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АНОТАЦІЯ

Будерчик А. Д. «Облік і контроль соціально-відповідальної діяльності підприємства: теорія та практика (на прикладі LLC «Toyota Material Handling Baltic»)».

Кваліфікаційна робота на здобуття освітнього ступеня магістра зі спеціальності 071 «Облік і оподаткування» за освітньою програмою «Облік, аудит і оподаткування підприємницької діяльності». Одеський національний економічний університет. – Одеса, 2024.

У роботі досліджено теоретичні засади обліку та контролю соціально-відповідальної діяльності підприємств. Проведено аналіз нормативно-правової бази щодо соціальної відповідальності, а також розглянуто наукові підходи до її організації.

Практичний досвід обліку та контролю соціально-відповідальної діяльності розглянуто на прикладі LLC «Toyota Material Handling Baltic». Досліджено основні напрями діяльності компанії, включаючи екологічні, соціальні та етичні ініціативи. Проведено аналіз витрат на соціальні програми та системи внутрішнього контролю, які забезпечують виконання корпоративних цінностей та міжнародних стандартів ISO 14001, ISO 26000.

Запропоновано удосконалення системи обліку та контролю соціально-відповідальної діяльності шляхом підвищення прозорості звітності, запровадження нових форм обліку витрат на соціальні ініціативи, а також посилення зворотного зв'язку зі стейкхолдерами.

Ключові слова: соціальна відповідальність, облік, контроль, сталий розвиток, екологія, корпоративна етика.

ANNOTATION

Buderchyk A. «Accounting and Control of Corporate Social Responsibility Activities: Theory and Practice (on the example of LLC «Toyota Material Handling Baltic»)».

Qualification thesis for the Master’s degree in specialty 071 "Accounting and Taxation" within the educational program "Accounting, Audit, and Taxation in Business Activities". Odessa National Economic University. – Odesa, 2024.

The study explores the theoretical foundations of accounting and control of corporate social responsibility (CSR) activities. It analyzes the regulatory framework governing CSR and examines scientific approaches to its organization.

The practical experience of accounting and control of CSR activities is investigated using LLC "Toyota Material Handling Baltic" as a case study. The research highlights the company’s main areas of activity, including environmental, social, and ethical initiatives. It also examines CSR program expenditures and internal control systems that ensure adherence to corporate values and international standards such as ISO 14001 and ISO 26000.

The study proposes improvements to the system of accounting and control for CSR activities by enhancing transparency in reporting, introducing new forms of cost accounting for social initiatives, and strengthening feedback mechanisms with stakeholders.

Keywords: corporate social responsibility, accounting, control, sustainable development, ecology, corporate ethics.

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INTRODUCTION

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.

CHAPTER 1. THEORETICAL BASIS OF ACCOUNTING AND CONTROL OF SOCIALLY RESPONSIBLE ACTIVITIES

1.1. The concept, essence and historical background for the emergence of corporate social responsibility

The idea of social responsibility of business (CSR) emerged in the 1970s in the United States and the United Kingdom as a result of increased public and consumer attention to the overall image of a company/firm, namely: choosing respectable and responsible business partners; ensuring social protection and non-discrimination of employees; guaranteeing the quality and safety of products/services; the firm's attitude to the environment and society; adherence to transparency and openness, social responsibility in making strategic business decisions [2].

The growing public awareness of the consequences of business activities, such as environmental disasters, social inequality and violations of workers' rights, has helped to create new expectations of corporate behaviour. More and more companies have begun to realise that long-term success is only possible if the interests of all stakeholders are taken into account, not just shareholders. This has led to social responsibility becoming an integral part of modern business strategies.

Socially responsible business is an approach to managing a company that takes into account social, environmental and ethical aspects in its operations. The main idea is that business should not be limited to profit maximisation, but also take into account the impact of its actions on society and the environment [21].

In today's business environment, there is no single approach to interpreting the essence of the definition of «corporate social responsibility», as it is a systematic approach to a complex problem [8].

