

protection and safeguarding of natural heritage in the context of SDGs' attainment in Ukraine:

- in Ukraine the methodological and organisational support for preparation of the report on payments to government was developed;
- the general objective of developed documents is to enhance the transparency, accountability and legality of activities of entities active in the logging of primary forests in the context of Sustainable Development Goals' (SDG) attainment;
- the developed documents is based on provisions of Directive 2013/34/EU, EITI and Ukrainian legislation regulating the activities of entities active in the logging.

The humankind problem is to protect and safe natural heritage. The solution of this problem is one of the targets to SDG 11 «Sustainable cities and communities» [4]. The development of legislation on reporting on payments to governments through the disclosure of information by entities active in the logging of primary forests is the effective tool for attainment of the target and solving the problem. These will enhance the level of responsible use of primary forests and safeguarding of natural heritage.

Developed methodological and organisational documents (the form of the report on payments to government and methodology for completion of this report) can be applied by countries rich in primary forests. This will ensure the efficiency of use of forests in the context of SDG 11 «Sustainable cities and communities» and SDG 15 «Life on land» attainment [4].

List of used sources

1. *World Heritage Convention: United Nations Educational, Scientific and Cultural Organization*. URL: <https://whc.unesco.org/>
2. *Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings, amending Directive 2006/43/EC of the European Parliament and of the Council and repealing Council Directives 78/660/EEC and 83/349/EEC*. URL: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32013L0034&from=EN>
3. *The Law of Ukraine "On Accounting and Financial Reporting in Ukraine" (2018)*. URL: <http://zakon.rada.gov.ua/laws/show/996-14>
4. *Sustainable Development Knowledge Platform: Sustainable Development Goals*. URL: <https://sustainabledevelopment.un.org/?menu=1300>

UDC 336.764.2

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THE MAIN PROBLEMS OF FINANCIAL DERIVATIVES DISCLOSURE IN THE FINANCIAL REPORTING

In accordance with the basic principles of accounting, the management of the company requires systematic information about the economic processes, their nature,

volume, availability and usage of financial resources, financial performance of the company.

In domestic practice, information about the state and results of operations with financial derivatives is not disclosed in the financial reporting due to the imperfect accounting system. Taking into account, the development of the financial derivatives market, the need for reliable and transparent disclosure of these transactions in financial statements is particularly relevant. Thus, the financial statements should contain all the indicators that are significant for evaluation of the users decisions, and should be demanded by those investors who invest money in the company [1, 2].

On the basis of the requirements of international and domestic legislation it is possible to formulate recommendations regarding the content of information which must be disclosed in the financial statements of an entity that uses financial derivatives, in particular:

- the purpose of transactions with financial derivatives (hedging or speculation);
- the types and value of rights and obligations in transactions with financial derivatives;
- the underlying assets of the financial derivative (foreign currency, interest rates, securities, credit resources, price indices or interest rates, derivatives, and others);
- the method of recognition and evaluation of financial derivatives;
- the fair value and method used to determine it;
- the terms of the transactions that have not been executed within the specified term;
- the profits and losses arising from operations with derivative financial instruments that are not recognized in the annual financial statements;
- the possible risks connected with the usage of a financial derivative;

Financial instruments are initially measured and reflected at their actual cost, which consists of the fair value of the assets, liabilities or equity instruments issued or received in exchange for the relevant financial instrument and expenses that are directly related to the acquisition or disposal of the financial instrument.

The increase or decrease in the book value of financial instruments that are not hedged and measured at fair value is recognized in other income or expenses [3]. Such point of view in the domestic (accounting) standard 13 "Financial Instruments" indicates that financial instruments and, therefore, their derivatives should be reflected in the Statement of Financial Results (Income Statement of the enterprise). Therefore, taking into account the requirements of the national provisions, revaluation of derivatives should be reflected in the line 2240 "Other income" or line 2270 "Other expenses" of the Statement of Financial Results (Income Statement of the enterprise).

However, for the professional participants of the derivatives market, the transactions with financial derivatives are the main activity. Such enterprises will reflected the change in the value of financial derivatives in the line 2120 "Other operating income" or line 2180 "Other operating expenses".

Clients of professional participants may enter into derivative transactions for the purpose of operational, financial, investment and other activities. That requires

the use of appropriate accounts for the accounting of income and expenses and, in its turn, affects the change of relevant articles of the Statement of Financial Results (Income Statement of the enterprise).

It should be noted that in international practice, there is no regulation of information that should be reflected in each of the lines of the reports due to the lack of an established form of the Profit and Loss Statement and the descriptive nature of international accounting standards.

Information on stock exchange and OTC derivative financial instruments should be disclosed separately in the financial statements.

If an entity uses financial derivatives to hedge financial risks, it should disclose in its financial statements quantitative and qualitative information separately for each type of hedge, in particular: the characteristics of each type of hedge, a description of the financial instrument defined as a hedging instrument for the transaction, its fair value at the reporting date, a description of the hedged item, the characteristics of the hedged risks, the assessment of the effectiveness of the derivative financial instrument, other important information for each specific operation.

The proposed approach to disclosure of accounting and analytical information on financial derivatives in the financial statements is aimed at ensuring that users, without additional analytical materials, can carry out the necessary analytical work, evaluate the effectiveness of these operations. The approach is that it enables to reflect integrate accounting data for derivatives operations in reporting, taking into account all types of market participants.

List of used sources

1. Bank S.V. *Methodology of financial accounting, analysis and audit of transactions with derivatives during the period of harmonization and adaptation to international standards: the dissertation author's abstract on obtaining a scientific degree of the doctor of economics. Sciences: special 08.00.12 "Accounting, statistics"* / S.V. Bank - Eagle, 2008. - 48 p.

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УДК 330.15:657.222

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