

NATIONAL ACCOUNTING MODELS OF UKRAINE AND CHINA

The desire of continental Europe and several Asian countries to bring national traditions and accounting principles in line with international standards makes it possible to accelerate the progress of Ukrainian reform by studying and generalizing the experience of a country with similar economic development characteristics, and in some cases, a consistent convergence of accounting models, such countries are the People's Republic of China (PRC).

The coordinated mutual convergence of national accounting and reporting models of Ukraine and the PRC in the context of transition to IFRS will lead to a synergistic effect in the pace of development of joint projects by increasing the level of confidence, developing a common language for doing business, which will ultimately have a beneficial effect on the development of the economies of both countries. It is a question of regional convergence of national models of the two countries against the background of convergence with IFRS. The need to find ways of converging the Ukrainian and Chinese accounting systems on the basis of similar national accounting principles in order to strengthen bilateral Ukrainian-Chinese economic cooperation has determined the choice of topic and its relevance.

In economic science, such issues as F. Butynets, Z. Klebanovich, O. Lugova, M. Ogiychuk, V. Parkhomenko, L. Stolyar, and S. Sirceva explored the issues of regulatory regulation of accounting and the transition to International Accounting Standards in Ukraine. Lugova O., Stolyar L. and Klebanovich Z. in their publications reveal the reasons that lead an enterprise to a situation when it is necessary to restore accounting. Delayed accounting and the existence of irregularities can lead to serious consequences for the activity of the enterprise [8, p. 103].

Among the Chinese specialists, it is worth mentioning the work of such scientists as Li Xinhe, Tang Yunwei, Liu Yi, Wu, Qin Ming, which determine the main factors influencing the formation of the state accounting system and approaches to the classification of national accounting systems. Features of the interaction of managerial, financial and tax accounting in China are explored by Liu Qing, Ma Tao, Wu Dajun, Zhang Weig, Wang Yunzhi and Wang Yongxin [8, p. 103].

Guo Daoyang's writings reveal some of the historical features of China's accounting system. Features of the interaction of management, financial and tax accounting in China were considered by Liu Qing, Ma Tao, Wu Dajun, Zhang Weig, Wang Yunzhi and Wang Yongxin. In their works,

Zhou Baoyuan, Chen Mai, Sun Guang, Zhang Qi, Li Haibo, Zhang Weihua consider and analyze the issues of analysis and accounting of assets and liabilities in China. Some features of the formation, advantages and disadvantages of the Chinese financial reporting system are disclosed by Xie Jihua [8, p. 103].

However, at present there are not enough scientific papers summarizing the accounting experience, the current state of the accounting system and the prospects for its development in Ukraine and the PRC, as well as the analysis of the two systems for the possibility of convergence in terms of international convergence processes in the accounting field.

Long-term accounting and reporting reform processes in accordance with International Financial Reporting Standards (IFRS) identify the need for a new accounting system that meets the requirements of the current stage of economic development, and aligns with other countries' accounting systems.

Mutual convergence of national accounting and reporting models of Ukraine and the People's Republic of China in the transition to IFRS will lead to a synergistic effect in the speed of joint project development through increased confidence, the development of a common business language, which will ultimately have a positive impact on the development of the economies of both countries.

The global process of globalization is gradually changing all aspects of economic activity, both at the macro and microeconomic levels. Creating a global financial information system changes the accounting requirements. One of the major international processes taking place in the world today is the harmonization of national accounting and financial reporting systems across countries.

The development of globalization in the world creates economic preconditions for the development and implementation of generally accepted requirements for accounting and preparation of financial statements. Historically shaped national models of accounting and reporting do not always reflect global economic phenomena and processes and do not create the conditions for mutual exchange of economic information.

According to the considered criteria of classification of accounting systems Ukrainian and Chinese accounting systems:

- belong to the continental model;
- rely on the system of codified law;
- do not have a single mother country, the development of the accounting system is affected by various political, economic, cultural and other factors;

– belong to systems of collective, with a great distance of power and a high degree of avoidance of uncertainty;

– have the quality of discreetly conservative attitude to the information. The emergence and development of IFRSs is the most significant convergent process in international accounting and reporting.

However, as an aspect of convergence of economic systems, it is voluntary. The apparent heterogeneity of groups of countries that are transitioning to IFRS significantly complicates the implementation of their convergent function.

The main tasks, ways and complexities of transition to IFRS by different national accounting systems are highlighted and are presented in figure 2.2.1.

