

## THE BUDGET PLAN ACCOUNTS ENVIRONMENT MANAGEMENT

*The article provides a critical analysis of the historical aspect of the chart of accounts of budget accounting in order to study the historical experience and areas for further improvement of accounts.*

**Key words.** *Budgetary accounting, chart of accounts, the Treasury, the international accounting standards in the public sector.*

**Relevance of the researched topic.** The accounting reform of the state budget and bringing it closer to international standards is of economic and political importance. The problem of improving the chart of accounts to budget organizations has repeatedly raised in the research works on budget accounting. The authors opinions in this area have shared. One group of scientists proposes to improve the present chart of accounts budget accounting, the second - to use a single chart of accounts for all sectors of the economy. That is why research questions about budgetary chart of accounts is relevant at this time.

**The analysis of recent researches and publications.** According to many scientists and economists (P.Y. Atamas, Butynets F.F., Mastalyhina N.A., Ravens E.P., Kuvatov A.ZH., Svirko S.V. Hankishyyev B.A., Shulyak O.I.) it is necessary to translate an accounting in budget organizations into the scheme of accounting businesses, using a single chart of accounts. Method of cost accounting in the budget organization of the scheme of industrial accounting should eliminate the current "boiler" method of accounting and ensure consistency of cost accounting.

**Statement of the problem.** To solve the problem of improving budget plan accounts it is necessary to consider and give a critical analysis of the historical aspect of an individual chart of accounts, which is used in the budget accounting system in order to study historical experience and support options for its use in the process of further improvement, and show how the cost system of cost support of changes of appropriation is gradually built and use of own revenues of budgetary institutions.

**Presentation of the main material.** In the process of market relations in Ukraine the budget organizations had to go beyond budget financing. Institutions are provided with greater role in the fundraising through self-financing and commercial activity of providing services sector and works contracts, leasing and sale of real estate and more. However, self-supporting and commercial activity should not prevent authorized activity, funded from the budget.

With the advent of additional sources of funding to non-profit, the entrepreneurial activity was added, that complicates the cycle of money in this environment, and that, accordingly, has set new accounting requirements on accounting for these funds.

Thus, the cost accounting has become the subject of accounting not only in funding, but primarily records of income and expenses from business and other activities. This requires a revision and improvement of accounts budget organizations as the main element of the system of accounting.

It is known that the chart of accounts is a complete list of synthetic and analytical accounts allocated to individual groups (sections) that provide the ability to display evidence of business enterprises, ie accounting. Primordial every accountant in a company formed a working chart of accounts. Not accidentally Luca Pacioli (1445-1517) wrote: "The accounts are not more than adequate procedure established by the merchant, in the case of the successful use of any information he receives all of its business and whether it is successful or not" [1] . But that belonged to the chart of accounts used by only one company.

The first try to construct a unified chart of accounts based on their classification was made by Dutch author A. De Graf in 1693. He separated the two groups of accounts: "live", which brings together personal accounts of the owner (capital, reserves, profit and loss, etc.) and third party accounts (debtors and creditors), and "dead" merchandise, ships, property, cash, etc. . But the actual developer of accounts in the modern sense was Edmond Degranzh who in 1795 offered the only plan which included a large number of synthetic accounts of five merchandise, cash, accounts issuance, accounts payable and income. These accounts are an integral part of accounting forms, prepared by E. Degranzh, known as the "Magazine - Main" [1].

Of course, the plan with five accounts may satisfy only small enterprises, so the Belgian author A. Hodefrua in 1864 laid out ideas on the chart of accounts for large industrial or commercial enterprises.

A. Hodefrua combined all accounts in six major groups:

- 1) non-current assets;
- 2) costs;
- 3) inventory (materials, finished goods, goods);
- 4) calculations;
- 5) accounts of owner (capital, reserves, losses, etc.);
- 6) funds (cash, bank accounts, securities).