Despite the diversity of approaches and interpretations, most researchers of corporate social responsibility (CSR) agree that, according to the International Standard ISO 26000 «Social Responsibility Guidelines», corporate social responsibility should be considered as an organisation's responsibility for the impact of its decisions and activities on society and

the environment through transparent and ethical behaviour that promotes sustainable development, including the health and well-being of society; takes into account the expectations of stakeholders; meets the

Fig. 1.1 presents the main types of corporate social responsibility, which reflect the key aspects of a company's activities in the context of its impact on society, the environment and the economy. These categories demonstrate how a business can harmoniously combine commercial goals with ethical principles and social obligations.

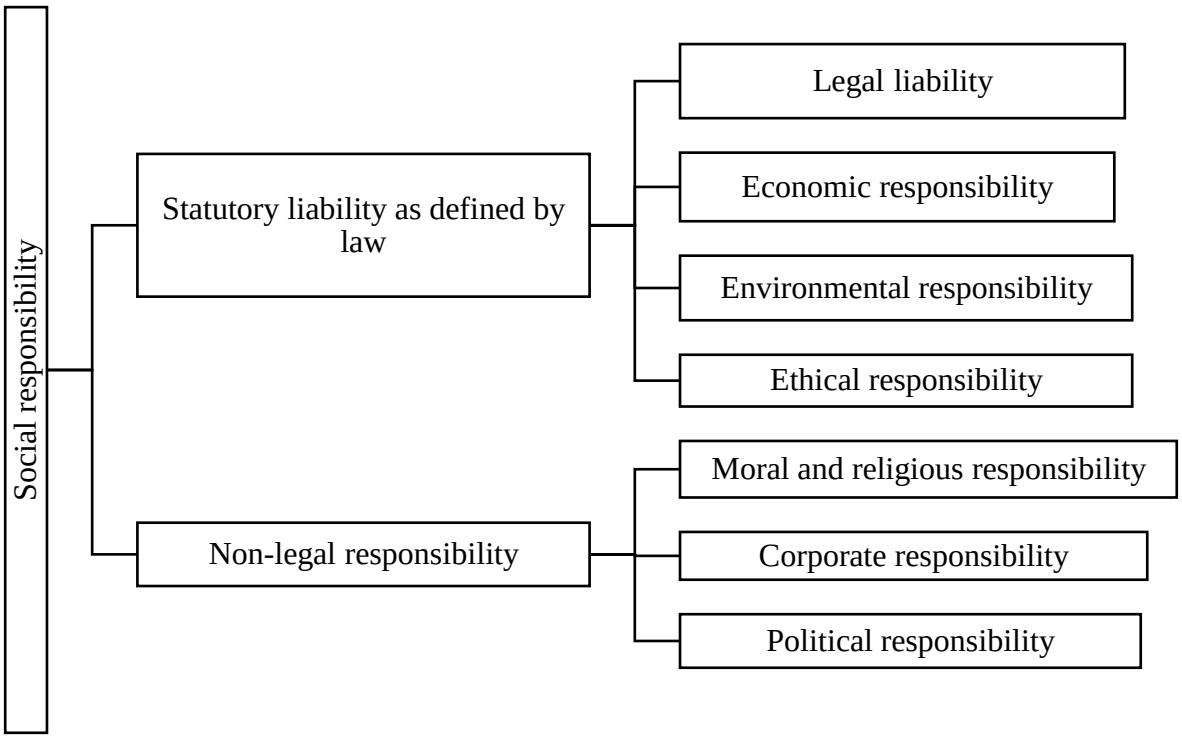


Fig. 1.1. Main types of social responsibility of enterprises

Source: compiled by the author based on [26]

The historical conditionality of the emergence of corporate social responsibility is related to the development of society, economy and changing needs of society. The main stages of CSR formation can be traced through several key historical stages, which are shown in Table 1.1, along with the main manifestations and prerequisites for the development of the area of corporate social responsibility.

