

MINISTRY OF EDUCATION AND SCIENCE OF UKRAINE
ODESA NATIONAL ECONOMIC UNIVERSITY

Department Accounting, analysis and auditing
(Department name)

ABSTRACT

qualification work

to obtain a master's degree

speciality 071 «Accounting and taxation»
(code and name of the speciality)

under a vocational/scientific study programme «Accounting, auditing and taxation of business activities»
(*name of the educational programme*)

on the subject of: «Accounting and control of socially responsible activities of the company: theory and practice (on the example of Toyota Material Handling Baltic LLC)»
(*subject title*)

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GENERAL CHARACTERISTICS OF THE WORK

Relevance of the topic. In today's global business environment, the socially responsible activities (SRA) of enterprises are becoming increasingly important. Not only does CSR contribute to enhancing the reputation of companies and building public trust, but it is also becoming an important factor of competitiveness. Implementation of socially responsible practices allows companies to ensure sustainable development, increase resource efficiency, improve working conditions and minimise negative environmental impact. At the same time, accounting and control of such initiatives remains a challenge due to insufficiently developed methodological frameworks, which is especially relevant for Ukrainian enterprises.

The relevance of the research topic is stipulated by the need to improve existing approaches to accounting and control of SRM, as this allows to increase the transparency of management decisions, strengthen interaction with stakeholders and integrate the principles of sustainable development into the strategic goals of companies. In the global practice, the issues of accounting for SRM are actively developed thanks to the scientific works of K. Cooper, G. Boven, and M. Friedman, who laid the foundation for understanding the social responsibility of business. In Ukraine, the main regulatory acts governing this area are the Law of Ukraine «On Accounting and Financial Reporting», international standards ISO 26000 and ISO 14001, as well as EU recommendations on non-financial information disclosure. However, despite the significant achievements, there are still controversial issues regarding the integration of ICS into the accounting system, which requires further research.

This topic is particularly relevant in the context of implementing international experience in Ukrainian realities. The case study of Toyota Material Handling Baltic LLC, which is part of the global Toyota Industries Corporation, allows us to study successful practices of implementing SRM and suggest ways to adapt them for national companies. This study contributes to the development of theoretical and practical aspects of accounting and control of socially responsible activities, providing a basis for integrating these approaches into the activities of Ukrainian enterprises, which is extremely important in the current economic environment.

Thus, the study is aimed at solving the urgent task of developing a methodology for accounting and controlling the costs of SRM, in particular by improving the transparency of reporting, integrating modern standards and strengthening stakeholder feedback. This will not only improve management efficiency, but also ensure the business's contribution to the sustainable development of Ukraine's society and economy.

The purpose and objectives of the study. To develop and substantiate theoretical and practical approaches to accounting and control of socially responsible activities of enterprises, in

particular by improving the cost accounting methodology, internal control system and reporting transparency mechanisms, on the example of Toyota Material Handling Baltic LLC.

To achieve this goal, we need to solve the following **tasks**:

- to reveal the essence, historical background and basic concepts of socially responsible activity (SRA) of enterprises in the context of sustainable development;
- identify the legal framework and international standards governing the accounting and control of IAs;
- to study the methodological foundations of accounting for social programmes, to characterise the main approaches to the classification of social programme costs;
- to analyse the existing practice of accounting and control of socially responsible activities on the example of Toyota Material Handling Baltic LLC, to assess the efficiency of resource use and internal control system;
- to summarise the results of the analysis, identify problematic aspects and develop recommendations for improving the accounting and control of IA;
- propose mechanisms to increase transparency of the Sustainability Reporting and improve stakeholder engagement.

The object of the study is the economic activity of an enterprise related to information support of cost management associated with socially responsible activities.

The subject of the study is the theoretical, methodological and applied aspects of accounting and control of expenses for socially responsible activities of an enterprise, as well as the introduction of reporting transparency mechanisms on the example of Toyota Material Handling Baltic LLC.

Research methods. In the course of writing the qualification work, both general scientific methods and empirical methods were used to ensure the completeness of coverage and reliability of the research results. The tasks that we set for consideration and study were solved with the help of general scientific methods such as analysis, synthesis, induction, deduction, specification; as for the empirical methods used in writing the research paper, these were documentation and balance sheet methods.