Hodefrua initiated a tradition of construction plan of accounts, which was based on the disclosure section of the balance sheet.

The first, most complete plan of accounts is based on the idea of balance grouping. The plan was developed by a Swiss author Sherom J.F. (in 1846 - 1924 years), who formulated six main requirements for the chart of accounts:

- completeness - all objects are subject to be covered;
- universality - the plan should be sufficiently general to meet the requirements of any enterprise;
- legitimacy - should reflect the legal relationships that are in a particular enterprise;
- liquidity - should disclose how account payable of enterprise is covered by its property;
- mobility - accounts should provide analytical separation and adding synthetic;
- veracity - not allowed to mix in one account disparate objects.

All charts of accounts that were offered to the 20-th years of XX century, developed the structure of financial statements and therefore ignored the process of circulation of capital, and, in addition, weakly dissected the mechanism of formation expenses and income received through these costs. The first serious attempt to overcome these disadvantages was made in 1927 by Professor of Cologne University E. Shmalenbah in the work "Counting plans", which it is considered to be revolutionary. This is not the interpretation of accounts as balance sheet, as well as reflecting the turnover of capital. The basis of the plan was the idea of management (production) account. E. Shmalenbah believed that the purpose of accounts is to ensure that all information is required for administrative decision-making.

He emphasized that the best "do not pay attention to details and provide the required information in the form of monthly balance sheet and income statement in order to respond promptly".

In the second half of the XX century in almost all countries of continental Europe traced experience with one national plan of accounts, which was based on Shmalenbah ideas. After the Second World War, the American capital became very important in economic life of Europe, so with it everybody began to admit the British-American approach to accounting.

According to a large number of theorists and practitioners, this effect would not be strong enough if a single chart of accounts for financial and managerial accounting did not lead to unwanted disclosure of trade secrets.

The merit of Soviet scientists and economists was the development of a single chart of accounts for all industrial and commercial enterprises. Separated remained registered in budgetary organizations, which was carried out by separate from industrial, budget billing plan.

The development of budget accounting as a means of mapping and monitoring of budget execution process begins with the history of the system of financing of budgetary organizations from the state budget, from the period of nationalization of private property and the state transition to state funding. After the October Revolution of accounting in budgetary institutions underwent significant restructuring, which was aimed at improving and establishing a common methodology for accounting for all budget entities.

Thus describe the difference between accounting in industry and budgetary organizations Gorbachev I.A.: "Organizational differences between commercial accounting and budget are small and have a fundamental difference in the sense that in the latter, instead of tracking the movement of all kinds of capital assets are recorded management and its budget, ie turnover on implementation of budget revenue and expenditure "[2]. Also, if we conduct a parallel between commercial accounting, this time still preserved in many enterprises and institutions, and government accounting, we note that the comparison of these acts clearly the difference in the preparation of liability balance the budget accounting. From the balance of commercial accounting when converting it into the budget, ie country, disappear all capital arising out of budgeted order in the accumulation of profits or by deposits - they seem to treasury income, if

the presence of real capital and asset-backed securities balance (current account) or credited in the credits again accrued budget to budget financing of the company.

In the state capital accounting (public funds) all kinds are accumulated contributions and not by shares, and the estimated credits allocated to serve the institution or company for one or more of the estimated periods "[2].

The nationalization of private property, which was held in the 20's, has led to the emergence of state (budget) of enterprises and organizations, which are financed wholly or partly from the state budget.

The history of accounting in budgetary organizations, some authors (Dedkov E.P., Hankishyev B.A., Aybolishvili T. and others) in their scientific studies are beginning to explore since 1923 - since the adoption of the People's Commissariat of Workers' - Peasants' Inspection 'Guide to bookkeeping and reporting of administrative agencies. "

In our view, the development budget accounting as a tool of state control over the expenditure of the state budget started earlier - in 1919 with the approval of the "General Provisions on the balance sheet and accounting nationalized enterprises" and "Rules for bookkeeping and accounting nationalized enterprises."