Table 1.1

Historical stages of the idea of corporate social responsibility

Historical period	Prerequisites for CSR development
1	2
Industrial Revolution (XVIII-XIX centuries)	The Industrial Revolution led to urbanisation and mass production, which caused social and environmental problems such as poverty, exploitation of workers, unsafe working conditions, and pollution. Entrepreneurs began to think about ethical issues.
The Age of Capitalism and the Development of Entrepreneurial Ethics (early twentieth century)	Business became the driving force of the economy, but social problems emerged: inequality and social instability. The first attempts to introduce corporate social responsibility under pressure from society and trade unions were the response.
The post-war period (mid-twentieth century)	After the Second World War, the emphasis on human rights, social welfare and the environment increased. Companies recognised the need to support communities and the environment, which led to the emergence of the first CSR concepts.
Late 20th - early 21st century.	Globalisation and the development of information technology have increased the requirements for social responsibility. Businesses voluntarily implement ethical standards to ensure sustainable development in economic, social and environmental terms.

Source: compiled by the author based on [3]

By examining the long process of developing corporate social responsibility and its importance for society, it becomes clear why this aspect of business activity is becoming increasingly important both in Ukraine and internationally. Modern business is increasingly aware that its long-term success depends not only on financial performance, but also on its ability to take into account social, environmental and ethical aspects. These trends are pushing companies to be transparent and responsible to society, which has a positive impact on their image and the level of trust from consumers and investors.

On 1 January 2017, the EU requirements for mandatory disclosure of non-financial and other information regulating the disclosure of data on social, environmental and governance aspects of companies' activities came into force [10, 9]. According to this directive, companies with more than 500 employees are required to submit annual reports that include economic, environmental, and social aspects of their activities, as well as information on human rights, anti-corruption, and diversity in management. In addition, the reports should cover issues of interaction with business partners, and all this data should be publicly available (Annex A).

This innovation is aimed at increasing business transparency, encouraging companies to behave ethically and be more responsible to society and the environment. Such steps contribute to the formation of a culture of corporate social responsibility and strengthen the overall trend towards sustainable business development focused not only on profits but also on a positive impact on society.

Corporate Social Responsibility (CSR) plays a key role in ensuring the sustainable development of companies, as the implementation of social and environmental initiatives helps not only to conserve resources but also to strengthen reputation and competitiveness in the market, which in turn facilitates access to the investment market and contributes to the growth of companies' profits.

For the society, the implementation of the SPM by business structures guarantees the solution of a number of social issues, improvement of environmental safety, efficiency and economical approach to the use of natural resources. The implementation of the SRS promotes cooperation between businesses and local communities, which has a positive impact on the quality and safety of people's lives. In the 21st century, business' CSR contributes to the society's transition to sustainable development [2].

Promoting social responsibility among enterprises is beneficial not only for business, but also for the state, as the development and proper application of CSR brings several key benefits to the country, including: economic stability and sustainable development; reduction of social and environmental costs of the state; improvement of the investment climate - countries where social responsibility of business is actively promoted attract more foreign investment, as investors see such countries as more stable and predictable markets where businesses adhere to sustainability and ethical standards; improving living standards - better working conditions, social infrastructure, which has a positive impact on the overall standard of living; and strengthening international reputation.

1.2. Accounting for socially responsible activities: key aspects and regulatory framework

Socially responsible activity is the activity of a business entity aimed at satisfying the interests of all groups of stakeholders in order to achieve the most positive economic, environmental and social results [6]. Based on the above term, we can conclude that activities can be considered socially responsible only if the following criteria are met:

the activity should be aimed at obtaining economic benefits (benefits can be both tangible and intangible: for example, charity does not bring direct profit, but enhances the reputation and image of the company);

activities aimed at improving the state of the environment (involving the preservation and protection of the environment);

the activity is socially oriented (takes into account the interests of all stakeholders at different levels: macro, meso and micro).

In addition, socially responsible activities also include transparency and accountability. Companies should be open about their actions, accountable to society and responsive to their stakeholders.

This increases trust in the business and strengthens its market position in the long term. Accounting for socially responsible activities is the process of generating systematic, useful data for the purpose of reporting that characterises the activities of a business entity aimed at solving social and environmental problems [6].

In order to keep records of the company's socially responsible activities, it is necessary to carefully define and analyse this concept according to various criteria. The correct classification of socially responsible activities is the basic stage for its further accounting and analysis (Table 1.2). Such a classification will help to obtain important knowledge about the object of accounting, allow to clearly display the data structure, determine the homogeneity of information, set priorities and consider the company's activities from different angles and in different contexts.

