



### **Research Report**

## **ON THE PROFESSIONAL ACCOUNTING TRANSFORMATION IN RUSSIA: PROFESSIONAL EDUCATION AND PUBLIC INTEREST.**

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### **Abstract**

This study reviews principal issues of mathematics foundations in accounting and their role in accounting development. The paper also states the problem of professional accounting education in Russia within the historical context of the problem.

**Key words:** Accounting information system, situational-matrix modelling, financial activity reporting, international accounting practice, information modeling system.

Today, many events have proven basis for their development. Modern accounting models are not an exception in this sense. Due to the development of the modern technologies accounting models also got a great foundation for growth and improvement. Modern Accounting Information Technology (AIT) are based on the development of the use of a spreadsheet. Which in turn served as the basis of situational matrix modeling in accounting. Spreadsheet term coined in the first edition of the dictionary by Köhler (1952b, with 387-389). However, this fact does not mean that Köhler was its ancestor. It is more likely that the emergence of this phenomenon is associated with the works of E. Degranzh in 1795 and 1814 (Mattesich and Galassi, 2000).

On the other hand, if one defines the Accounting as a System, it is obvious that the data of such asystem will be based on principles that quite familiar to us. In case of accounting it is, of course, mathematics. The earliest reference to the fact that the basis of accounting is just a mathematical component, is contained in the work of an Italian monk L. Pacholi "Treatise on the accounts and records" and till today all the manual and computerized accounting systems in their logical construction are based on the principles and processes, described by him (Sangster and Scataglinibelghitar, 2010).

However, while tracing the development of accounting, one can see that the majority of the authors in majority neglect the mathematical component of it. The mathematical approach often leveled against the backdrop of false development of different accounting techniques, dictated mainly by procedural accountants thinking. So, the procedural thinking experiments did not leave minds, including Russian scientists (Jezierski, etc.). However, it seems, that the main mistake of all these ideas lays in the absence and detachment from the mathematical bases of accounting. And this is the greatest destructive force for accounting as a science.

Double entry bookkeeping was in use in Russia in the eighteenth century and public associations of accountants appeared in Russia late in the nineteenth century with their

### **History:**

Received: April 22, 2018  
Reviewed: June 6, 2018  
Published: June 25, 2018  
Collection year: 2018  
Status: Published

### **Identifiers and Pagination:**

Year: 2018  
Volume: 3  
First Page: 1  
Last Page: 3  
Publisher ID: 10.21065/25205951.3.1  
doi:  
<http://dx.doi.org/10.21065/25205951.3.1>

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### **Citation:**

Anna Vysotskaya. (2018) On the professional accounting transformation in Russia: professional education and public interest. Adv Bus & Fin 3. 1-3

**Funding:**

The authors received no direct funding for this research.

**Competing Interests:**

The authors declare no competing interests

Additional information is available at the end of the article.

own professional journals, such as Accounting (Schetovodstvo) and Practical Life (Prakticheskaya zhizn) from 1888 and 1889, respectively. Pacioli and his treatise were discussed in a publication in 1809 by Karl Ivanovich Arnold, in the same year by Ivan Akhmatov, and in the following year by the President of the Russian Academy of Arts, AN Ilenin. Pacioli was held in very high regard in Russia and Russian accountants celebrated the 400th anniversary of the publication of Pacioli's treatise in December 1894 with the first translation of the treatise into Russian (by Eduard Grigorievich Valdenberg), speeches, and a dinner (Sokolov and Sokolov, 2011).

After the planned period of Russian economy, the transition to International Financial Reporting Standards increased demand for training programs that were aimed not only at the university graduates, but also to professional accountants. Although some companies believe that the cost of training will not bring proper results, and make a decision in favor of outsourcing accounting services, increasing demand for additional economic education program lays in the professional development opportunities in this area.

Prior to 2011, such programs were directed primarily at the relatively limited number of banks, international insurance companies and some listed companies, which were obliged to report in accordance with IFRS. Most programs on the Russian educational market, are the branches of international professional educational institutions (eg, ACCA / DipIFR ACCA, CAP / CIPA, IFA / IAB, CPA and CA). Such programs typically contain predominantly IFRS themes embody complex skills, and offer certification at the end of the course. However, such training courses usually have a relatively high cost. Practice shows that the price is one of the most important factors when choosing an education program for professional development purposes. Though inexpensive alternative program based on short-term courses in Russian, based on the theory, and do not provide certification, do not have international status. When there are no national accreditation requirements for teaching accounting, program quality varies. The current state of accounting university teaching reflects the problems that have arisen during the implementation of IFRS in accounting practices, namely, the lack of adequate educational resources, lack of teachers with relevant professional experience and historically focused on fiscal rather than financial statements. The relevance of the study is the need for modeling the processes occurring in the accounting as a result of transformation, through the study of relations and mechanisms of interaction between economic agents, universities and society. Building foresight model transformation will give an understanding of the dynamics of professional accountancy training and ensure the balance of the labor market and the public interest, that will assist in determining the path of further development of the accountancy profession and accounting, as a whole, as an important stage of Russia development, and enrich our understanding of accounting in modern Russia. In particular, in the study by comparing the state of accounting in Russia with Western practices and the construction of foresight models of accounting transformation proposed decision a major scientific problem, namely, understanding the nature of the accounting profession in Russia today, compared with the same professions in other areas of the world economy. The solution of this problem will help to formulate specific proposals to improve and reform the training of professional accountants in Russia, as well as enhance the role and status of the Russian accounting in the context of globalization.

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