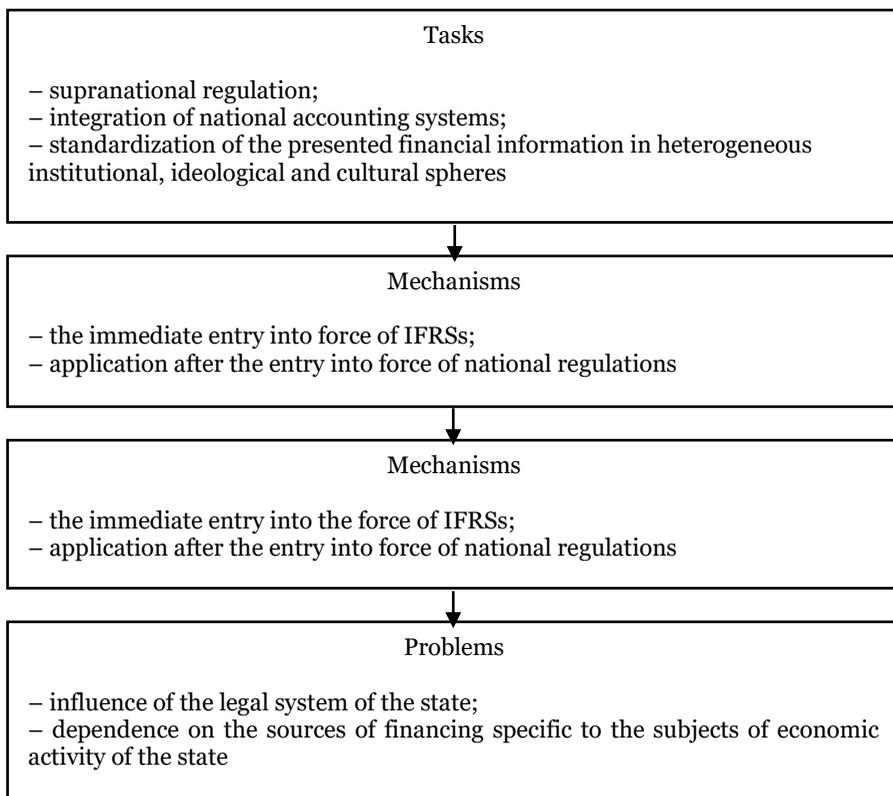


Fig. 2.2.1. Main ways and problems of transition to IAS by different national accounting systems

The main ways and problems of transition to IAS by various national accounting systems. The emergence and development of IFRSs is the most significant convergent process in international accounting and reporting. However, as an aspect of convergence of economic systems, it is voluntary.

The introduction of IFRS in Ukraine and the PRC is influenced by national legal models and the substantial dependence of national economic entities on government sources of funding. Therefore, to bring Ukrainian and Chinese accounting models closer, a "club convergence" path was proposed, which refers to the convergence of accounting models of two or more countries with similar basic accounting principles by unifying basic accounting practices and regulating them.

Without restoring accounting, it is impossible for a legal entity to conduct secure business activities. On the basis of the data obtained during the restoration of accounting, not only the state authorities receive information about the activity of the enterprise, but also the management receives the guidelines for successful economic activity [2, p. 128]. It is suggested to carry out accounting restoration in the following sequence (table 2.2.1).

Table 2.2.1

Stages of accounting recovery

Stage	Title	The content of the stage
1	2	3
Stage 1	Accounting Audit	This stage involves a comprehensive analysis of the work, namely: study of the accounting documents of the enterprise, diagnostics of accounting and tax accounting. Audit analysis helps to identify a complete list of available errors, their peculiarities, which makes it possible to restore accounting faster and better.
Stage 2	Assessment of the front of restoration works	It is at this stage that the exact amount of work is determined and the main tasks are formed for the whole period of restoration. In addition, the terms of cooperation (if a foreign organization is involved) are determined and the issue of the territory in which the documents will be handled is decided. Following the results of the first two stages, a report on the state of affairs of the enterprise is prepared, which also provides recommendations for correcting existing violations and errors.
Stage 3	Planning of accounting restoration activities	After getting acquainted with the state of affairs in the accounting department proceed to the preparation of a plan of measures, which without fail prescribes all the necessary actions and terms of their implementation. Better if done in as much detail as possible.

Continuation of table 2.2.1

1	2	3
Stage 4	Accounting restoration work	At this stage, all the necessary steps to restore accounting are carried out. These include the obligatory renewal of primary documents – contracts, acts of works, invoices, invoices, cash and commodity checks. New accounting registers are created based on the documents collected and corrected. At this stage, it is very important that you relate to the renewed period and the period that preceded it.
Stage 5	Preparation and submission of financial statements	After all documents have been restored and corrected, preparation and submission of reports to the tax authority is carried out. Prior to this, it is necessary to carry out a reconciliation with counterparties, which allows to confirm the balances on the accounts. Then reports on the recovered data are formed, tax registers are formed and returns are submitted, which are submitted to the tax authorities.
Stage 6	Developing recommendations for preventing the loss of documents in the future	After completing all work, a list of recommendations for further accounting is developed. These recommendations are based on the violations and errors found during the recovery steps. Recommendations should be practical in nature and contain specific proposals for optimizing the accounting of a particular enterprise, taking into account the specifics of its business activities.

When competent to carry out all stages of accounting restoration, the entity receives accounting documentation in full, full transparency of accounting activities for management and the ability to avoid imposing fines and other penalties on the part of public authorities [2, p. 129].

In addition, the main differences between the Chinese regulatory accounting system and the Ukrainian ones were formed, as well as ways of their probable elimination [1]:

- Although the Ministry of Finance is responsible for setting up a unified state reporting system in the PRC, various agencies, military units and other economic entities may develop their own accounting methods, which must be sent to the local finance ministries without fail;

- the person holding the position of an accountant, passes the compulsory state certification in the form of a state examination, which is conducted according to three specifications. We propose, by analogy with the People's Republic of China, to introduce into the Ukrainian accounting system mandatory state certification of accountants, which will become not only one of the vectors of convergence of two accounting systems, but also allow Ukraine to reduce the number of accounting errors and will become

the basis for the formation of an effective professional accounting community;

– methodological guidance of the accounting sphere in China is provided by the Accounting Standards Committee of the Ministry of Finance of the People's Republic of China, which consists of: Professional Committee of Economists, Committee of Professional Accountants of Commercial Units and Committee of Professional Accountants of Governmental and Non-Expert Group, with expert groups according to accounting standards of the Ministry of Finance of the People's Republic of China.