Thus, changes in the status of nationalized enterprises, their transition from private ownership to state ownership appeared to start the formation and development of accounting in budget organizations.

Accordingly, accounting business activities needed reforms in such organizations. In 1919 it began an active accounting reform in the country, as Accounting and reporting that existed before acting on the basis of outdated Accounts Rules Statute and cash for spending departments and inspection departments. All accounting impact was limited to the observation of loans allocated to the Main Treasury, special funds and unofficial amounts and the collection of amounts for revenue estimates. All previous target of public accounting - accounting is cash that is purely cash problem, regardless of the effective use of these funds.

Budget Accounting at the time had several characteristics. In the accounts to appear spend money approved by the estimate. Since approving the budget for the sector was real fact, installing, on the one hand, the right economy to attract budgeted appropriations, and on the other hand - its commitment to report to the financing institution by implementing the budget, this fact should be reflected in the balance sheet. In addition, according to the "Guide to bookkeeping and accounting for governmental administrative agencies" (1923 year), accounting budgetary loans and expenses not ended fiscal year, and continued to be conducted in the previous years, which complicated the already detailed records.

That time budget accounting had several characteristics. In the accounts to appear spend money approved by the estimate. Since the approval of the budget was for the real economy fact setting on the one hand, the right economy to attract budgeted appropriations, and on the other hand - its commitment to report to the financing institution by implementing the budget,

this fact should be reflected in the balance sheet. This was done through an active debit government appropriations and debit was made passive by the sponsoring institution. In addition, according to the "Guide to bookkeeping and accounting for governmental administrative agencies" (1923), accounting budgetary loans and expenses not ended fiscal year, and continued to be conducted in the previous years, which complicated the already detailed records.

Later, in 1927, more advanced instruction on accounting for a simple system was conducted, but the method of accounting has remained unchanged. This account was overloaded with a large number of minor bills.

In 1923 the People's Commissariat of Workers 'and Peasants' Inspection of the USSR and CCC CPR (b) was issued "Regulations on accounting and reporting for governmental administrative agencies of the USSR", which included driving to a whole new accounting principles for the dual system in contrast to existing desk. Furthermore, according to this instruction all institutions that held by the state and local funding were two balances - on budget and local funds separately for accurate accounting of assets and estimated allocations for budgeted funds.

Estimated accounting method was implemented in budgetary organizations until 1932, but was canceled by "Guide to bookkeeping and reporting of budgetary organizations" People's Commissariat of the USSR, which was based on the same principles as the user of the Workers 'and Peasants' Inspection. However, for improvement of accounting and reporting it was established a uniform nomenclature of accounts and correspondence between them and were introduced only registers and reporting forms.

Thus, the 1932 budget has used a method of accounting whereby the accounts of the balance of cash and systematically reflected actual costs, and the appointment does not appear in the accounts in the system order.

Thus, in the development of budget accounting in the Soviet period are the steps:

1. 1917-1938 years - for budget accounting were characterized by simplified its management system. Accounting governed by the "Instruction on accounting and reporting for governmental administrative agencies" (1923), "Regulations on accounting for the simplified" (1927), "Accounting Regulations for simplified institutions that are on the State Budget USSR" (1932). Current registration was carried out on three charts of accounts: 1) to account for transactions on the implementation of the expenditure budget, and 2) to account for the operations of extra budgetary funds, and 3) to account for transactions in non-statutory firms.

2. 1939-1955 years - during this period implemented a dual accounting system. In November 4, 1938 - "Manual of Accounting (on simplified) institutions that are at the state and local budgets", and in November 11, 1938 - "Instructions for dual accounting system in budget institutions", which included keeping a separate account in the following areas: implementation

of expenditure estimate for the budget and extra-budgetary funds, transactions on capital investments and farms, which are on cost accounting.

In accordance with the instructions, accounting performed at double or simplified, depending on the amount of the budget entity and the amount of funding provided.

