental obligations of consumers as an object of accounting. Ecological income and expenses, financial results from environmental activities. Close to them is the position of M.A. Potekhina (2011) participating in the discussion on the accounting of environmental assets, liabilities and expenses. Of all the possible objects of accounting environmental activities N.G. Sapozhnikova (2014) and Elviya Burkhan Khudhur Mohammed Ali (2014) investigate capital investments, current expenses, as well as sources of financing for this type of activity: own funds of a corporation, state aid, and borrowed funds. Like E.V. Illicheva (2009), O.S. Kozhukhova believe that environmental accounting is a distinctive feature of its true controllability, and priorities are given to organizational needs. Researchers believe that along with financial, managerial and tax accounting, environmental is included in the accounting system. It is possible to consider the opinion of L.V. Chkhutiashvili (2014) that environmental accounting includes financial and management accounting, reporting on environmental performance. E.V. Ilyicheva (2010) recognizes the relationship of financial, managerial and environmental accounting in the accounting system as follows (see Figure 1).

A comparison of accounting types determined the relationship of financial, managerial and environmental accounting schematically reflected in Figure 1.

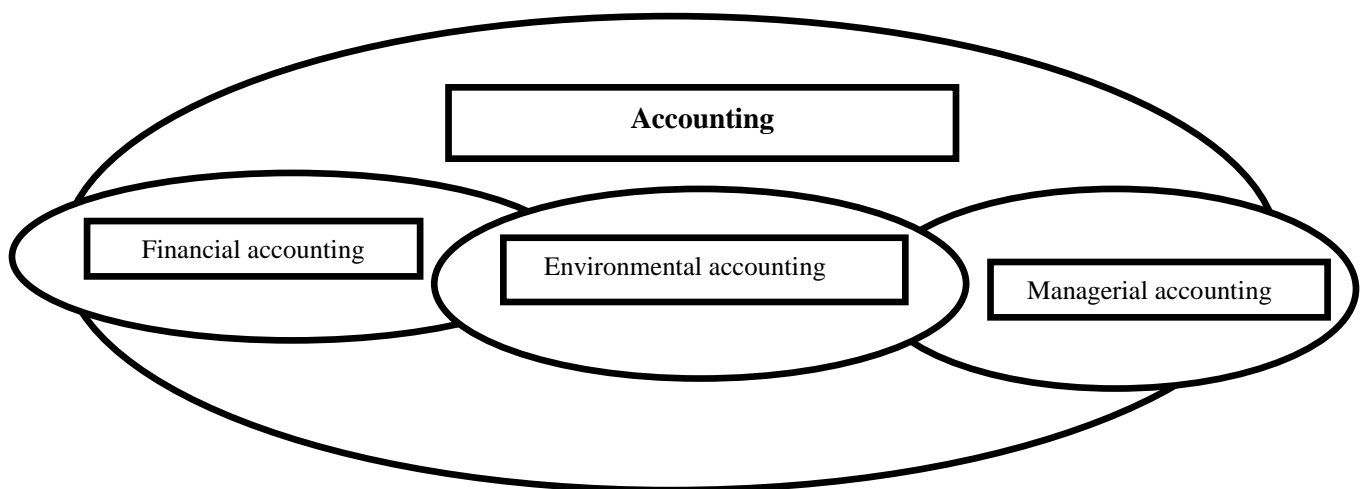


Figure 1. The relationship of financial, managerial and environmental accounting

Source: Author's compilation

The objects of environmental accounting are also reflected in the regulatory documents of the Russian Federation, including the letter of the Ministry of Finance of the Russian Federation "On

Accounting, Formation and Disclosure in Accounting Statements of Information on Environmental Activities of an Organization” No. PO-7/2011 dated May 27, 2011. The following are recognized as objects of environmental accounting: capital investments of the organization and current expenses, means of coverage, assets and liabilities.

CONCLUSION

In our opinion, when determining objects of various types of accounting, it is necessary to base on the Law of the Republic of Uzbekistan “On Accounting” (dated April 13, 2016). Article 7 of this law is called “Objects of accounting”, it contains the following objects: “The objects of accounting are assets, liabilities, equity, reserves, income, expenses, profits, losses and business operations related to their movement. Accounting objects are kept on accounts of synthetic and analytical accounting”. In determining the objects of environmental accounting in addition to general objects, it is advisable to take into account the peculiarities of the activities of enterprises related to the protection of the environment. Taking into account the above, we can give the following definition for objects of environmental accounting: “The objects of environmental accounting of enterprises are assets, liabilities, equity, reserves, income, expenses, profits, losses and business operations associated with their movement and environmental activities of the enterprise.” For the scientific study of the definition of goals, objectives and objects of environmental accounting, it is necessary to investigate these problems associated with other types of accounting as a theoretical basis.

We consider it expedient to reflect environmental accounting in the following form, taking into account the opinions of other scientists.

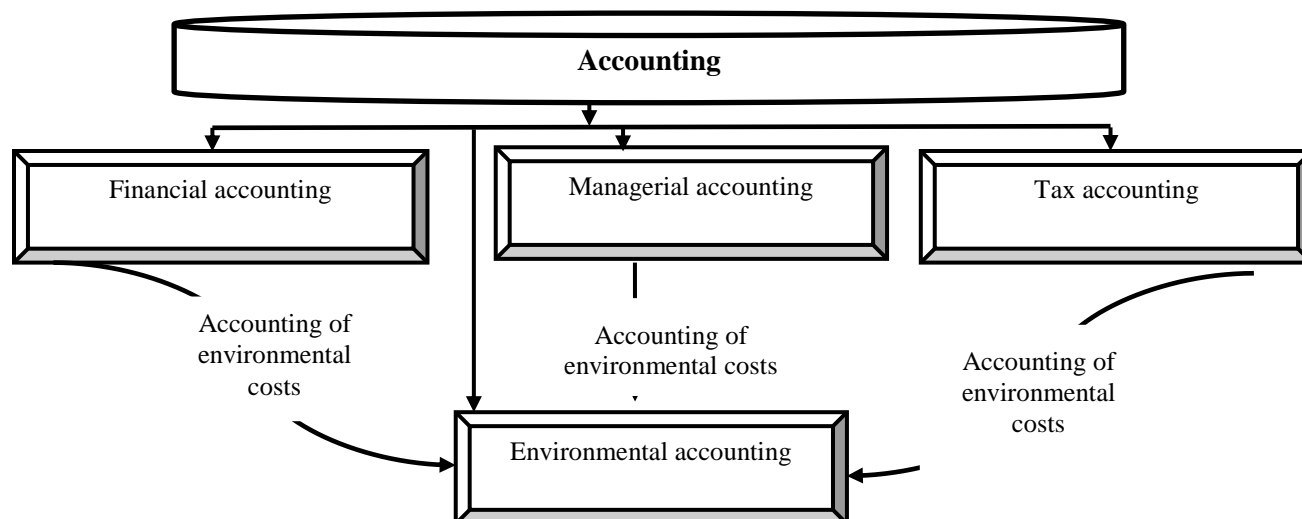


Figure 2. The model of the relationship of environmental accounting with other types of accounting
Source: Author's compilation

We hope that the above definition will make its definite contribution to the maintenance of environmental accounting. Environmental accounting, being an integral part of accounting, is in close connection with financial, managerial and tax accounting, in unity is the accounting system.

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