In addition, it will help identify possible weaknesses in the company's social responsibility and direct efforts to address them. A systematic approach to accounting and

analysis will increase the effectiveness of management decisions and improve stakeholder engagement. It will also help to increase the level of the company's responsibility towards society and the environment in the long run, which, in turn, will have a positive impact on its competitiveness.

Таблиця 1.2

Класифікація соціально відповідальної діяльності підприємства

Feature.	Types	Characteristics
1	2	3
Enterprise environment	Internal	The company's activities in relation to its employees, technologies used in production, and organisational culture.
	External	Activities that relate to the totality of active business entities, conditions and factors that operate in the environment of an enterprise and affect various areas of its activities.
Motivating factors	Voluntary	The companies carry out their socially responsible activities on a voluntary basis.
	Forced	Companies carry out socially responsible activities under pressure from the state or society.
Connection with time	Past	In order to plan future socially responsible activities, an enterprise needs to analyse the results of past activities, i.e., to assess the results of such activities, its should be classified by time into past, present and future.
	Present	
	Future	
Human capital	Material	Socially responsible activities are aimed at meeting the material needs of employees. This includes organising meals, recreation, providing branded clothing, improving working conditions, sports programmes, providing financial assistance, etc.
	Intellectual	The company's activities related to personnel development, professional development of employees, recreation and health improvement of employees and their families, involvement and support of young people, including in educational programmes, implementation of various children's projects and other activities of the company aimed at raising the intellectual level of employees and their families.
Social sensitivity	Warning	The company's activities aimed at establishing a favourable social and psychological climate in the team, which is the key to increasing labour productivity and enhancing the stability of the company's operation, can be both preventive and corrective if the climate is already disturbed.
	Corrective	
Costs.	Administrative	The company's expenses for socially responsible activities are related to operating activities and are not included in the cost of products (goods, works, services) sold. These expenses are divided into administrative expenses, selling and distribution expenses, and other operating expenses.
	Sales	
	Operating theatre	

Continuation of Table 1.2

Sustainability	Permanent	Socially responsible activities that the company carries out on an ongoing basis.
	Variable	Activities are variable in nature.
Economic ethics	Macroethical	The activity of an enterprise aimed at establishing moral relations between macro subjects of the social and economic structure of society - enterprises, the state, and society as a whole.
	Microethical	The activities of an enterprise aimed at establishing moral relations between the enterprise as a moral entity and its employees.
Legislation	Adjustable	If a company's socially responsible activities are regulated by law, they are regulated activities, and if not, they are unregulated.
	Unregulated	
Object.	Direct	The socially responsible activities of the enterprise directly aimed at the object of responsibility are referred to as direct socially responsible activities of the enterprise: nutrition and recreation of employees, provision of material assistance to them and improvement of their education.
	Indirect	Activities that cannot be directly linked to the object of liability are considered indirect: recreation of employees' families, provision of education to their children, etc.

Source: compiled by the author based on [35]

The purpose of accounting for socially responsible activities is to preserve values, determine the results of socially responsible activities and satisfy information requests of all stakeholders [6].

The objectives of accounting for socially responsible activities are determined on the basis of the general objectives of the accounting system and taking into account the specifics of socially responsible initiatives. The main tasks include:

1. Conducting continuous, comprehensive and documented monitoring of economic, environmental and social processes at the enterprise;

2. Providing reliable and timely information to both internal and external users on business processes, phenomena, resources and their status at the enterprise;

3. Create an information base for planning, motivation, organisation, regulation, analysis and control of the company's socially responsible activities.

In addition, an important aspect is the integration of this information into the management decision-making process, which allows to increase the effectiveness of social

initiatives and ensure their compliance with the company's strategic goals. This approach will not only increase stakeholder trust, but also improve the company's reputation in the market, which can have long-term financial benefits.

The subjects of accounting for socially responsible activities are all parties involved in the process of managing and accounting for these activities (Fig. 1.2).