The information base of the study is scientific, methodological and specialised literature, regulatory and legislative framework for accounting for the costs of socially responsible activities of the enterprise. The practical part of the study is based on internal regulations, financial and tax reports and other documentation of Toyota Material Handling Baltic LLC.

Structure and scope of the work. The qualification work consists of an introduction, three chapters, conclusions, a list of references (37 titles) and 12 annexes. The total volume of the work is 74 pages. The main content is set out on 69 pages. The work contains 19 tables and 11 figures.

Publication and testing of research results. Based on the results of the research, two theses were published in the collection of scientific papers based on the materials of the XII International Scientific and Practical Conference «Prospects for the Development of Accounting, Analysis and Audit in the Context of European Integration», Odesa: ONEU, 2024.

ОСНОВНИЙ ЗМІСТ РОБОТИ

The first chapter of the article, **THEORETICAL BASIS OF ACCOUNTING AND CONTROL OF SOCIALLY RESPONSIBLE ACTIVITIES**, This chapter explores the foundational concepts of corporate social responsibility (CSR), its historical development, and its regulatory framework. It also delves into accounting practices for socially responsible activities, highlighting key aspects and challenges. Finally, the chapter discusses social audits, addressing their problematic aspects and the role they play in assessing a company's CSR efforts.

Chapter 2: **PRACTICAL EXPERIENCE OF ACCOUNTING AND CONTROL OF SOCIALLY RESPONSIBLE ACTIVITIES ON THE EXAMPLE OF TOYOTA MATERIAL HANDLING BALTIC LLC** focuses on Toyota Material Handling Baltic LLC's CSR practices, describing the company's initiatives and their implementation. It examines the accounting methods used for CSR-related costs and provides recommendations to enhance the company's accounting and control of socially responsible activities, ensuring greater efficiency and transparency.

Chapter 3: **CONTROL AND ANALYSIS OF SOCIALLY RESPONSIBLE ACTIVITIES ON THE EXAMPLE OF TOYOTA MATERIAL HANDLING BALTIC LLC** provides an in-depth analysis of Toyota Material Handling Baltic LLC's CSR activities, assessing their effectiveness and profitability. It includes economic modeling to evaluate the financial impact of these initiatives and offers detailed recommendations to improve the control, accounting, and analysis of the company's CSR efforts, aiming to maximize their social and economic benefits.

CONCLUSIONS

The master's thesis examined in detail the accounting and control of socially responsible activities of enterprises, which is an extremely important aspect of modern business management. The purpose of the master's thesis was to study and develop approaches to organising effective accounting for socially responsible activities and improving control over these costs on the example of Toyota Material Handling Baltic LLC. The results of the study allow not only to assess the status of socially responsible initiatives, but also to suggest ways to improve accounting processes and control systems in this area.

For this master's thesis, we conducted research at Toyota Material Handling Baltic LLC. Toyota Material Handling Baltic LLC is a part of the global Toyota Industries Corporation, which is a leader in the production of warehouse equipment and the provision of related services. The company is actively implementing corporate social responsibility (CSR) practices in its operations, focusing on high standards of sustainable development. In particular, the company implements environmental protection programmes, charity initiatives, and social programmes aimed at improving working conditions and staff development.

One of the company's main strategic goals is to ensure sustainable development through the introduction of innovative technologies and practices that reduce negative environmental impact and improve social conditions for employees. In accordance with the requirements of the international standards ISO 14001 and ISO 26000, the company conducts regular monitoring and audits of socially responsible activities, which ensures high efficiency of accounting and control of costs for these initiatives.

The analysis of the activities of Toyota Material Handling Baltic LLC has resulted in

important conclusions regarding the organisation of accounting for socially responsible initiatives. In particular, the following aspects were analysed:

1. Investments in environmental projects: The company invests heavily in environmental programmes, including the modernisation of production processes to reduce emissions of harmful substances, the introduction of energy-efficient technologies and waste management systems. This has a positive impact on reducing the company's operating costs and increasing its competitiveness in the market.

2. Social programmes for employees: The analysis of social programmes showed that the company actively invests in staff development, creation of comfortable and safe working conditions, and provides significant support to employees through health insurance, training and professional development programmes. However, there are recommendations to improve the process of accounting for social initiatives, in particular, by introducing a more detailed classification and reporting of expenses.

