

FINANCIAL ACCOUNTING OF E-BUSINESS ENTERPRISES

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ABSTRACT

During the commission of business activities by e-business enterprises, there may be violations of the law, which appear as a result of committing cyber crime. The study has found that during the organization of accounting, certain barriers can be created as preventive methods for preventing cyber crime. The study analyzed the elements of accounting policies provided in the current legislation and identified elements of accounting policies that need to be included in the administrative document on the accounting policies of the e-business enterprise.

Keywords: e-Business, Accounting Policy, Cyber Crime, Multivariate of Accounting, Online Shop.

JEL Classifications: M21, O16

INTRODUCTION

E-business enterprises that operate internationally, as well as those that are created as joint-stock companies, apply accounting multivariate by shaping the company's accounting policy in accordance with International Financial Reporting Standards, in particular the International Accounting Standard 8 "Accounting Policies, Changes in Accounting Estimates and Errors". The standard is intended to improve the appropriateness and authenticity of the financial statements of a business entity and the comparability of such financial accounting after a while as well as for comparison with financial statements with other business entities.

Also, multivariate of accounting may be relevant to e-business enterprises if they apply innovative approaches to business. An example of this could be: the use of cryptocurrency for payments or unmanned aircraft for delivering goods to customers; robotization of the business process related to the sorting of parcels, replenishment of car parks for the delivery of goods by electric vehicles.

REVIEW OF PREVIOUS STUDIES

Considering the international nature of most enterprises that operate in the field of e-business, it should be noted that they take advantage of the legislation of countries that offer more convenient conditions for doing business (Rezaee & Wang, 2018). For example, until 2015, the headquarters of global e-business players such as Amazon, PayPal i Apple were located in Luxembourg (Marcucci et al., 2017). This was due to the low rate of value added tax on eBooks and other electronic services in comparison with other countries of the European

Union. The situation is similar to the use of PayPal by domestic e-business enterprises- they either have to pay additional remuneration for using the services of intermediaries registered in other countries or have to get e-residency in Estonia (Tang et al., 2017).

All the above cases of the use of “*multivariate of accounting*” do not violate the current legislation of the country where the e-business enterprise is registered, that is, legitimate and do not provide for the imposition of sanctions.

METHODOLOGY

The methodological basis of the study is the dialectical method, which allowed establishing the place of bookkeeping and its importance for e-business enterprises, to determine its problems, directions of adaptation and improvement in the context of integrating the national economy into the global economic space, to evaluate approaches to the modern interpretation of elements of the accounting method. In the course of a study of the achievements in modern world economics, associated with the determination of the features activities e-business enterprises and the stages its evolution, historical and logical methods were applied. Due to the methods of analysis and synthesis the conclusions about necessity and possibilities of practical application of research results are grounded.

RESULTS AND DISCUSSIONS

At the same time, there are illegitimate ways of doing business in the field of e-business and, accordingly, accounting at such enterprises that violate the current legislation. They also need to be studied for the purpose of prevention or disclosure, since they fall under the general category of “*e-crime (cyber crime)*” and cause economic damage to business participants (Kranacher & Riley, 2019). The importance of security in business operations is recognized by all e-business enterprises.

For example, one of the largest e-business enterprises operating in the world Amazon.com recognizes the seriousness of this problem and claims that its ability to resist third-party fraud through credit card transactions is one of the significant competitive advantages that helps retain leadership skills position in the market and get positive financial results from the implementation of economic activity (Movid, 2018).

However, in the near future, when micro and macro oblik will be conducted with the help of “*cloud*” technologies in the common interethnic space, abuses related to violation of accounting legislation for the purpose of illegal profit, will be more common.

Conventionally, cyber crime can be divided into three groups theft of user data; taking possession of user funds; unauthorized interference with computer systems (Bressler & Bressler, 2017).

Theft of user information is usually carried out by using his excessive gullibility and mislead, therefore it is impossible to prevent such e-crimes with the help of bookkeeping system tools. The prevention of unauthorized interference with the work of computer systems can be carried out with the help of preventive measures of the service, which are developed by the enterprise information security service.

However, it is possible in some cases to try to avoid unlawful seizure of consumer funds with the help of organizational aspects of accounting.

In addition, in the accounting of e-business enterprises, certain barriers can be created to help reduce the risk of committing e-crime (Table 1).

Table 1	
BARRIERS IN THE BOOKKEEPING SYSTEM THAT LET PREVENT CYBER CRIME	
(AUTHOR'S DEVELOPMENT)	
Cyber crime	Barriers in the bookkeeping system
A computer virus	Multilevel accessing system of officials of different levels to bookkeeping information
Phishing	Development primary documents forms using the logo and other details of the enterprise to enhance the "recognition" of information about the company
Substitution (spoofing)	Incorporation of the email address to the mandatory details of the company and its publication on the site, the using typical names and domains
Network espionage	Inclusion of responsibility for unauthorized use of confidential information in job descriptions of employees of the accounting apparatus
Credit card fraud used for online purchases	Attribution of data on credit card customer data to commercial secrets
E-Fraud	Publications on the company's website of information on its main activities, financial condition and results, strategic goals and targets for the near future to prevent the provision of unreliable information about the company to consumers

So, multivariate of accounting can be viewed from several aspects. The first is related to the choice of alternative approaches to the accounting of individual objects of bookkeeping, defined by the national accounting regulations (standards). In this case, the multivariate accounting at particular e-business enterprise is reflected in the contents of the regulatory document on accounting policies.