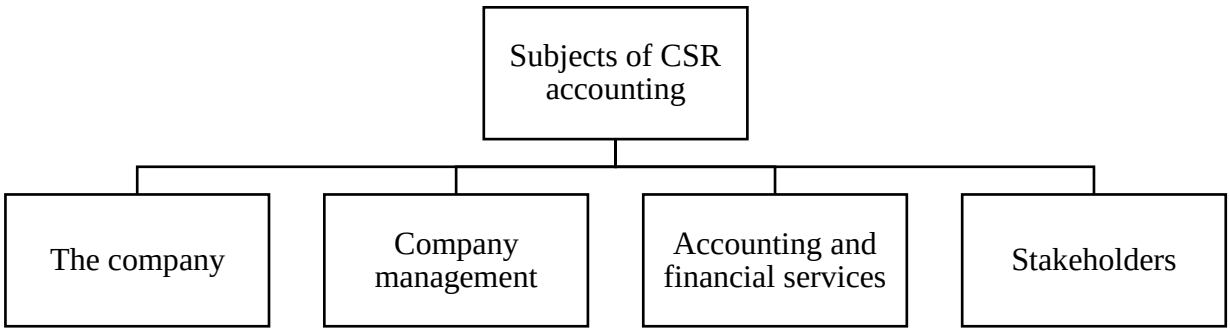


Fig. 1.2. Subjects of accounting for socially responsible activities

Source: compiled by the author

Fig. 1.2. Subjects of accounting for socially responsible activities

Source: compiled by the author

The main subjects include:

1. A company is a legal entity that carries out socially responsible activities and keeps records of them.

2. The company's management makes decisions on strategic areas of social responsibility, approves budgets and monitors the implementation of relevant initiatives.

3. Accounting and financial services - directly account for expenses and income related to socially responsible activities, generate reports and provide information for analysis.

4. Stakeholders - these include both internal (employees, shareholders) and external (customers, partners, the public, government agencies, environmental and social organisations). They are the users of information about the company's social responsibility.

The objects of accounting for socially responsible activities are specific processes, phenomena and resources related to the implementation of the company's social, environmental and economic initiatives. These include: financial expenses for social programmes, charity, environmental projects, improvement of working conditions, etc.; environmental measures - projects aimed at preserving natural resources, reducing pollution, energy efficiency and implementing green technologies; social initiatives - investments in the development of local communities, staff training, healthcare, equal rights, social protection of employees, etc.; intangible assets - the company's reputation, image, trust from society and stakeholders, which is formed through socially responsible activities.

It should also be noted that effective accounting for socially responsible activities contributes to business transparency and provides the company's management with the necessary information to make strategic decisions. Proper accounting helps to identify priority areas of development, assess the impact of implemented initiatives on the company's operations and society, and identify weaknesses that need to be improved. This increases the level of trust on the part of stakeholders and contributes to the growth of the company's reputation in the market.

The subject of accounting for socially responsible activities is a set of data and information on economic, environmental and social aspects of the company's activities that are subject to registration, systematisation and analysis within the framework of accounting (Fig. 1.3).

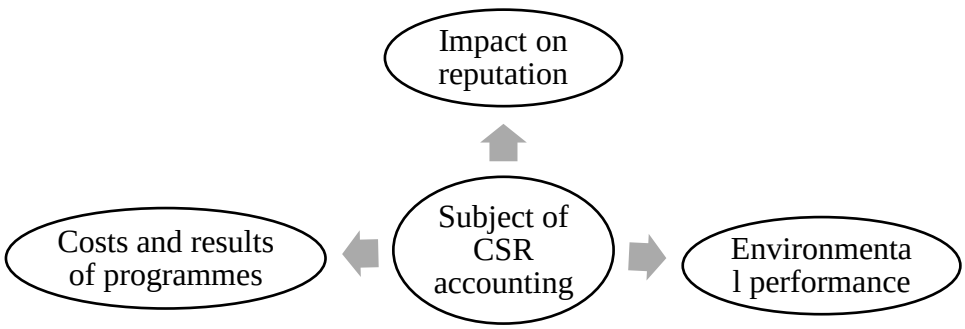


Fig. 1.3. Coverage of the subject of socially responsible activities accounting

Source: compiled by the author

Thus, the subject of accounting for socially responsible activities covers:

- information on the costs and results of social and environmental programmes;
- environmental impact (environmental performance, resource consumption, emissions reduction, etc.);
- alignment of social initiatives with the company's strategic goals and their impact on reputation and market value.

