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ISSUES OF STRATEGIC ACCOUNTING FOR SUSTAINABLE DEVELOPMENT OF ENTERPRISES

Abstract: Information users are currently interested in the results of entrepreneurial activity not only in terms of financial, but also non-financial achievements. Along with the traditional financial reports, it is proposed to publish reports on the results of the sustainable development of enterprises. The article presents suggestions for improving the methodology of strategic accounting for sustainable development of enterprises. In particular, new management accounts and double registration correspondence were proposed, through which the strategic results of sustainable development of enterprises are recorded.

Keywords: sustainable development, integrated financial statement, strategic accounting, double entries

JEL classification: M40, M41

Research aim: to develop a methodology of strategic accounting resulting from the process of sustainable development of organizations.

Research novelty: a methodology of strategic accounting of the results of sustainable development of organizations was proposed.

Introduction

Information validity and transparency of accounting reports have always been considered one of the cornerstones of business culture. It has been a long time since accounting information in its tangible scope has ceased to be considered a trade secret and is of public interest. This was especially evident in the middle of the previous era, when there was a demand to develop financial accounting reporting standards [1], by which financial accounting reports are compiled and are still being created and published, on the basis of which external users of organizations make managerial decisions.

However, as a rule, financial statements by organizations mainly provide users with retrospective information and interpret the results of economic activities of the past period [2]. On the other hand, today, the public clearly demands that organizations be accountable to those challenges, the solutions of which are derived not only from private business interests, but also from public interests. In particular, the public is interested in what strategic expectations are formed in the organizations in the foreseeable future, in what directions the business is developing, having not only purely private economic targets, but also environmental and social objectives [3].

In this sense, the traditional published financial reports do not satisfy the internal and external stakeholders of the organization with their information and there is a demand to organize strategic accounting. Financial statements published by organizations are currently undergoing conceptual reforms. Report users view organizations not only from a private but also from a public interest perspective [4].

Research results

Strategic accounting is still interwoven with the management accounting used in organizations and does not pose clear problems in order to cover the place of sustainable business.

The solutions to the answers to the listed questions are found in the information domain of strategic accounting carried out in organizations, when the accounting system of sustainable economic development is in place, financial and non-financial integrated reports are published. At the same time, the International Accounting Federation is currently tasked with developing reporting standards that reflect the sustainable development of organizations, which will create an opportunity to combine financial and non-financial information flows and publish integrated reports [5]. Strategic accounting can play a significant role in this matter, which has the ability to use a special toolkit, to present the results of the implementation of strategic goals of organizations with uniform dimensions and homogeneous information flows from the point of view of both private and public interest information beneficiaries. The effectiveness of strategic accounting for an organization also depends on the skill of the manager and the quality of the information provided by strategic accounting. It is from quality information that the right decisions are made, and it

itself benefits significantly from the accurate use and display of data. Therefore, the ability to receive, present and explain data is becoming important for a manager nowadays [6].

When presenting the comprehensive statement of financial position of the organization, it is necessary to separate the part of the data related to sustainable development from the general business information flows. By attracting various resources during economic activity, the organization uses an incomplete part of them in the directions of sustainable development of interest to the public, but on the contrary, redirects them to gain profit for private reasons [7].

Thus, in case of presenting reports, combined with integrated management information, is facing with problem to separate the information flows, that are related to the involvement of resources. For this purpose, we suggest using special accounts, that will separate and group the information flows, related to sustainable development from the general information of the economic activities of the organization.

Let's assume that the organization decides at the beginning of the year to submit a combined report at the end of the financial year, where information related to commercial activity and sustainable development will be combined with monetary metrics. To achieve this goal, we suggest the following steps.

First step. the initial articles of the statement of traditional financial position (see table 1) are supplemented with assets aimed at the sustainable development of business, respectively, with the capital components that include the sources of their formation and serve sustainable development. In this way, a comprehensive

statement of financial position of the organization is obtained (see Table 2).

Table 1. Statement of financial position (million, AMD)

Assets	Sum	Capital and liabilities	Sum
Buildings	20	Share capital	55
Equipment:	40	Accumulated profit	5
Supplies	10	Loan obligations	9
Debtors	7		
Cash	3	Purchase Obligations	11
Balance	80	Balance	80

And it turns out that at the beginning of the year, the comprehensive statement of financial position is composed with reviews of capital and assets aimed at sustainable development. In particular, the equipment owned by the organization is presented in two sections: production and environmental. The same applies to stocks. In addition, the comprehensive statement of financial position recorded assets (labor, social, intellectual) that are outside the scope of financial accounting, but are recognizable by the organization in the context of sustainable development.