The second aspect to the multivariate accounting manifests itself in the formation of accounting policies by e-business enterprises that conduct bookkeeping in accordance with international financial reporting standards. These aspects do not violate applicable legislation and are within the legal framework. The third aspect of multivariate accounting involves the use of certain shortcomings in the current legislation or end-consumer confidence resulting from the commission of e-crime. In some cases, e-crime can be prevented through preventive measures created in the accounting system.

The development of methodological provision of accounting for specific business operations at e-business enterprises is one of the tasks of the accounting service, which can be accomplished by creating forms of primary documents, increasing the analytical accounting with the second or third order accounts and selecting alternative accounting options from the current ones legislation during the formation of accounting policies.

Creation of methodological provision of accounting for e-business-specific business transactions at the enterprise level is possible provided that there is sufficient information on specific objects of accounting in the current legislation. For example, the creation of a methodological provision for the bookkeeping of business operations related to the development of the site, its maintenance is possible at the level of the business entity, since the main points associated with the recognition and assessment of accounting costs for the creation of the site are determined by the current legislation. At the same time, in the accounting business of e-business sometimes there is a need to account for objects, methodological approaches to accounting which are not in the law, in this case it is expedient to develop methodological provision of accounting of new objects at the state level.

E-business enterprises working with foreign suppliers or consumers in the accounting policy document should indicate the approach to application or non-application for the

recalculation of income, expenses and cash flows of the weighted average exchange rate of the respective month.

In addition, an e-business may or may not apply the average inflation rate during a period when incomes and expenses during the reporting year (or interim periods) are recognized almost equally; an enterprise may or may not apply the average inflation rate during this period to the total amount of income and expense items instead of the inflation index at the date of recognition of individual income and expenses.

Considering that e-business accounting is fully automated, enterprises automatically lose some alternatives to certain elements of accounting policy. E-business enterprises use the method of assessing the release of inventories at an identified cost for the determination of the cost of inventory disposal; determination of the unit of analytical inventory accounting is carried out according to their names. Since the sale of goods to customers is made on a subscription basis, the use of the method for calculating the reserve of doubtful debts (if necessary- a way of determining the coefficient of doubt) is not always a necessary element of accounting policy.

An element of the accounting policy on security is: the creation of facilities for reimbursement of following (future) costs and payments: for the payment of leave to employees of the enterprise; for additional pension provision; for performance of warranty obligations; for restructuring; to fulfill obligations under burdensome contracts, etc. Increased customer loyalty is realized, including due to high-quality after-sales service, therefore creation of the facilities in this case is extremely important, approaches to creation of collateral for performance of warranty obligations should be reflected in the regulatory document on accounting policy.

In particular, for e-businesses that provide airline booking services, current elements of accounting policies are: methods for assessing the degree of completeness of service provision operations; approaches to the assessment of the degree of completeness of the operation for the provision of services; list of objects of cost accounting, objects of calculation and calculation units.

The results of our study are confirmed by the following studies. In the information economy there was a change in the principles laid down in the basis of world perception, due to the transition from the principle of global determinism to the principle of self-organized criticality, which calls for the improvement of approaches to forecasting economic phenomena and processes (Drobayzko, 2018; Drobayzko et al., 2019). The study has found the need to apply approaches to forecasting the development of accounting, based on the fact that it is a complex system that develops dynamically. In order to forecast the development of accounting in the medium and long-term perspective, the feasibility of using intuitive and expert methods, as well as forecasting methods for nonlinear systems, has been substantiated (Hilorme et al., 2019). Short-term forecasts must be made using formal or mathematical forecasting methods.

RECOMMENDATIONS

Therefore, we recommend that: the accounting document should include a wide range of elements of the accounting policy, which depends on the type of enterprise activity of the e-business and the foreign partners presence. The use of specialized software for bookkeeping and financial reporting provides the possibility of drawing up a Cash Flow Statement in both ways, so this element of accounting policy is chosen by an enterprise.

Frequency and inventory facilities are essential elements of accounting policies for e-business, especially online stores.

Inventory should provide reliable information about the status and availability of goods in an online store at a specific time.

CONCLUSIONS

The accounting policy of an e-business enterprise, which is an important part of its organization, should provide a list of alternative options for certain elements of accounting policy that are consistent with the main guidelines for its development and the peculiarities of economic activity. During the study it is substantiated the list of the most appropriate alternatives that can be reflected in the regulatory document on accounting policies of e-business enterprises (methods of accrual of intangible assets and fixed assets, methods for assessing the selling of stocks, etc.), taking into account the strategy of development of the e-business enterprise.

An important aspect of the successful business of e-business enterprises is the prevention of cyber crime, the consequences of which have a negative impact on the reputation of the enterprise and reduce the loyalty of customers. According to the results of the study, preventive measures have been established for cyber crime that can be created in the bookkeeping system through the use of information and control functions of accounting by improving the content of individual internal regulations (job descriptions of accountants who control the settlements between e-business and end users).

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