In Ukraine, the Federation of Professional Accountants and Auditors of Ukraine, which has direct levers of state influence on accounting reform processes. The Statute of the Federation is registered with the Ministry of Justice of Ukraine. The Federation is represented in all regions of Ukraine by 27 territorial offices and is by far the largest professional organization of Ukraine. FPBAU is the only organization in Ukraine to represent the profession of accountant and auditor at the international level: it is a member of the International Federation of Accountants, founder and member of the Eurasian Board of Certified Accountants and Auditors.

According to China's domestic and foreign policies, despite its global leadership in industrial production, agricultural land is one of the most valuable assets of China's economy. The value of agricultural land in China is determined by the ratio of their area to population.

In particular, today, owning 9 % of the world's arable land and 6 % of the world's water reserves, China feeds 21 % of the world's population [6, p. 59]. Rapid population growth, while it is not physically possible to increase land, leads to increased social, economic tensions and, as a consequence, the need for the state to implement a policy of requisitioning land. Therefore, building an efficient land use system in China, as in any other country, is impossible without the proper legal status of the land [4].

Area of land (sq. Km) in China was reported 9388210 square meters. Km in 2018 according to the World Bank's Development Indicators compiled from officially recognized sources. China – Land Area (sq. Km) – Actual values, historical data, forecasts and projections obtained from the World Bank in March 2020.

Land use in China is characterized by the use of pastures (400 million hectares), forested lands (175 million hectares) and others. In addition, the use of land resources for construction is of particular importance. Although the total number of permits granted is shrinking, the 10,000 sq. m. is almost three thousand. In the structure of the provided land resources the largest share is given by the rented areas for housing, industry and trade –

more than 20 %, others – do not exceed 10 %, which is shown in fig. 2.2.2. [10, c. 76].

Diagram 2.2.1

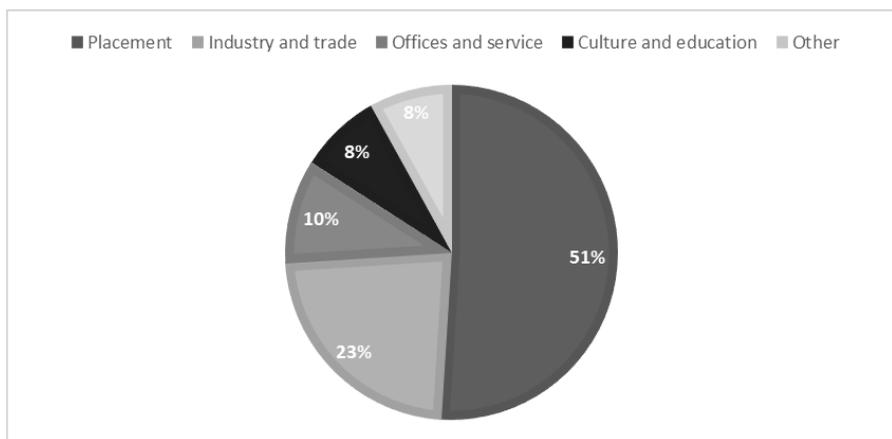
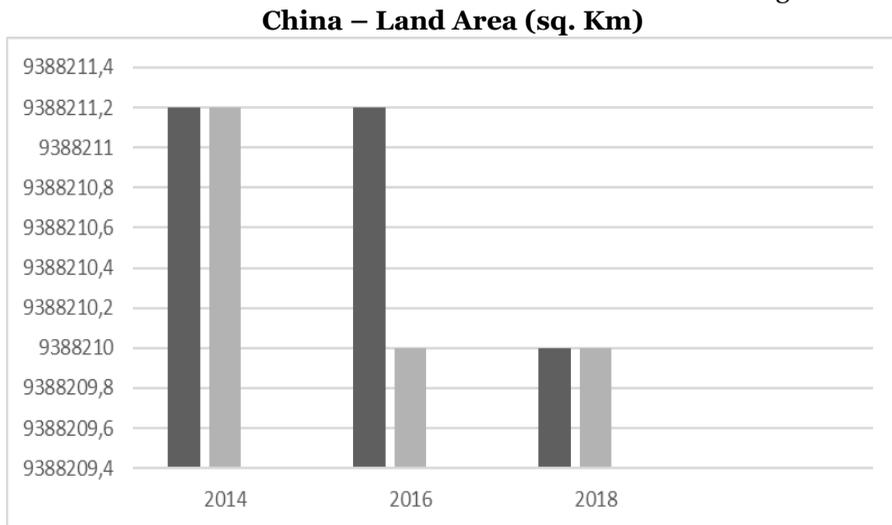


Fig. 2.2.2. Structure of granted land resources by directions of use

Land area is the total area of the country, except for inland waters, national claims on the continental shelf and exclusive economic zones.

In most cases, the definition of inland water bodies includes large rivers and lakes.

Compared with Western countries, there is a fundamental difference in the legal regulation of land relations in China – state ownership of land is legislated in this country. Thus, in accordance with Article 8 of the Law on Land Management of the People's Republic of China, agricultural lands are collectively owned by peasants, the rest of the land is state-owned.

Thus, businesses have only the right to use land in accordance with the legislation that most closely resembles an operating lease. The primary right to use land has a maximum term of 40 years to 70 years depending on the purposes of land use [9, p. 66].

