

PURPOSES AND PRINCIPLES OF STANDARDIZATION

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Standardization is the process of developing and implementing technical standards. The state administration of standardization in Russia begins its history since 1925.

The Russian standards system, at the stage of its formation and development, has been exclusively serving the state's interests and financed exclusively by the state.

The changes, occurring at present on the world arena, influence, in the first place, the standardization as well, because it is called to ensure, in this stage of globalization of commercial relations, a passage from priority reflection in standards of state interests to ensuring in standards a balance of interests of state administrative bodies, subjects of management, public organizations and consumers.

Development and improvement of the Russian national standards system are stipulated by a need of creating conditions for exporting domestic products on foreign markets and retaining, within the framework of the Commonwealth of Independent States (CIS), priority commercial and economic, scientific-and-technical and technological partnership, ensuring compliance of the level of industrial development with the scientific-and-technical progress in conditions of abridging the sphere of government control over the economy and expanding the independence of subjects of management.

The coming into force of the Federal Law "On Technical Regulation" transferred RF state standards, which have fulfilled the functions of the basic tool of government regulation, into national standards intended to ensure, on the voluntary basis, an increase in a competitive ability and safety of products, works and services and evidence at observing mandatory requirements of technical regulations.

Standardization, as one of the elements of technical regulation, can ensure a worthy contribution to the economic development of the country, but, in this case, the role and principles of standardization, under the conditions of reforming the Russian economy, shall be adequate to the current changes and meet an international practice.

The present concept describes a strategy of actions and presents a system of views under the basic trends in development of the national standards system, which are called to create a Russian national standards system functioning effectively, acknowledged at the international level, required both by the industry and consumers, harmonized with an established international practice.

Standardization shall be carried out for the purpose of:

- heightening the safety level of life or health of people, property of natural or legal persons, state or municipal property, ecology safety, of life or health of animals and plants and assistance to observance of the requirements of technical regulations;
- heightening the safety level of objects taking into account the risk of arising of extreme situations of natural and man-caused character;
- assurance of scientific and technical progress;
- heightening of competitiveness of products, works and services;
- efficient use of resources;
- technical and information compatibility;
- comparability of results of researches (tests) and measurements, technical and economic-statistical data;
- interchangeability of products.

Principles of Standardization

Standardization shall be carried out according to the principles of:

1. Maximal responsiveness of lawful interests of the interested persons during development of standards;
2. Application of the international standard as a basis for development of the national standard, except for the cases when such application is recognized to be impossible as a result of noncompliance of requirements of the international standards with climatic and geographical peculiarities of the Russian Federation, with technical and (or) technological peculiarities, or by other reasons, or if the Russian Federation opposed against adoption of the international standard or its separate provision in accordance with the established procedures;
3. Inadmissibility of creation the barriers to production and circulation of products, executing of works and rendering of services in the greater degree, than it is minimally necessary for execution of the purposes specified in Article 11 of this Federal Law;
4. Inadmissibility of establishing such standards which contradict technical regulations.

There are some principles of standardization :

1. The principle of managing unit. The given principle is one of the major ones in business accounting adjustment. In Russia it is fixed in statutory acts as admission of property autonomy. It should be noted, that in some countries the principle of profit and loss balance is considered to be the most important one, i.e. the principle of charge, according to which the institution in order to acquire income use assets, not yet exercising the right of property, but intending to enjoy the right in the near future (the contract is signed). In this case the asset is accepted on the balance sheet and reflected in the reporting of the institution right from the moment the asset is being used. In Russian Statutory Accounting admission of property autonomy is applied rigidly enough, and the criterion for acceptance on the balance sheet is the transition of the property right (in the balance sheet only assets and obligations of the managing unit are reflected).

2. The principle of continuity of activity. In the international practice the principle means, that the enterprise functions normally, and there exists neither a necessity (i.e. bankruptcy), nor intention to liquidate or reduce essentially its activity. In case when the enterprise's normal performance seems doubtful, the appropriate stipulations are made in the financial reporting. The given principle is fixed in the Russian statutory acts by admitting the continuity of activity of the enterprise.