The same was approved and only counting the plan number 1, which housed the list of accounts required to display all transactions up to the budget. Statutory farms had to use the Accounting plans established for the exchange of principal business activities related industries. In this regard, public institutions were be two balances.

Thus, the above mentioned regulations conducted that their adoption in the country established a unified system of budgetary accounting. According to the same rules of accounting in budgetary organizations which were introduced only in 1938, the current account plans introduced two bills instead of three: one - to account for the operations of the budget expenditures, the second - to account for operations from extra budgetary funds. [3]

Noteworthy is also Accounts Plan of 1944, which instead of 27 sections (in terms of counting in 1938) have only 12 and almost half dropped detailed accounts.

To account in health care as an experiment Commissar of Health offered must keep records for a double, according to the Accounting Plan approved by Tsung Gosplan of 12.21.35 was specifically for agencies and institutions of the People's Commissar of Health 'I am that appeared budget. This departmental plan differed from the typical range of account balance has been set for other budget organizations. According to this accounting of Health used the following requirements:

- recording the financial plan for the implementation of certain types of medical care;
- recording the actual cost of different types of health care;
- identification of depreciation and accounting depreciation of current, the counting for this plan was introduced by "Depreciation";
- providing financial requirements of the accounting budget execution [3].

3. 1955-1987 years - Unification of Accounting promoted first approved in 1955 by the Ministry of Finance of the USSR "Regulations on accounting reports and balance sheets of the institutions and organizations that were on the State Budget of the USSR", which defined the rights and responsibilities of main funds, rules of drawing balances, evaluation of their articles and other issues. In the same year issued new guidelines on accounting for the double and simple systems. For agencies that keep records for a double, was approved by a single chart of accounts, they began to draw up a balance of budget implementation costs.

In 1958, the Ministry of Finance of the USSR approved the "Guidelines on accounting centralized accounting budgetary institutions." In the years of this period were revised regulations on the organization of records and registers are designed on computer processing.

4. From 1988 to the present time takes a new phase of development and development budget accounting, which is characterized by:

- Centralization and decentralization of accounting;
- Extensive use of modern computer technology to handle accounting and economic information;
- Transfer of budgetary institutions on the dual accounting system;
- Schematic processing regulations on accounting institutions and organizations that are financed from the budget and regulations on accounting statements and balance sheets;
- The integration of accounting, financial and economic planning and operation of centralized accounting.

History of budgetary accounting in Ukraine is inseparable from the history of the Treasury. So, today, it would be more correct to speak not about the creation of the Treasury, and their rebirth, a return to past practices. Budget execution and control over the receipt and expenditure of funds from the Treasury traditionally carried institutions.

Treasury, the government decree (yard), formed in 1512, marked the beginning of the formation of a new system of centralized financial management of the State of XVI-XVII centuries -imperative type. In the XVII century the protection of the financial interests of the state, its treasury is regulated by the provisions of Conciliar in 1649. No wonder there were also Russian proverb: "Firmly kingdom treasury" [4, p.9].

As a result of the rearrangement of Peter the Great in 1710 established the Accounting and Treasury office, which was to follow the proper collection of taxes. It existed until 1742. In 1785, the government of Catherine II was reformed urban governance - created bodies district financial management, ie county treasury - cash only establishment. In Moscow and St. Petersburg were opened State Treasury to dispose of all expenditure, except expenditure on the army and navy (Treasury worked from 1780 to 1821 years). In 1796, attempts were made to reorganize the financial management of the state, was approved by the office of the State Treasurer, and the beginning of the reign of Alexander I (1801-1825 years) approved the draft ministerial reform.

Thus, in 1802 the Office of the State Treasurer were subjected to Expeditions, Treasury Chamber and the County Treasurer in cash, counting and control respect. This office has been included in the Ministry of Finance of February 2, 1821 under the name of the State Treasury Department.