3. Charity and support of local communities: The company makes charitable contributions and supports local social initiatives, which significantly enhances its reputation among local communities and partners. These initiatives require more detailed accounting and monitoring to increase their transparency.

The financial analysis of Toyota Material Handling Baltic LLC for 2021-2023 shows a gradual improvement in key indicators of liquidity, solvency and profitability.

The company's total liquidity ratio increased from 0.72 to 0.96, indicating the company's ability to cover short-term liabilities with current assets. The quick ratio also improved from 0.39 to 0.43. However, absolute liquidity decreased to 0.07 due to a decrease in cash, indicating the need for more careful financial management to cover immediate liabilities.

In terms of solvency, the company's autonomy ratio increased from 0.22 to 0.25, and financial dependence decreased from 3.55 to 2.98, indicating a decrease in dependence on borrowed capital and strengthening of the company's financial stability.

Toyota Material Handling Baltic LLC's profitability has shown steady growth: net profit increased by 14.52% in 2023, and operating profit grew by 31.37%, indicating improved efficiency of its core business. However, revenue growth slowed to 6.21%, which may require new market expansion strategies.

In general, the company demonstrates financial stability and gradual improvement of its performance. However, it should pay attention to cash flow management to maintain liquidity and develop new approaches to increasing sales.

To study the effectiveness of socially responsible activities in more detail, we built several economic and mathematical models that allowed us to analyse the relationship between CSR costs and financial results of the company. The main areas of modelling were:

1. Modelling the impact of social initiatives on the financial results of an enterprise. The model demonstrated how investments in social and environmental programmes help reduce energy costs, increase resource efficiency and, as a result, improve financial performance.

2. Forecasting profitability growth. The modelling showed that the company will demonstrate a steady increase in sales profitability in the next 3-5 years, provided that it increases investments in social and environmental programmes. The projected growth in the return on sales ranges from 0.44% to 3.12%, which confirms the cost-effectiveness of spending on socially responsible activities.

3. Modelling the impact on the labour market and social programmes. The models were used to assess how employee programmes and social initiatives can improve employee loyalty, reduce staff turnover and increase productivity. The modelling confirmed that social initiatives have a positive impact on reducing the cost of hiring and training new employees.

Based on the analysis and modelling, a number of recommendations have been developed to improve the accounting and control of socially responsible initiatives at the enterprise:

1. Improvement of the CSR cost accounting system. It is recommended to disaggregate accounts and cost categories to better allocate funds between different areas of social and

environmental activities. This will not only reduce costs but also ensure more accurate reporting.

2. Increase the transparency of reporting. To ensure openness and transparency in accounting for social programme expenditures, it is recommended to regularly publish non-financial reports that comply with the international GRI and ISO 26000 standards. This will help build trust between the company and its stakeholders.

3. Expand stakeholder engagement. Communication with stakeholders (employees, customers, and the public) should be strengthened by introducing regular meetings to share information and receive feedback on the effectiveness of social programmes.

Thanks to the recommendations, the company can not only improve its financial results but also strengthen its reputation as a socially responsible enterprise. The implementation of the developed measures will create a more transparent system of accounting and control of socially responsible activities, which will help attract new investors and partners in the future. Improving social initiatives will help increase the company's efficiency, improve working conditions for employees and contribute to the sustainable development of local communities.

In summary, socially responsible activities are an important element not only of a company's corporate strategy, but also a tool for achieving sustainable development. The developed recommendations and implementation of the models will not only increase the efficiency of accounting and control of socially responsible activities, but will also contribute to the achievement of business goals and improve the company's overall financial performance.

In conclusion, the study of socially responsible activities at Toyota Material Handling Baltic LLC provides valuable insights into how well-structured accounting and control systems can support sustainable development and corporate growth. The implementation of the proposed recommendations will not only enhance the efficiency of CSR initiatives but also foster long-term positive impacts on both the company's financial performance and its relationship with stakeholders. By aligning its financial practices with the principles of social responsibility, Toyota Material Handling Baltic LLC can further strengthen its position in the market, enhance its reputation, and contribute to a more sustainable and socially responsible business environment.

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