THE IMPORTANCE OF IMPROVING THE ACCOUNTING OF CASH AND CASH EQUIVALENTS BASED ON INTERNATIONAL STANDARDS IN THE CONTEXT OF THE DIGITAL ECONOMY

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Abstract: This article analyzes the theoretical and practical significance of improving the accounting of cash and cash equivalents in the context of the rapidly developing digital economy, based on International Financial Reporting Standards (IFRS / IAS 7 "Statement of Cash Flows"). The study highlights the challenges of recognizing, measuring, and reporting cash equivalents considering digital financial technologies (e-wallets, digital assets, online payment systems). The author provides scientific and practical recommendations aimed at enhancing cash flow transparency, reducing financial risks, and improving the investment attractiveness of enterprises.

Keywords: digital economy, cash, cash equivalents, IFRS (IAS 7), cash flow accounting, digital financial assets, financial transparency, liquidity.

Аннотация: В данной статье анализируется теоретическая и практическая значимость совершенствования учета денежных средств и их эквивалентов в условиях развития цифровой экономики на основе Международных стандартов финансовой отчетности (МСФО (IAS) 7 «Отчет о движении денежных средств»). В исследовании освещены проблемы признания, оценки и отражения в учете денежных эквивалентов с учетом факторов цифровых финансовых технологий (электронные кошельки, цифровые активы, онлайн-платежные системы). Автором разработаны научно-практические рекомендации, направленные на повышение прозрачности денежных потоков, снижение финансовых рисков и обеспечение инвестиционной привлекательности предприятий.

Ключевые слова: цифровая экономика, денежные средства, эквиваленты денежных средств, МСФО (IAS 7), учет денежных потоков, цифровые финансовые активы, финансовая прозрачность, ликвидность.

INTRODUCTION

The transformation of the modern global economy and the rapid penetration of digital technologies into all spheres place fundamentally new requirements on the financial accounting and reporting systems of business entities. In the context of the digital economy, alongside traditional means of payment, the emergence of electronic wallets, online payment platforms, and various forms of digital financial assets highlights the urgency of accurately recognizing and properly measuring cash and cash equivalents [1].

Effective management of cash and cash equivalents plays a crucial role in ensuring the business continuity and financial stability of economic entities. To improve the investment climate in our country, enable local enterprises to access international capital markets, and enhance reporting transparency, the process of transitioning to International Financial Reporting Standards (IFRS) is being consistently implemented. From this perspective, adapting the accounting of cash and cash equivalents to the requirements of International Accounting Standard 7 (IAS 7 "Statement of Cash

Flows") and other international standards (e.g., IFRS 9), and improving it within the context of digitalization, holds significant scientific and practical importance [2].

LITERATURE REVIEW

The issues of accounting for cash and cash equivalents and their improvement based on international standards have been studied by numerous foreign and local scholars. International Accounting Standard 7 (IAS 7 "Statement of Cash Flows"), issued by the International Accounting Standards Board (IASB), defines cash as comprising cash on hand and demand deposits, while cash equivalents are defined as short-term, highly liquid investments that are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value [3].

As highlighted in the research of the economist A.A.Toshmatov, proper organization of the accounting of cash and cash equivalents forms a reliable information base for objectively assessing an enterprise's liquidity and solvency indicators, as well as for making sound management decisions [4]. Furthermore, in international practice, the valuation of digital and financial assets based on IFRS 9 "Financial Instruments" is also being widely researched.

However, under the conditions of digitalization, methodological and practical issues regarding the proper classification of newly emerging digital financial assets and electronic means of payment within cash equivalents, as well as their reflection in accounting ledger accounts and financial statements, remain unresolved.

METHODOLOGY

In this study, the methodological and practical foundations for improving the accounting of cash and cash equivalents under digital economy conditions were investigated based on the requirements of international standards (specifically IAS 7 “Statement of Cash Flows” and IFRS 9 “Financial Instruments”). The accounting of cash flows and cash equivalents of economic entities implementing digital financial technologies was defined as the object of research.

In substantiating the concept and scientific hypotheses of the research, dialectical cognition methods, a systems approach, and logical-comparative analysis methods were extensively utilized [5]. The research process was carried out in four main and intrinsically interconnected methodological stages:

First, using the method of regulatory-legal and methodological analysis, the requirements of IAS 7 issued by the International Accounting Standards Board (IASB), international experience in recognizing digital assets and electronic payment means, and the discrepancies between National Accounting Standards (NAS) were comparatively analyzed.

Second, through the method of classification and grouping, newly emerging financial instruments in the context of the digital economy—including funds in electronic wallets, short-term liquid digital assets, online bonds, and others—were systematized within cash equivalents according to their level of liquidity and associated risks [6].