The main activities of the Department of State Treasury appeared as follows:

- movement treasury amounts as income and expenses for Treasury;
- centralized accounting of revenues and expenditures;
- management of part of the coin;
- activities by prior examination of financial budgets of all ministries and central departments;
- activities for budgeting income and expenditures;

- activities for consideration of draft regulations, statutes and other laws, as a result of which there are new treasury costs [4, p.10].

At that time, the Treasury was executive who collected, stored, delivered government revenues, payments held, sold revenue stamps, issued a certificate for the right to trade and so on.

Since 1862 Treasury delivered cash balance in the State Bank, and in 1896 was merged with the Treasury cash availability reversible presence of state banks. Ministry of Finance in 1904, the institutions of the Treasury assigned another function - taking interest documents for storage.

Events in October 1917 established system for the entire state treasuries rock abroad. The new government was going to build a society based on market relations and the distribution, regulation, so clear and certain treasury functions were not needed.

To combine all the budget and payment and cash Affairs Council of People's Commissars adopted in October 1918 decision to merge the Treasury with the authorities of the Nation Bank, under which cash Treasury functions transferred to local branches of the Nation Bank.

At the end of 1991 big changes appeared in the budget structure of the country. Defunct state budget, a new budget system, a number of commercial banks have also changed the function of the National Bank of Ukraine regarding the state budget, resulting in accounting for and control over the spending budget actually was. Lack of timely information at all levels of the state budget is not possible to effectively maneuver the already small funds. This was due to play in the country of the Treasury.

According to the Decree of the President of Ukraine on 27 April 1995 under number 335/95 "On State Treasury of Ukraine" created a centralized system of government treasury, which keeps track of cash budget. [5] An important step in the development of the financial sector was transforming it from 2002 in accordance with the Budget Code in the treasury local budget revenues and expenditures.

Result of the evolution of the State Treasury of Ukraine is the gradual formation of a fully functional system that operates according to international standards of accounting and reporting which would provide sufficient transparency of budget execution, and helped progressive form of collection and processing of financial and statistical reports based on the use of modern information technology .

Market economy, finance budget crisis led to the emergence of various forms of business engaged in public institutions. Therefore, "Instruction on accounting institutions and organizations that exist in the state budget of the USSR" approved by the Ministry of Finance of the USSR of 10.03.87 № 61, which lasted more than 10 years, does not meet modern requirements of economic development. In this case, there was a need to revise the range of accounts that are used for accounting in these institutions.



Professor E. Shmalenbah said: "Businesses are changing, and changing methods and organization, Accounting should follow these changes and therefore will always be in motion. Altogether with the accounting its diagrams are changing. Therefore, any rules laid down in this area may be only temporary. Such a grouping bills that would fit for all purposes - does not exist. "

Accounts plan is a directive on the organization of the current accounting and control, it is constructed in accordance with the objectives that set accounting at this stage of economic development, now and in this place.

Elements of accounting change over time and relationships between them remain constant because the accounting system relating to dynamical systems.

In our opinion, the accounting distribution on an industry basis for accounting in the manufacturing sector accounting and budgeting was influenced by the specific learning objects, which specify and show the contents of the subject of accounting in relation to the nature of business. Historical records are the subject of budget revenues, expenses and cash flow budget during its execution. "The goal of budget accounting yavlyalosya timely, complete and accurate reflection of the budget revenues and expenditures of local budgets, national budgets union and autonomous republics, the Union budget and overall state budget and monitoring the budget execution process."

According to the theory of Professor I. Koshkin - "Due to an element of balance and building a clearing system (ie chart of accounts) is largely due to the structure of the balance sheet. The theory generalizes account and using the classification classifies a large amount of material about our practice, develops bases of the counting system and, thus, facilitates problem-solving organizations, regulatory harmonization, simplification and improvement of the counting plan.