The comprehensive statement of financial position shows a new approach also in terms of the organization's capital structure. In particular, reviewing the equity capital in terms of ensuring the effectiveness of financial and sustainable development, as well as adding components of environmental, human and social capital.

Table 2. Comprehensive statement of financial position at the beginning of the year (million AMD)

Assets	Sum	Capital and liabilities	Sum
Buildings	20	Financial capital	35
Production equipment	28	Accumulated profit	5
Air filters	12	Environmental capital	12
Traditional resources	2		
Substitutes for natural raw materials	8	Natural use capital	8
Intellectual assets	9	Intellectual capital	9
Job resources	11	Human capital	11
Social assets	6	Social capital	6
Debtors	7	Loan obligations	9
Cash	3	Purchase Obligations	11
Balance	106	Balance	106

Second step: with double entries, the changes of the assets targeted at the sustainable development of the organization and the capital components forming them are recorded. The initial

comprehensive statement of financial position creates the basis for the accounting of the formation of new value by the organization during the year and the presentation of the combined report at the end of the year, which we can present with the help of the accounting record of the following economic operations.

1. By combining the expenses and incomes of the reporting period of the organization, the profit of the business was formulated, which increased the funds by 15 million AMD:

DR Cash15
CR Accumulated profit.....15

2. Having received a grant in the reporting year, the organization equipped the ventilation equipment with 8 million drams:

DR Air filters.....8
CR Environmental capital.....8

3. In the reporting year, a decrease in intellectual assets of 4 million drams was recorded in the organization.

DR Intellectual capital.....4
CR Intellectual Assets.....4

4. In the reporting year, the human capital used in the organization was declined by 2 million drams:

DR Human capital.....2
CR Job Resources.....2

5. Substitutes for natural raw materials worth 3 million drams were purchased during the reporting period with state assistance

DR Substitutes for natural raw materials.....3
CR Natural use of capital.....3

6. In the reporting year, the organization expanded the social capital due to the increase in business management, presenting it with a re-estimated increase of 6 million drams.

DR Social Assets.....6

CR Social capital 6

The presented accounting reports record the changes in the capital components that form the public value created by the organization as a result of the business activity of the reporting period. In practice, with the help of these correspondences, an opportunity is created to present a comprehensive statement of financial position published by the organization.

Us a result of the presentation of the comprehensive statement of financial position offered by us, an opportunity is created at the end of the year to identify the risks related to the sustainable development of the organization, the possibilities of their mitigation, as well as the directions for improving the applied management system.

Thus, by registering the results of the above-mentioned accounting correspondence during the year in the comprehensive initial statement financial position, the end-of-year report is obtained (see table 3), where a comparison field is created between the resource changes of sustainable development according to the relevant capital components.

In particular, the users of the published combined report are presented with findings on what factors have decreased human capital, what are the opportunities, if applied, the organization will increase its capabilities for attracting and expanding qualified labor in the medium or long term.

Table 3. A comprehensive year-end statement of financial position (million, AMD)

Assets	Sum		Capital and liabilities	Sum	
	beginning	ending		beginning	ending
Buildings	20	20	Financial capital	35	35
Production equipment	28	28	Accumulated profit	5	20
Air filters	12	20	Environmental capital	12	20
Traditional resources	2	2			
Substitutes for natural raw materials	8	11	Natural use capital	8	11
Intellectual assets	9	5	Intellectual capital	9	5
Job resources	11	9	Human capital	11	9
Social assets	6	12	Social capital	6	12
Debtors	7	7	Loan obligations	9	9
Cash	3	18	Purchase Obligations	11	11
Balance	106	132	Balance	106	132

Moreover, in this case, both quantitative and qualitative assessments are given, performing scenario analyzes in terms of the value of the organization. In our example, an organization may

present human capital replenishment opportunities with the goal of incurring the cost of its own resources. In this case, there will be a need to compile and publish comprehensive reports of financial results and cash flows, which will enable scenario analyzes and financial risk assessments in the short and long term.

Conclusion

Integrated published reports will be formed and published in the near future according to the requirements of the International Financial Reporting Standards (IFRS – S1), where it will be clearly presented what findings will be made in the direction of sustainable development of organizations [8]. Naturally, in this field, a problem will arise, how to measure and account for the results of sustainable development and the resources supporting their formation, which will then be the basis for further reporting findings. Of course, findings related to sustainable development in published reports may be merely descriptive, without systematic quantitative analyses.

However, we believe that in the end, an international accounting methodology should be formed to combine financial and non-financial business information, to present a framework and toolkit of unified approaches to the assessment of sustainable development resources and accountability, not only in terms of disclosures, but also in terms of a revalued alternative information coordination towards the ESG concept. It, in turn, will contribute to the systematic analysis of the results of sustainable development based on integrated thinking and the establishment of effective management decisions aimed at mitigating risks.

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