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ANALYSIS OF THEORETICAL APPROACHES TO THE DEFINITION OF "EXPENSES"

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The economy is the great importance of society's development and each company and costs play the very important role. The cost size impacts to the profit of the company and also they are the basis for formation of products' prices.

To determine the economic substance of the concept "expenses" attracted the attention of many scientists. Disputes between scientists arise of different definitions of the economic essence of the concept "expenses" and also the absence of the Ukrainian legislation to the delimitation of the concepts of "expense" and "costs".

Analysis of recent researches and publications

The term "expenses" is used in economics, accounting and tax accounting, auditing, legal and regulatory documents. The study of the content of the term "expenses" as an economic category was engaged by K. Bezverhiy, J. Boyko, T. Bondarenko, A. Grinchenko, S. Golov, G. Greschak, M. Davidovich, V. Deriy, A. Zonova, L. Ilchenko, Yu. Kvarchuc, H. Kozachenko, D. Lozinskyi, H. Makukhin, O. Moszkowskaya, L. Napadovska, Yu. Pogorelov, G. Rostovskaya, V. Sklyarenko, M. Skrypnyk, L. Stolyar, A. Turilo, L. Hlapenov, L. Philip (Popovich), N. Tsurtsuk, A. Cherep and by foreign scientists K. Drury, Ch. Horngren, J. Foster, Sh. Datar, K.K. Sio.

The analysis of economic scientific literature allowed to conclude all scientists had their own opinion according to definition of the concept and content of the economic category "expenses".

Unsolved aspects of the problem

There are different approaches to the definition of the economic essence of the concept "expenses" that are divisive.

The aim of this article is study of the economic essence of the category "expenses" and the definition of its concept.

The main part

In the economy the term "expenses" appeared long time ago and since both domestic and foreign scientists have chained views of it. The term

Варчук О.А., Чан Тхи Тхань Т., Фам Тхи А. Аналіз теоретичних підходів до визначення поняття «витрати».

В статті проведено аналіз теоретичних підходів до визначення поняття «витрати», визначена їх економічна сутність.

Ключові слова: технічна політика, потенціал підприємства, конкурентоспроможність, стратегія, інструменти, технологічні процеси

Варчук О.А., Чан Тхи Тхань Т., Фам Тхи А. Анализ теоретических подходов к определению понятия «расходы».

В статье проведен анализ теоретических подходов к определению понятия «расходы», определена их экономическая сущность.

Ключевые слова: расходы, затраты, обязательства, учетный, управленческий, подходы

Varchuk O.A., Tran Thanh Thi Tkui, Pham Thi An. Analysis of theoretical approaches to the definition of "expenses".

The article analyzes the theoretical approaches to the definition of "expenditure" is defined their economic substance.

Keywords: costs, expenses, liabilities, accounting, management approaches

"expenses" is used in domestic and foreign laws and regulations (table 1).

In addition to defining the notion of "expenses" in the legislation it is found in domestic and foreign scientific and economic periodicals.

Table 1. The definition of "expenses" in domestic and foreign laws and regulations

Laws and regulations	The concept of "expenses"	Source
The Accounting Standard 16 "Expenses"	Expenses of the reporting period are recognized either assets decrease or liabilities increase, resulting in reduction of the company's equity (excluding reduction of capital due to its withdrawal or distribution to owners), provided that these expenses can be measured reliably.	[1]
National accounting standard 1 "General requirements for financial statements"	Expenses are economic benefits decrease in disposal of the assets form or liabilities increase, leading to a decrease in equity (except for reduction of capital due to its withdrawal or distribution to owners)	[2]
Ukrainian Tax Code	"Expenses" is sum of any tax expenses in cash, tangible or intangible forms, carried out for the economic activities of the taxpayer, resulting in a decrease in economic benefits in disposal of the assets form or liabilities increase, resulting in a reduction of common stock (other than changes in capital due to its withdrawal or distribution owner)	[3]
The Accounting Standard 10/99 "organization's expenses"	"Expenses" is economic benefits decrease as a result of assets disposal (cash, other assets or incurrence of liabilities, resulting in reduction of the capital of this organization, except for the reduction of deposits by resolution of the members (property owners)	[4]
International financial reporting standards (IFRS)	"Expense" is economic benefits decrease during the reporting period, occurring in the form of outflows or depletion of assets or liabilities and reserves increase, it is reflected as reduction of capital, it is not connected to its distribution to owners	[5]
Generally accepted accounting principles (GAAP)	"Expenses" is actual or expected cash outflows or cash equivalents that have arisen or will arise as a result of the company's main activity	[6]

For example, K. Drury has provided a fairly general definition of the term of "expenses". So by his opinion the term "expenses" reflects the monetary value of all the resources spent to achieve this specific goal (for example, purchase of any goods or services). According to K. Drury, the term "expenses" has many meanings and in different situations there are different kinds of costs. Therefore, this term can be added to a word that will clarify the value used in the measurement of costs that were incurred by [7].

The definition "expenses" in scientific economic literature are presented in table 2.

After analyzing the opinions of domestic and foreign scientists can conclude that there are two

approaches concerning the interpretation of the economic essence of the concept of "expenses" accounting and management:

- accounting approach be attributed to the costs, only those costs that were incurred for specific purposes (purchase of commodities, works, services);
- management (economic) approach which is based on the concept of alternative uses of resources (fig. 1).

Therefore today between domestic and foreign scientists there is no single approach to the definition "expenses" which leads to incorrect classification.