Classification of accounts as your reception building counting system is thus undoubtedly important. Classification of accounts, as well as other classification is based on some isolated traits inherent in objects that are classified. Depending on the purpose of the classification of these features can be different, so different may be counting classification. Building a countable plan, and thus the construction of separate parts - accounts, is driven by economic content of accounting and the goals and tasks facing accounting. In accordance with the objectives based counting system is constructed accounts and their functioning.

Function of accounts, ie the process of the performance of certain tasks by which they are built, and are the main features of the Accounting Classification ".

The problem of improving the chart of accounts to budget organizations has repeatedly raised in the research works on budget accounting. According to the authors in this area shared. One group of scientists proposes to improve the existing chart of accounts budget accounting, the second - to use a single chart of accounts for all sectors of the economy.

The method of cost accounting in the public health organization that offers Kuvatov A. ZH. on industrial accounting scheme should eliminate the current "boiler" method of accounting and to ensure consistency of cost accounting.

The budget deficit is a young country and introducing market principles and economic development made it necessary to find additional sources of financing costs of new facilities accounting. Developed and approved GUDKU instructions on registration and use of extra budgetary funds, accounting of foreign currency, Inventory balance sheet have enabled close "gaps" existing regulatory framework and to make any changes and additions. Thus, the first stage was conducted "redecorating" instructions number 61, which regulated the issues of methodology, technology and organization of accounting for all its technological areas.

With the adoption of the "Program of Accounting Reform of the International Standards", approved by PKMU 10.28.98, № 1706, a new phase in the development of accounting in budget institutions.

According to Article 6 of the Law of Ukraine "On Accounting and Financial Reporting in Ukraine" These accounting and reporting on the implementation of budget estimates and regulated by the State Treasury of Ukraine, which operates within the Office of the methodology of budget execution, accounting and reporting [6]. Management in the short term has implemented a solid job in the future, thus almost completely restore the regulatory framework of accounting and build it on generally accepted international practice principles.

Order GUDKU from 10.12.1999, № 114 approved the "Plan of Accounts for public institutions and the procedure for its use" [7], and later - "Instructions for correspondence sub-accounting to reflect the main business operations of budgetary institutions" (order of 10.07.2000 number 61 [8] as amended.

The Plan accounts are international accounting standards, and Chart of Accounts Capital assets, liabilities and business operations of enterprises and organizations, approved by Ministry of Finance on 30.11.99, the number 291.

Thus, the second stage of the budgetary institutions registered in Ukraine is its transition to generally accepted international practice principles that are the foundation of building a methodological accounting and adapt it to the requirements of international standards.

It should be noted that the Ministry of Finance of Ukraine approved 34 national regulations (standards) of accounting for public institutions do not apply.

In order to integrate Ukraine into the European Economic Area in the current development budget system the adaptation of the national accounting system with international law set forth in the "Strategy for the modernization of the accounting system in the public sector" is provided [9]. To achieve this goal with the initiative of the Ministry of Finance of Ukraine, the translation of the International Accounting Standards in the Public Sector (IPSAS) was provided,

a scheme for constructing Chart of Accounts of budgets by incorporating accounts was integrated.

Among the requirements for the formation of a unified chart of accounts put forward such a plan under which the accounts should be formed based on classification of balance sheet accounts synthetic economic sense, all objects that are the subject of accounting to be covered possible accounting records through correspondence accounts separately from accounting of budgets, estimates and estimates of spending state funds, should not be allowed to use the same account to the account of diverse objects, and so on.

**Conclusions.** On the basis of the material it can be determined that nowadays budgetary institutions in Ukraine have process of formation of the accounting. Possible directions for its further development, in addition to standardization and stabilization of regulatory support, are developing at branch level guidance on accounting medicines, foods, costs and costing of research, production enterprises, paid services in connection with the transition to national regulations (standards) of accounting in the public sector.

Thus, improvement of accounts of budgetary organizations directly linked with the improvement of reporting which is based on it. One chart of accounts for accounting budgetary institutions facilitates the task of reforming the reporting of these organizations and bringing it closer to international standards.