It should be noted that for monitoring, according to some experts, geoinformation systems allow [10, p. 78]:

- to monitor the cartographic information from the database at the appropriate time interval in the field of land use;
- to update the maps taking into account changes and features of functioning of the metropolis on the basis of effective land use;
- map objects from a coordinate database in the specified coordinate system;
- save information about objects from the database to the map;
- set the appearance of the map classifier for a group of database objects;
- to keep monitoring settings on a case-by-case basis in separate files with the possibility of their further reboot;
- to record the process of monitoring and review the protocol with the ability to filter records, as well as save the protocol in the specified file, restore it from the file, either on command or automatically at program startup or shutdown.

When conducting land surveys in China, we consider the following:

- the legal status of land in this country is clearly defined by law at the state level;
- all lands are in state and collective ownership, so that the state has the opportunity to effectively manage land use processes [5];
- All land users can exercise their right of land use within the limits set by the state bodies of targeted land use [9].

As a result, the accounting object in China is not the fact of privately owned land, but the processes of using it. In our opinion, this approach to determining the subject of accounting in the field of land use is justified, since the focus is not on the legal aspect of land relations, but on their physical and economic nature.

In many scientific publications and in practice, there is a change of concepts: accounting for agricultural land means only the ability to reflect their monetary value in the reporting, and not to reflect the physical, economic, environmental parameters of the process of land use in the production process in the natural and monetary measure in the accounting system enterprises.

On the one hand, this situation is explained by the fact that, as Prof. G. G. Kireytshev, "At present, there is a considerable list of natural resources that are included in the economic turnover, but they are not measured by the methods of economic and accounting methodology. Traditional accounting techniques reflect these resources in part. One of such important resources is land as a biological asset" [11, p. 65].

On the other hand, the long-awaited expectation of private ownership of agricultural land for legal entities through the introduction of the land market has formed a misconception of domestic scientists, as if reflecting the monetary value of land in the balance of agricultural enterprises will solve all their problems, increase investment attractiveness, and in general industry. In this regard, due account is not taken of the rationale for accounting for land use processes directly.

Land use accounting in China is more regulated and deeper, based on the stability of the legal status of land. Consider in detail its principles. China, as the world's second largest economy, adopts the accounting experience of Western countries. In February 2006, the Chinese Ministry of Finance released the new Chinese Accounting Standards (CAS), which from 1 January 2007 became mandatory for all Chinese companies. The difference in the legal status of land ownership is a major factor affecting asset recognition.

According to Chinese land laws, the physical form of land is not identified in the Chinese Accounting Standards, only the intangible land use rights can be measured and reported in the enterprise. In the situation with China, the right to use the land is a cornerstone of value, which in the accounts of the enterprise generates the economic substance of the leased land asset.

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events and which is expected to provide the enterprise with economic benefits in the future" [9, p. 67].

In international practice, intangible assets, unlike non-current assets, cannot be measured at fair value or revaluation after initial recognition if there is no active market.

An active market is a homogeneous product market where you can usually find willing buyers and sellers at any time, and the prices are available to the public. Since land use rights are granted by the state in China, there is no active market for this product. Therefore, rights recognized as intangible assets cannot subsequently be reassessed.

After recognition of the rights of the enterprise, the intangible asset is accounted for at its initial cost less accumulated depreciation. Thus, land has a special legal status in China, and the accounting procedure reflects this – Chinese businesses are required to classify land use rights as intangible assets rather than recognize land as a non-current asset.

The physical part of the earth is not recorded in accounting and reporting, that is, it remains out of balance; instead, an intangible asset is shown as the enterprise acquires only the right to use the land. In the reporting of Chinese enterprises, this is the only unique feature, while leased land in developed countries can usually be disclosed in fixed assets.

The peculiarity of land accounting in China is that land owned by an enterprise cannot be recognized as investment property. That is, businesses cannot own land for the purpose of capital appreciation or use it for purposes other than those approved by the state legislature. Legal and natural persons are not allowed to land idle or misused. If this rule is violated, the business entity is charged a fee or revoked the right to use land. The state exercises strict legal control over all land transactions [9, p. 62–63].

The People's Republic of China is an example of how peculiarities of the legal status of property affect the use of accounting methods for assets, in particular land. Therefore, it can be argued that it is one of the prerequisites for organizing their accounting at the national level of the legal status of agricultural lands and the rights to use them.

On the basis of studying the foreign experience of land use accounting, the prerequisites and stages of effective accounting of agricultural lands and rights to use them in Ukraine are substantiated.

In Ukraine, the legal status of agricultural lands is, to a certain extent, temporary, given the existence of a moratorium on their sale. The moratorium has been in force since 2001 and is undoubtedly normal. Therefore, the sale of this category of land should be either permanently banned or legally regulated. This will clearly define the objects and

methodology of accounting in the field of agricultural land use. In order to develop the most flexible approaches to accounting for agricultural land, it is advisable to study foreign experience, because, most likely, Ukraine is not a pioneer in this matter. Also important is the position of the national methodological regulator – the Ministry of Finance of Ukraine.

It can be argued that the effective development of agricultural production depends on the rational use of land resources. Domestic revival of private land ownership is slow, with no civilized land market to date [13].

Currently, Ukraine is at the stage of implementation of the agricultural land market. However, the introduction of a full-fledged land market is hampered by a temporary moratorium on the sale of agricultural land. In the context of the annual budget deficit and the accumulation of public debt, the issue of land sale becomes especially relevant. In general, throughout the history of Ukraine, political aspects have shaped the development of land relations. This means that the development of land accounting methodology should also be based on private land ownership for legal entities.