Accurate accounting of these aspects allows the company's management to evaluate the effectiveness of socially responsible programmes and make informed decisions on their further implementation.

The amount of expenses for the implementation of such social initiatives, as well as their effectiveness, can only be obtained on the basis of thorough information. Therefore, the accounting system should generate information on the cost estimate of the company's resources spent on social initiatives and the income received from them. The importance of such information is also enhanced by the need to prepare social reporting [6].

The allocation of costs depends on the specific activities and their relationship to the enterprise's operations. Specially created analytical accounts may be used to allocate this type of cost, which will be related to analytical accounting. The costs of a company's socially responsible activities in Ukraine can be allocated to several accounts depending on their nature. Table 1.3 provides an example of a chart of accounts for use in accounting and analysis of socially responsible activities.

Table 1.3

Example of a chart of accounts for use in accounting and analysis of socially responsible activities

Account code and name	Analytical accounts by type of activity			Accumulated costs of socially responsible activities
	Main activities.	Sots. dyal.	Eco. dyal.	
1	2	3	4	5
23 «Production»	231	232	233	232 Improvement of working conditions in production facilities, e.g., costs of a safe working environment for employees (ventilation systems, additional protective equipment). 233 Environmental measures within the production process, for example, the cost of upgrading equipment to reduce emissions or save resources (electricity, water, etc.).
39 «Prepaid expenses»	391	392	393	392 Social programmes for employees or communities that require a gradual introduction (e.g. employee education programmes or community support). 393 Long-term environmental programmes that require gradual funding (e.g. waste management or energy efficiency programmes).
901 «Cost of finished goods sold»	9011	9012	9013	9012 Product-related social initiatives, e.g., a portion of the profits from the sale of certain products may be allocated to charitable projects or social programmes. 9013 Environmentally friendly production if an entity takes measures to reduce the environmental impact of its production. For example, the cost of environmentally certified materials or raw materials may be expensed.
91 «General and administrative expenses»	911	912	913	912 Expenditures on occupational health and safety and improvement of working conditions in production facilities (e.g. installation of ventilation systems or upgrading of safety equipment). 913 Environmental programmes within the production facility, such as the cost of installing filters to reduce emissions or measures to reduce energy consumption in production.
92 «Administrative expenses»	921	922	923	922 Social programmes for employees (e.g. health insurance, training and development costs). 923 Expenses for implementation of environmental programmes related to management activities (e.g. energy saving measures in office premises or use of environmentally friendly materials for office).
93 «Selling expenses»	931	932	933	932 Charitable events or social initiatives related to the sale of products, for example, a portion of the profit from the sale of certain products is allocated to social projects or donations. 933 Social advertising highlighting the corporate social responsibility of the company (e.g., advertising with environmental themes or supporting socially important initiatives).

Continuation of Table 1.3

949 «Other operating expense»	9491	9492	9493	9492 Charitable assistance, such as donations to social or environmental projects, support for local communities, orphanages, etc. 9493 Support for NGOs engaged in social or environmental initiatives.
976 «Write-off of unassigned	9761	9762	9763	9762 Donation of equipment or other resources to charity, for example, when an enterprise donates machinery or other equipment to schools, hospitals or community organisations. 9763 Elimination of environmentally hazardous assets as part of environmental protection measures (disposal of old equipment in accordance with environmental standards).

Source: compiled by the author on the basis of [6, 16]

Thus, the costs of socially responsible activities can be allocated to these accounts if they are closely related to the core business of the enterprise.

Accounting for corporate social responsibility should be based on fundamental principles that, in turn, guide the company's activities towards ethical behaviour and open accountability. These principles are aimed at ensuring the transparency of companies' activities, compliance with ethical standards and fulfilment of their obligations to stakeholders: stakeholders, customers, employees and society.

Transparency and accountability are at the heart of corporate social responsibility in accounting. Organisations are expected to disclose relevant financial information accurately and comprehensively. This enables stakeholders to make informed decisions and helps build trust between the organisation and its public [7].