3. The principle of periodicity. According to IAS (ISFR) the principle of periodicity means, that accountants estimate financial results upon termination of regular calendar periods, that is caused by the necessity to duly represent the data and by the impossibility and inexpediency to size up economic activity of the company for the whole operation period. Unlike some countries where the terms of fiscal year are determined by shareholders' assembly or by the company management, in Russia they are fixed and coincide with a calendar year (from January, 1 till December, 31). According to the Russian legislation along with the annual reporting, the quarter reporting presentation is mandatory.

4. The principle of charge. In the Russian practice it is realized in admitting time definiteness and the principle of separate representation of current and capital expenses. According to International standards the principle comprises the following elements: Conformity/correspondence principle (profit and loss balance) envisages that in business accounting all costs along with the income to acquire which they were spent should be represented for the same definite period of time. The given principle is applied and verified by the existing Card of accounts which involves such notions as future periods receipts, expenditures, amortization;

Principle of charge - acknowledgement in the accounting period of all receipts and expenditures referring to this period, irrespective of cash flow. In the Russian practice the essential criterion is added - these receipts and expenditures should be supported by basic source documents.

5. Principle of income registration. The international practice envisages various methods to define the moment of income recognition. General criteria of sales proceeds recognition are the following: passing of property, estimation of income with a sufficient degree of accuracy, fulfillment of the activity of the enterprise for proceeds acquisition, guarantee of impossibility of a transaction cancellation, increase of assets due to proceeds or reduction of obligations. Once again it should be noted, that in Russian Statutory Accounting reflection of sales proceeds should correspond to the principle of time definiteness.

6. Principle of monetary index. The given principle is fixed in the requirements to business accounting, according to which property, obligations and economic activities accounting and their estimation is carried out in money terms, i.e. rubles. In case a transaction does not envisage cash payments (for example exchange contract/barter), estimation of all aspects of economic activity is also conducted in money terms.

In comparison with the International practice, Russian Statutory Accounting possesses particular qualities of monetary index application. Accounting is conducted only in the currency of the Russian Federation. For settlement of payments between economic subjects in the Russian Federation the foreign currency rate is used at present. This leads to the so-called sum differences.

7. Principle of discretion (conservatism). According to ISFR (international standards of financial reporting) the principle of discretion stands out for the financial data reliability. The principle of conservatism is recorded in the Russian legislation as discretion demand and envisages readiness to account for potential losses, instead of potential profits. In the international practice this principle means recording of actually acquired profit, and of any possible loss and results in creation of reserves for risky for the managing unit matters, and also in estimation of profits on the least possible cost, and of obligations - on the utmost.

8. Principle of completeness. The principle of completeness is distinguished in ISFR (IAS) as financial reporting credibility factor. The given standard is reflected in Russian Statutory Accounting as an objective to grant complete and reliable data. The financial report produced according to international standards may comprise a significant number of corrections and evaluations of balance sheet accounts. Russian Statutory Accounting includes commentaries to balance sheet and to profit and loss report, that should contain additional data.

9. Principle of essentiality. This principle restricts the data reflected in the financial reporting. Essentiality correlates with significance of appraisal alterations, correction of mistakes in last period reports or various ways of the quantitative data reflection. These changes and descriptions are treated as essential, if they are significant or important enough to influence decisions of the users of financial reports. The given rule of essentiality is applied to disclose parameters of financial reporting. It should be noted, that according to international standards essentiality is treated not only as quantitative but as qualitative characteristic as well, and is not always defined in pecuniary valuation.

10. Principle of rationality. In the Russian legislation the given principle is fixed as demand for rationality, and is applied depending on economic activity conditions and size of the institution. The given principle is a 'counterbalance' for the principle of essentiality, together they make a frame within which financial accounting is conducted. In other words, the financial data is limited, on the one hand, by estimating its importance, and on the other hand, by analyzing the expenses meant to get it.