As the land issue is increasingly the subject of political battles, careful changes should be made to possible changes. Recognition of land assets as an asset, along with other property items that are reflected in accounting, requires the formation of organizational and methodological bases for their accounting at the enterprise.

Land plots are a specific object of ownership of the enterprise, having many features that distinguish them from others, and therefore require special attention and individually developed approaches to accounting issues. When constructing a land accounting system, it is necessary to take into account certain specific features that are inherent only to a particular accounting object [1, p. 307].

The following features include:

- the object of accounting is not the land itself, but the individual land plots;
- in accordance with P (C) BO 7, depreciation is not charged on the value of land plots; land is not subject to liquidation as a fixed asset;
- the initial value of the land can be increased only in case of its revaluation;
- capital expenditures related to land improvement (land reclamation, drainage, irrigation, etc.) do not relate to the increase in the initial value of the object, but are accounted for as a separate item of property, plant and equipment for subaccount 102 “Capital expenditure for land improvement” and is subject to depreciation.

The right to use the land is an intangible asset of the enterprise.

According to the information provided in table 2.2.1, according to the five benchmarking criteria, land is a means of labor, but significantly different from other means.

The main differences are:

- land plots have an unlimited period of use, and for other means of labor it is established by the enterprise, in accordance with the requirements of the Tax Code;

- with proper use of the land, its fertility increases, and therefore no depreciation is charged; land in agricultural production is both a means and an object of work at the same time. A significant difference is the inability to replace the land with another means of labor.

Comparative characteristics of land plots as means of production with other means of labor are shown in table 2.2.2.

Table 2.2.2

Comparative characteristics of land plots as means of production with other means of labor

№	Comparison criterion	Land	Other means of work
1	Space limitations	Artificially not reproducible	Can be created in the required quantities and sizes
2	Useful life	Unlimited	Limited
3	Replacement	Indispensable	Replacements
4	Role in the production process	In agriculture, it is both a subject and a means of labor	Means of work
5	Production value	When used properly	fertility increases

Today the following objects of land relations are reflected in the accounting system:

- ground section;
- the right to use the land
- capital costs for land improvement.

With respect to land as an object of property, considering how it is reflected in accounting is important in terms of how it acquires ownership and usage rights. According to the analyzed features of land accounting, we have presented a universal algorithm for land use accounting in agricultural enterprises.

Within the algorithm the possible variants of accounting of a land plot are systematized depending on its legal, property or economic status. Accordingly, the sequence of actions of the accountant in choosing the method of accounting for agricultural land.

A characteristic feature of the algorithm is its versatility and objectivity. It does not limit the methods of accounting for land subject to the lifting of the moratorium on the sale of agricultural land, only structures the sequence of decision making by the accountant.

The above algorithm can serve as a basis for providing automation of accounting of land resources, according to which the choice of one or another way of registration of land plots determines the logical sequence of further actions and allows to use a certain set of accounting and analytical tools [1, p. 308].

To approximate the pace and mechanisms of reforming the accounting systems of the two countries, the following Chinese methods of reform are of scientific and practical interest:

1. Innovations are first introduced in individual regions, districts, enterprises and as a consequence, given the positive experience and relevant findings of the commission, are introduced into the general practice for the whole country.

2. The principle of "one country – two systems" takes into account the peculiarities of economic activity of individual regions and sectors of the economy.

3. The process of introducing international experience is characterized by the principle of "consistent combination", which preserves the identity of the Chinese economic system.

In the example of figure 2.2.3 we can consider the algorithm of accounting land use in agricultural enterprises.

Depending on the way of acquiring property rights and using land resources in the modern accounting system are considered as:

- the main means of ownership, which is an asset of the enterprise, which are fully realized ownership, use and disposal;
- intangible assets that are subject to accounting, for which management functions are restricted;
- the object of lease relations, which is accounted for in off-balance sheet accounts;
- investment real estate held for the purpose of obtaining rental payments and / or increasing equity (fig. 2.2.4).