Transparency refers to the clear and open communication of financial information that allows stakeholders to understand a company's activities and impact. Accountability implies that organisations are responsible for reporting on their actions, especially with regard to social and environmental impacts. These two elements are the foundation of corporate social responsibility in accounting.

Transparency ensures that financial statements accurately reflect a company's activities and impact on society. Adherence to strict reporting standards allows companies to build trust with investors, customers and the public. This trust is a key factor in creating positive relationships and improving corporate reputation.

Accountability means that organisations must be responsible for their social responsibility obligations. This includes not only compliance with legal regulations, but also a moral obligation to implement practices that contribute to the well-being of society. Effective accountability measures, such as regular audits and sustainability reports, strengthen an organisation's reputation in the eyes of all stakeholders.

Ethical decision-making has a significant impact on corporate social responsibility in accounting. By adhering to moral principles in financial activities, accountants can reduce the risks associated with fraud and mismanagement. Such ethical responsibility enhances the reputation and sustainability of the organisation in the long run, ensuring compliance with social values [7].

Ethical decision-making in corporate social responsibility in accounting involves a process of evaluating and choosing among alternatives in accordance with ethical principles. This approach ensures that accountants and organisations align their financial practices with generally accepted societal values and community expectations. What can be attributed to the main elements of ethical decision-making are shown in Fig. 1.4.

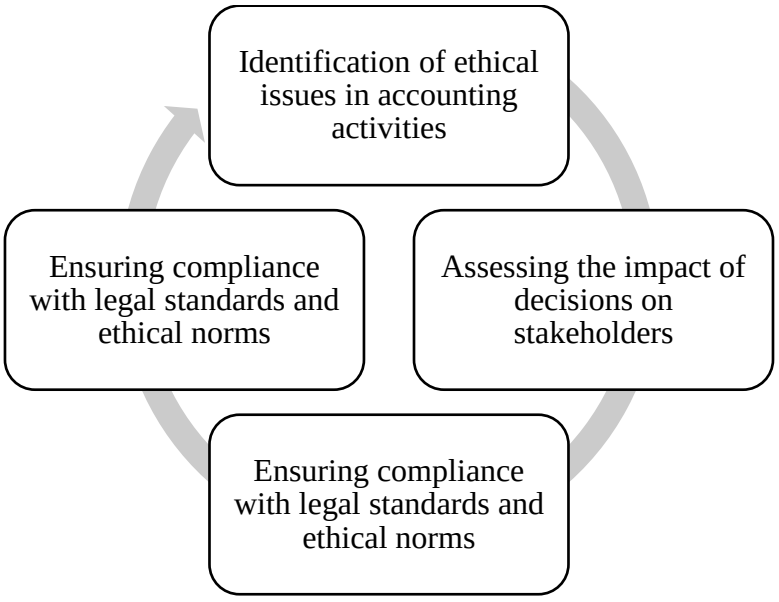


Fig. 1.4. Key elements of ethical decision-making

Source: compiled by the author on the basis of [7]

By integrating ethical decisions into corporate social responsibility, accountants help build trust and improve an organisation's reputation. Such practices lead to better

relationships with stakeholders, increase transparency and ultimately contribute to sustainable business development.

In today's environment, accountants are increasingly faced with complex ethical dilemmas, so it is important for them to develop strong ethical approaches. An ongoing commitment to ethical decision-making is the foundation of corporate social responsibility in accounting, guiding professionals towards socially responsible practices.

Accounting for socially responsible activities in Ukraine is regulated by various laws and regulations that govern both accounting and social responsibility issues. Table 1.4 shows the main regulatory documents that affect this area.