Third, based on empirical analysis and observation methods, financial statements (specifically the statement of cash flows) and internal accounting data of selected economic entities were thoroughly examined, identifying practical problems and deficiencies in reflecting digital payment instruments in accounting.

Fourth, applying induction and deduction methods, scientific conclusions and practical recommendations were developed to adapt the existing chart of accounts in national practice to IFRS requirements, establish a system of sub-accounts for digital cash equivalents, and enhance cash flow transparency.

RESULTS AND DISCUSSION

As a result of the research conducted on improving the accounting of cash and cash equivalents under the conditions of the digital economy based on international standards—specifically IAS 7

"Statement of Cash Flows" and IFRS 9 "Financial Instruments"—several key methodological and practical conclusions were established.

In conventional and accredited accounting practice, funds held in electronic wallets and instant payment platforms are most frequently lumped together with ordinary bank accounts or cash on hand. However, criteria for classifying digital monetary instruments and short-term financial assets were distinctively established in accordance with the requirements of IAS 7. Accordingly, due to their high liquidity, funds in electronic wallets and corporate digital cards should be recognized directly as cash. Conversely, overnight online deposits, digital deposits up to 90 days, and short-term digital bonds are classified as cash equivalents, given that their risk of change in value is insignificant. Crypto-assets and stablecoins, on the other hand, are not recognized as cash equivalents due to high market volatility and risk; instead, they should be accounted for as intangible or financial assets under IAS 38 or IFRS 9.

To ensure accounting transparency and facilitate the transition to international standards, introducing new sub-accounts into the current 5000 series ("Cash and Cash Equivalents Accounts") is proposed. Specifically, implementing sub-accounts such as 5030 ("Funds in Electronic Wallets"), 5120 ("Transit Funds in Digital Payment Platforms"), and 5830 ("Highly Liquid Digital Cash Equivalents") will achieve greater reporting transparency. From a practical accounting perspective, when an enterprise receives a payment from a customer via an online platform and system commission fees are deducted, the received amount should be debited to the transit funds sub-account, the deducted commission debited to period expenses, and the total gross revenue credited to the accounts receivable account.

Research results indicate that aligning the accounting of cash and cash equivalents with IAS 7 under digital economy conditions is not merely a technical accounting procedure, but a crucial factor in ensuring the strategic financial stability of an enterprise. Literature analysis confirms that improper valuation of cash equivalents can artificially inflate or deflate an enterprise's current liquidity ratio. This is equally evident from the perspective of digital assets: failing to promptly classify funds in electronic wallets as cash conceals the enterprise's true solvency.

Furthermore, improper accounting for intermediary commission fees and transit payments on digital platforms leads to inaccurate presentation of cash flows in financial statements. When preparing the Statement of Cash Flows under IAS 7, digital payments must be presented separately. Cash receipts from e-commerce and payment platform commissions should be reflected on a net cash flow basis under operating activities, while highly liquid short-term bonds and deposits (up to 90 days) acquired via online platforms should be presented under investing activities.

During the study, it was identified that one of the largest practical challenges is the lack of a clear legal and methodological mechanism for reflecting stablecoins and crypto-assets in accounting. While many enterprises attempt to value crypto-assets as cash equivalents, international standards dictate that assets subject to high price volatility cannot be recognized as cash equivalents. Overall, incorporating dedicated sub-accounts for funds in digital payment systems into corporate accounting policies, adapting ERP and 1C software systems to IAS 7 requirements, and establishing a clear regulatory framework for recognizing risk-free digital assets as cash equivalents based on international standards remain pressing tasks.

CONCLUSION AND RECOMMENDATIONS

Improving the accounting of cash and cash equivalents in enterprises under the conditions of the digital economy based on the requirements of IAS 7 "Statement of Cash Flows" is of crucial importance for enhancing financial reporting transparency and effectively managing liquidity risks. The study demonstrated that funds in electronic wallets and online transit accounts should be recognized directly as cash, while risk-free online deposits with a maturity of up to 90 days should be

classified as cash equivalents. At the same time, highly volatile crypto-assets are not considered cash equivalents and must be reflected separately under IAS 38 or IFRS 9.

Based on these conclusions, the following practical recommendations are proposed:

Adapting Accounting Policies: Clearly defining the procedures in corporate accounting policies to recognize funds in electronic wallets and digital transit accounts as cash, and highly liquid, risk-free digital assets as cash equivalents;

Updating the Chart of Accounts: Introducing sub-accounts into accounting practice, specifically 5030 ("Funds in Electronic Wallets"), 5120 ("Transit Funds in Digital Payment Platforms"), and 5830 ("Highly Liquid Digital Cash Equivalents");

Automating Reporting: Integrating ERP and 1C software systems with payment platforms to implement automated mechanisms for generating the Statement of Cash Flows under IAS 7.

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