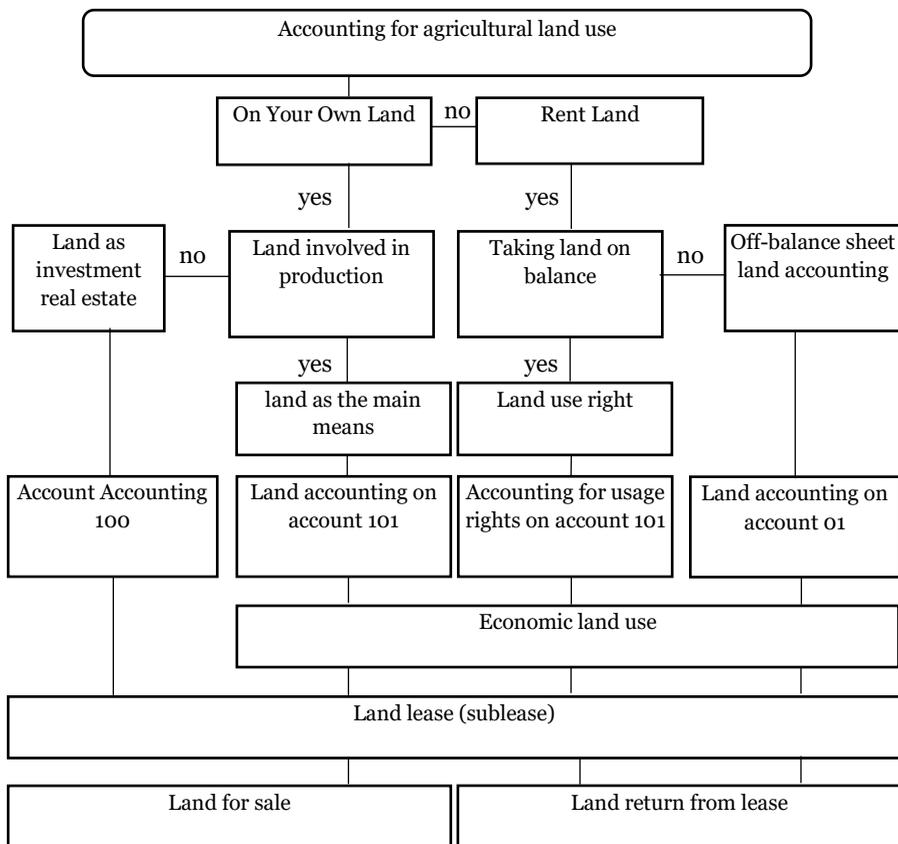


Fig. 2.2.3. A universal algorithm for accounting land use in agricultural enterprises

In addition, it is necessary to propose a way to modernize the Ukrainian accounting plan based on considerable detail, taking into account the use of these accounts in the PRC in the context of operating new economic realities aimed at improving the mutual transparency of accounting transactions of economic entities of the two countries. Table 2.2.3 provides an example of a national PRC plan.

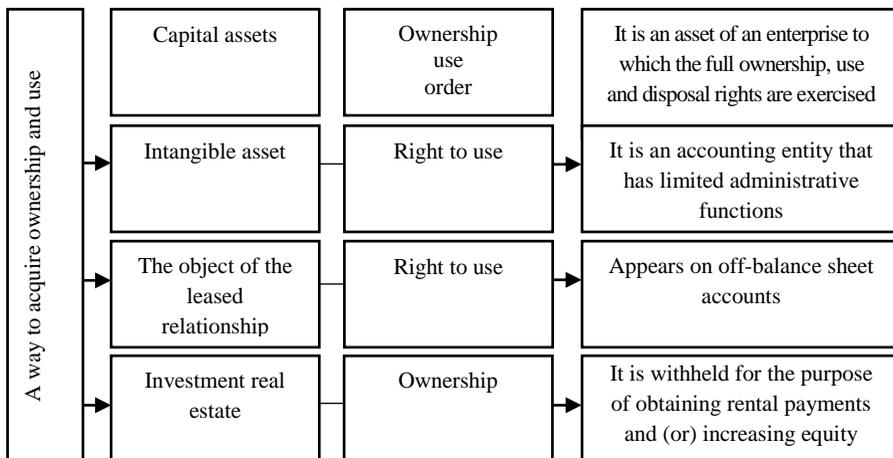


Fig. 2.2.4. Classification of land resources in accounting according to the method of acquisition of property rights and use

Table 2.2.3

An example of a national accounting plan for China

Sequence number	Registration number	Explanation of the section	Example accounts
1	2	3	4
1. Assets			
1-73	1001-1901	Accounts are used to account for various types of assets, their increases, decreases and balances. The accounts reflect the accounting transactions in cash and cashless, in tangible and intangible form	1001 Cash 1141 Bad debts 1151 Prepayment 1131 Accounts Receivable 1232 Cost difference of materials 1461 Real estate investment 1471 Long-term receivables 1811 Business reputation
2. Commitments			
74-109	2001-2901	Accounts reflect existing liabilities of varying liquidity and changes and balances	2001 Short-term loans and borrowings 2142 Trade and financial liabilities 2161 Dividends payable

Continuation of table 2.2.3

1	2	3	4
			2171 Taxes payable 2321 Long-term accounts payable 2331 Specialized accounts payable
3. General accounts			
110–114	3001–3202	The peculiarity of this group is the need to determine the balance by the end of the period. Used by financial companies and investment funds	3002 Purchase and sale of foreign currency 3101 Derivatives 3111 Capital reserves 3121 Additional reserves 3141 Retained earnings 3201 Hedging instruments 3202 Hedging Objects

The Chinese plan differs from the Ukrainian accounting plan by significant detail, large number of accounts, four-digit numbering attached to a section.

The Chinese Invoice Plan contains an extensive invoice for obtaining comprehensive and transparent accounting information and providing the basis for reliable reporting.

Particularly useful and interesting about the possibility of introducing into the Ukrainian practice of economic entities, leading joint ventures, etc., in our opinion, are the accounts of Section 3 of the Chinese Accounts Plan (General Accounts), which contain:

- "Net capital inflows and disposals" – includes income from securities, transfers of funds of subsidiaries, inter-structural clearing operations and others;

- "Purchase and sale of foreign currency" – regulates currency exchange transactions with cash between counterparties;

- Derivative financial instruments – is used to account for transactions in derivative financial instruments of the enterprise's business activities and changes in the assets of the enterprise;

- "Investment return capital" – takes into account the investment return stipulated by the contract, which took place in the reporting period [7].

Based on an analysis of the national accounting features of the PRC and Ukraine, a comparative table was developed that reflects the basic accounts of accounting for fixed assets and liabilities, which, on the one hand, made it possible to visualize Chinese accounting practices and, on the

other, to distinguish from them accounts representing domestic ones. accounting scientific and practical interest (table 2.2.4).