11. Principle of clarity. According to international standards, financial data clarity (perceptibility) is its major characteristic. Clarity of the financial reporting in the Russian Federation is guaranteed by its standard content and reporting format established by the Ministry of Finance of Russia for all managing subjects.

12. Principle of relevance. Essentiality and timeliness are reflected in the Russian legislation as relevance factors. Other constituents of the given standard are forecasting value and feedback. Some experts believe the principle of completeness to serve as a certain analogue to the principle of relevance, though the requirement to present all the data is not identical to that of presenting the essential data.

13. Principle of timeliness. It means, that the aspects of the economic activity will be reflected in accounting in due time, then they will be included in the financial reporting, and the reporting will be presented in time when it still retains its value for the user. These requirements are more rigid compared to those established in other countries, and are meant for data actuality.

14. Principle of predictability (forecasting value). The given principle assumes the data to serve the basis to predict reliably enough the prospects of the institution's performance. In Russian Statutory Accounting the given standard is reflected by way of comparing the return over certain periods and the standardized set of parameters of the financial reporting, giving the opportunity to forecast effectively on the basis of the previous data.

15. Principle of feedback. The given standard assumes, that the investor, having analyzed the financial reporting data, may well assess consequences of the investment policy, calculate deviations and make corrections. The given standard is not presented in the Russian legislation on accounting.

16. Principle of reliability (credibility). The Russian legislation declares data credibility as the objective of accounting, i.e. the given requirement is of major importance. In IAS standards true presentation of the data is considered as a separate requirement. The requirement of consistency that is fixed in the Russian accounting corresponds to the international standard stated above. It proclaims identity of the data of the analytical account to returns and balance of accounts of the synthetic (generalized) account on the last calendar day of each period, and the conformity of parameters of financial reporting to synthetic and analytical accounting data. In the international practice the requirement of consistency is not represented separately, it is sequent to principles of reliability and completeness.

17. Principle of representative reliability (priority of the content over the form). The given norm is fixed in the Russian legislation as the requirement of priority of the content over the form. The aspects of economic activity should be taken into account proceeding from their economic content and managing conditions, and not merely from their legal form. In the USA in court the decision was reached on acknowledgement of liability of the accountant for inaccurate financial reports, despite the fact that GAAP principles were observed. In Russia similar practice is of no extension.

18. Principle of neutrality (independence). Neutrality as the qualitative characteristic that financial accounting should correspond to, for the first time was specified in RBA 4/99 'Financial reporting of the instituting'. The reporting meets the requirement of neutrality if it is free from every possible influence leading to its distortion.

19. Principle of verifiability. The information is considered verifiable if it is provable. Records in accounting are carried out on the basis of basic source documents which are processed on the basis of economic transactions.

Information verification is based on the general independent opinion of the qualified experts. According to the Law "On accounting", financial accounting comprises auditor's conclusion, the objective of which is to verify the financial information credibility and its conformity with legislation.

20. Principle of comparability. Compiling comparable information is specified in the Law "On accounting" as one of the objectives of legislation on accounting, therefore the data in financial reporting is presented for two years' period minimum. If the data for the period previous to fiscal year is not comparable to the data for the accounting period, then the above data is subject to correction, proceeding from the rules established by statutory acts. Quarterly reporting compilation by way of progressive total from beginning of the accounting year also corresponds to the given standard.

21. Principle of constancy (consistency). The principle of constancy assumes successive application of accounting procedures (techniques) within some time interval. In the Russian legislation the given standard is reflected in allowance of successive application of accounting policy, fixed in several statutory acts, including the Law 'On accounting'.

Аннотация к статье «Цели и принципы стандартизации»

В данной статье говорится о русской системе стандартов и о функциях, которые они выполняют. Рассматриваются цели российской стандартизации, а так же подробно описываются основные принципы стандартизации, такие как принцип периодичности, принцип рациональности, принцип оплаты, принцип актуальности и т. д.