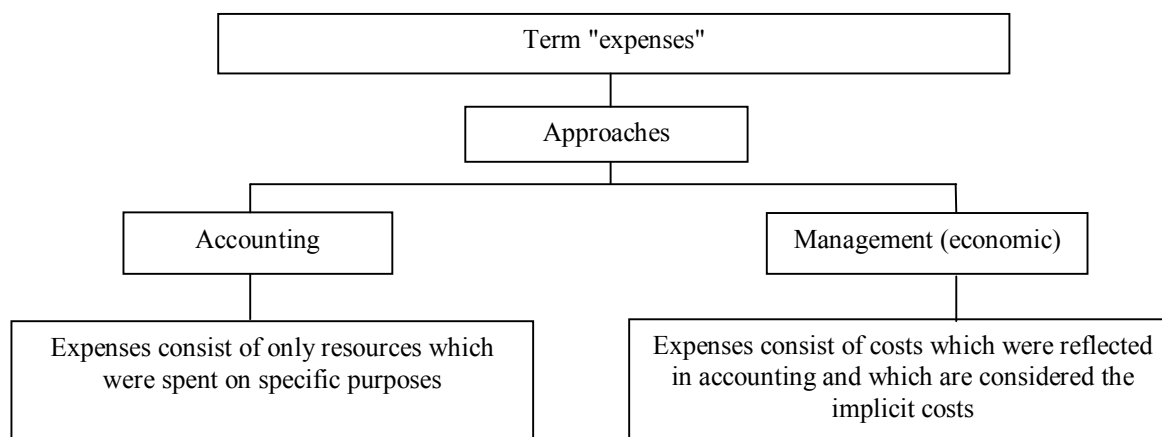


Fig. 1. The approaches to determine the economic substance of the concept "expenses" of domestic and foreign authors

Table 2. The definition of "expenses" in scientific economic literature

Author	Context of term "expenses"	Source
Accounting approach		
K. Bezverhiy	"Expenses" is element of accounting which is determined by Accounting Standard and IFRS for financial reporting	[10, c.122]
T. Bondarenko	"Expenses" is reasonably estimated value of economic resources, which consumed in a certain period leads to changes in the composition of the assets and liabilities of the company and contributing to the achievement of its activities	[11]
A. Zonova	"Expenses" is payment in cash or other assets associated with the activities of the company and reduction of income or equity owners for the period	[12, c. 34-36]
L. Ilchenko	"Expenses" is sum of used resources cost, reduces the amount sales received income and size of total capital	[13, c. 19]
D. Lozinskyi	"Expenses" is assets decrease or liabilities increase, resulting in less total capital	[14]
L. Napadovska	"Expenses" is cash using (outflow) and at the same time it is economic benefits decrease during the reporting period or liabilities increase of the company which leads to the reduction of capital	[15, c.241]
M. Skrypnyk	"Expenses" is part used resources which is set in accordance with certain income during determination of company's profit	[16, c.312]
L. Stolyar	"Expenses" is assets (cash, other property) decrease and (or) obligations in the reporting period as a result of economic activity of company which leads to the reduction of economic benefits and reduction of total capital	[17]
L. Philip (Popovich)	"Expenses" is sum of consumed economic resources of company's economic activity expressed in monetary measuring amount or obligations increasing	[18, c.210]
Management (economic) approach		
J. Boyko	"Expenses" is using and consuming the materials, goods and services in income	[19, c.238]
A. Grinchenko	"Expenses" is cost of all resources used in company's activity for achieve the main goal	[20, c.5]
V. Deriy	"Expenses" is inventory that is fully or partially used in economic-financial activity, fixed assets, labour and intellectual resources and obligations decrease (redemption) to the creditors and other legal and physical persons	[21, c.154-160]
O. Moszkowskaya	"Expenses" is value estimate of resource which company uses in business activities	[22]
V. Sklyarenko	"Expenses" is costs what is defined period of time, documented, economically justified (reasonable), such that fully moved its value realized during this period products	[23]
M. Skrypnyk	Expenses are both monetary and material resources, which are used during a certain period in the economic process and also index of efficiency of activity	[24, c.164]
A. Turilo Yu. Kvachuc N. Tsutsruk	"Expenses" is monetary expression of economic resources value in applied consumer forms necessary for the implementation of its business activities and goal achievement	[25, c.86]

Summarizing analyzed regulations and literary sources it is possible to present the following definition of "expenses": "Expenses are assets (fixed assets, inventories, cash and other property) decreasing or liabilities of the company (suppliers, budget and other creditors) increasing which lead to the decrease of economic benefits and equity in the reporting period as a result of economic activities" [26].

According to our opinion, in this case when the term "expenses" causes many disputes and disagreements among scientists it should be used legally approved the concept – the concept defined in The Accounting Standard 16 "Expenses": "Expenses of the reporting period are recognized either assets decrease or liabilities increase, resulting in reduction of the company's equity (excluding reduction of

capital due to its withdrawal or distribution to owners), provided that these expenses can be measured reliably" [1].

Conclusions

Therefore, this study allows to better understand the economic substance of the concept "expenses" and to conclude the existence of two approaches to the definition of this concept: accounting and management (economic).

It should also be noted that expenses play a very important role in management system of company and affect to finish result of company's activity – profit, so the presence of a clear definition of "expenses" is necessary. The prospect of further research is the study of factors influencing the expenses and its classification.

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