Table 2.2.4

**Accounting for long-term financial investments
in Ukraine and China**

Accounting operation	Accounts used	
	People's Republic of China	Ukraine
Display of financial investments	For financial investments, account 1401 "Long-term equity investments" is used. For loans granted, account 1402 Long-Term Investments is used. For financial investments in real estate the account 1461 "Investment in real estate" and others is used. A separate account is opened for each type of long-term financial investment	Account 14 "Long-term financial investments". Account 35 "Current financial investments". Account 31 Bank Accounts. All financial investments invested in the asset are reflected in the accounts 14 "Long-term financial investments" and 35 "Current financial investments", to which additional subaccounts may necessarily be opened

For comparison purposes, it is necessary to introduce into Ukrainian accounting practice and offer the following accounts of accounting of the PRC:

– "Investment in development", the presence of which would increase the transparency of accumulation of investment in development funds and their accounting;

– "Available-for-sale financial assets", "Investments held to maturity", which will not only facilitate the comparability of the main reporting form of the two systems, but also substantially enrich public practice and allow for more detailed and transparent information on these articles of objects accounting.

Although the processes of harmonization between the domestic and Chinese accounting systems, while not yet purposeful, there are sufficient prerequisites and factors for the convergence of accounting systems of the two countries, including political, historical, ethical, etc.

The researcher's positions on the features of accounting and financial reporting of Ukraine and the PRC are considered, allow to build the future

perspective of systematization of the experience of the two countries for further bilateral and international cooperation in the field of accounting, mutual improvement of investment mechanisms, which will successfully operate in the interim systems between themselves and with IFRSs.

China's interest in cooperating with Ukraine is also related to the Chinese leadership's decision to create "foreign food bases".

In particular, this includes the use of Ukrainian agricultural opportunities in combination with China's investment and technological capabilities. The removal of artificial barriers to the development of bilateral cooperation is the main task of Ukraine's current stage of cooperation with China.

One of the major shortcomings in Ukraine's cooperation with China is the lack of strategic directions for the use and borrowing of Chinese technologies and innovations, which could be an impetus for improving the technologies available in Ukraine and attracting foreign experience. Another drawback is that the Ukrainian side provides China with opportunities to use domestic technology to locate production in its territory, which provides job creation in the Chinese rather than the Ukrainian economy [9, p. 107].

Maintaining existing policies in high-tech industries has a resource of 5–7 years, after which China will have sufficient knowledge, the application of which will not require the involvement of Ukrainian partners. In the future, China's interests in Ukraine will focus on commodity, resource and export projects.

As a result, Ukraine will receive an improved trade balance, an inflow of investments, but it may face a complex social problem for Chinese migrants and a sharp deterioration of the environmental situation in the area of production. It is worth noting that the economic relations between Ukraine and China are a prerequisite for the idea of the New Silk Road implemented by the PRC.

The concept of the New Silk Road envisages a transition from realizing the benefits of political interaction, geographical proximity, economic complementarity and the humanitarian component of the ancient Silk Road's aura to the benefits of practical cooperation and sustainable growth, to further strengthen Eurasia's economic ties, deepen, mutually innovative forms, expand space for development. That is, the main idea behind the concept of "one belt and one path" consists of five connecting elements:

- political coherence;
- the only infrastructure;
- commercial communications;

- currency and financial flows;
- humanitarian communication.

The New Silk Road project is absolutely necessary for Ukraine, since it is profitable, first of all, from the point of view of realizing the advantages of the transit country in the context of integration into large-scale and prospective interregional cooperation of a new, innovative type, as well as in the aspect of solving fundamental economic problems, which regulate its own technological and resources are clearly lacking, and the prospect of their emergence in the next 10–20 years is rather uncertain.

Officially, China on the Silk Road Initiative states: “The joint creation of the One Belt and One Way is intended to stimulate the free but orderly movement of factors of production, as well as the highly efficient allocation of resources and the deep merger of markets [15, p. 156].

Ukraine's participation in the creation of the infrastructure of the New Silk Road economic belt would greatly contribute to progress in raising the employment rate of the able-bodied population of those regions through which the New Silk Road would pass [9, p. 108].

Ukraine's desire and practical steps to forge closer economic relations with Europe are by no means an obstacle to cooperation with China. Following the signature and ratification of the Association Agreement with the EU, Ukraine is in some sense a gateway to Europe during its implementation, which is important for relations between Ukraine and China, especially in the context of the New Silk Road project.

An instrument for deepening partnerships between states is Ukraine's comprehensive participation in China's One Belt, One Way global initiative, which requires diversifying forms of cooperation, expanding investment projects, defining conditions for creating a common free trade area, and so on. It is determined that following a single principle of functioning of the new Silk Road – “mutual benefit and mutual benefit” – will reduce the influence of political and legal factors on trade and economic cooperation [5].

The basis of joint construction of the One Belt and One Way is the coordination of the main tasks and the convergence of political measures; there is no need to achieve all unity; a high degree of mobility and flexibility is allowed, since it is a diverse open process of cooperation [15, p. 157].

In the system of the Dragon Gate, all transactions were grouped and recorded in four accounts: “Received”, “Paid”, “Availability” and “Ownership”. Revenues were credited to the invoice, expenses – to the account “Paid”. Increases in assets and decreases in liabilities were recorded in the Presence account and transactions related to decreases in assets and increases in liabilities were recorded in the Possession account. Transactions relating to Invoices and Invoices were located at the top of the

ledger, named "Arrival," and the accounts for "Paid" and "Ownership," at the bottom of the ledger, called "Expense."

The double entry principle ensured that the amounts of entries shown at the top and bottom of the ledger were adequate (equal). At the date of preparation of the financial statements, the results of each of the four accounts of the Dragon Gate system were summarized, and then the balance sheet equation shown in figure 2.2.5 was verified.

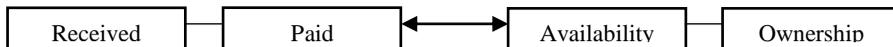


Fig. 2.2.5. Balance Sheet Equation

The balance method of calculating profits for the year in the system "Dragon Gate" was called "arrangement" [14, p. 8].

The Chinese theory of peaceful recovery was based on the theory of harmony, which, despite global contradictions and mutual claims, should guarantee peaceful coexistence. In general, it is an expression of the more general concept of "peace and development" as a renunciation of power politics and the mentality of the Cold War. The Chinese theory of peaceful rise became the official ideology under Hu Jintao's leadership to refute the "threat theory of China", which points to the possible challenges of a new political, economic and military giant of the 21st century.

Today, China is in the process of adjusting its legal framework and bringing accounting practices in line with international practices and expectations of foreign investors. But this process is to some extent hampered by the existence of complex contradictions between economic leadership and the socialist form of government in China, which does not allow the country to take a leading position in accounting and reporting.

In general, the Chinese theory of peaceful recovery includes:

- favorable international situation;
- implementation of peace policy;
- establishing their own cultural features;
- self-limitation of expansion possibilities;
- a development strategy based on peaceful means of obtaining resources.

In this way, an attempt was made to reassure other countries that the rise of China was not a threat to peace and security and would not lead to Chinese hegemony. China's theory of peaceful exaltation positions China as a responsible world leader, driven by soft power and as a country focused on solving its internal problems, improving the well-being of its people, and without interfering with the affairs of other countries. In addition, the term

indicates China's willingness to avoid any international confrontation and tension.

Specific accounting features in China have been shaped for decades by the strong influence of political, economic and socio-cultural factors. Confucian doctrine pushed people to obey the rules and taught responsibility; political ideology forced more care for the preservation of socialist property than for profit; the status of one of the world economic leaders led to the transition to internationally recognized standards and rules of doing business.

Therefore, the Chinese way of reforming accounting is a symbiosis of international standards and local peculiarities related to the domination of the Communist Party in the political and economic life of the country.

Based on the study, it can be assumed that the existing gap in the transparency of financial statements of Chinese and Western companies will persist for a long time, despite the apparent convergence of the Chinese accounting system with IFRS and the liberalization of national law. According to the results of the study, the legal status of land directly affects the methodology and methodology of land use accounting. A striking example in this regard is the construction of land accounting in China.

Monitoring of typical problems of land accounting in agricultural enterprises of Ukraine generates a conclusion about the superficial conceptual approach and unsatisfactory level of organization and methodology of land accounting, which leads to the incorrect reflection of most financial and economic events. The lack of adequate methodology for legal identification and accounting of land resources negates the complexity of indicators and distorts the results of the formation of the information base necessary for external and internal users.

According to the results of the research, an alternative variant of the universal algorithm for land use accounting in agricultural enterprises was proposed, the application of which is able to provide adequate reflection of transactions with land plots, regardless of the form of ownership of them.

In terms of state and collective land ownership, land use rights are the object of land use, even when the economic substance of the use of the land is an operating lease. The value of such rights is determined by capitalizing the costs associated with acquiring them. This approach is rather pragmatic and prudent:

- first, it does not allow for variations in the value of an asset that may occur in terms of market (fair) value;
- secondly, it prevents the "balancing" of the balance due to the unjustified increase in the value of land use rights. Costs related to the use

of land are recognized in the accounting for the annual depreciation of the cost of use rights.

In Ukraine, given the effect of the moratorium on the sale of agricultural land, the legal status of the latter can, to some extent, be interpreted as temporary. Accordingly, such "temporality" is inherent in the approaches to accounting of agricultural lands and rights of use of them, offered by domestic scientists.

It is determined that the prerequisites for effective construction of agricultural land accounting and land use rights in Ukraine are:

- legislative consolidation at the national level of permanent, rather than temporary legal status of agricultural lands;
- study of foreign experience in order to develop the most flexible approaches to accounting for such objects;
- Selection of accounting standards by the Ministry of Finance of Ukraine according to which the accounting of agricultural land use will be maintained.

Without restoring accounting, it is impossible for a legal entity to conduct secure business activities. On the basis of the data obtained during the restoration of accounting, not only the state authorities receive information about the activity of the enterprise, but also the management receives guidance for successful business activities.

Once the account is restored, owners will finally be able to understand whether the business is operating successfully, whether it is using available reserves, whether it has the potential to improve efficiency and productivity. As a result, you can operate objective information about the activity of the company, coordinate its development, correct errors and manage the property rationally.

Restoration of accounting saves the enterprise from various penalties by the state for non-payment of taxes, tax evasion, failure to fulfill other obligations. Thus, the restoration of accounting is crucial for any legal entity that wants to continue its business, maintain the confidence of partners and have objective information about the results of their business.

Although the processes of harmonization between the domestic and Chinese accounting systems, while not yet purposeful, there are sufficient prerequisites and factors for the convergence of accounting systems of the two countries, including political, historical, ethical, etc. The researcher's positions on the features of accounting and financial reporting of Ukraine and the PRC are considered, allow to build the future perspective of systematization of the experience of the two countries for further bilateral and international cooperation in the field of accounting, mutual improvement of investment mechanisms, which will successfully operate in the interim systems between themselves and with IFRSs.

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