Table 1.4

Key regulations governing the accounting for socially responsible activities in Ukraine

Name of the legal act	Sphere of influence
1	2
Law of Ukraine «On Accounting and Financial Reporting in Ukraine»	The main law that regulates accounting in Ukraine, including financial reporting requirements. As part of socially responsible activities, this law provides requirements for disclosure of financial information, including expenditures on social and environmental programmes, if any.
Tax Code of Ukraine	The Tax Code provides for the accounting of expenses for social initiatives and possible tax benefits. For example, companies can receive tax deductions for charity or for expenses related to health and safety and environmental initiatives.
The Law of Ukraine «On Labour Protection»	This law requires companies to provide safe and healthy working conditions for their employees as part of their social responsibility. The costs of occupational health and safety measures must be properly recognised in the accounting records.
The Law of Ukraine «On Charitable Activities and Charitable Organisations»	Regulates the activities of enterprises in the field of charity, which is part of social responsibility. Companies engaged in charitable activities must keep records of such expenses in accordance with the law.
National accounting regulations (standards) (NAR)	The Ukrainian Accounting Standards define the rules for accounting in Ukraine. Socially responsible expenses can be accounted for in accordance with the standards for accounting for expenses, fixed assets, long-term and current liabilities, depending on the nature of the expenses.
International Financial Reporting Standards (IFRS)	Companies that prepare financial statements in accordance with IFRS may be guided by international standards when reporting socially responsible activities, including environmental costs, charity, social programmes, etc.
The Law of Ukraine «On Environmental Protection»	Regulates the environmental responsibility of enterprises. The costs of environmental measures that are part of social responsibility must be properly reflected in the financial statements.

Continuation of Table 1.4

Corporate codes of ethics and internal regulations	Many companies develop their own codes of ethics and social responsibility policies that define internal standards for accounting and reporting on social initiative expenditures.

Джерело: складено автором на базі [17,18, 19, 20, 21]

The legal and regulatory framework in Ukraine is evolving to enable more and more companies to take a responsible approach to social and environmental issues and to reflect this in their financial statements in accordance with legal requirements. In addition, it is important to note that in connection with the European integration process, International Financial Reporting Standards (IFRS) and the Global Reporting Initiative (GRI) have a significant impact on the regulation of socially responsible accounting, as they play an important role in shaping the approach to socially responsible expenditure accounting in Ukraine. They influence the way Ukrainian companies record and report on their socially responsible activities.

IFRS have a significant impact on the accounting of socially responsible expenditures, as they regulate the principles of accounting for expenses and liabilities of enterprises. In Ukraine, as in many other countries, large companies, especially public and international ones, are gradually moving to IFRS for reporting. According to IFRS, expenses related to socially responsible activities can be classified as environmental costs, social projects, corporate social responsibility (CSR) programmes, etc.

Although IFRS does not explicitly provide a specific standard for accounting for socially responsible costs, companies should account for these costs in accordance with the general principles for recognising liabilities and expenses. For example, costs arising from legal or regulatory requirements (e.g., environmental obligations) may be recognised as a liability in the financial statements.

The main standards that may be relevant to the accounting for socially responsible expenses include:

1. IFRS 9 Financial Instruments - may relate to accounting for financial investments in socially responsible projects, charitable foundations or other initiatives that are financial in nature.

2. IFRS 16 Leases - lease costs for premises for socially responsible activities or environmental projects may be accounted for in accordance with this standard.

3. IAS 37 Provisions, Contingent Liabilities and Contingent Assets - if social or environmental costs are related to legal or environmental obligations, for example, a company's obligation to reduce its environmental impact, these costs may be recorded as a provision under IAS 37.

4. IAS 16 Property, Plant and Equipment - used to account for capital expenditures, for example, for environmental investments (such as upgrading equipment to reduce emissions), which can also be part of social responsibility.

5. IAS 19 Employee Benefits - covers the costs of employee social security programmes, pension plans, health insurance and other measures that may be part of the company's social responsibility.

Thus, IFRSs provide a general framework for accounting for costs and liabilities that may be associated with socially responsible activities, but there is no specific standard for social responsibility accounting.

The GRI specialises in sustainability reporting standards, including the social, environmental and economic aspects of business operations. GRI standards are voluntary, but they are becoming increasingly popular among companies seeking to demonstrate their social responsibility. In Ukraine, more and more companies are using GRI to publish non-financial reports.

The main difference between GRI and IFRS is that GRI focuses on non-financial aspects of reporting, such as environmental and social performance. In GRI reports, companies describe how their activities affect the environment and communities; what social support programmes they implement; and what resource conservation and sustainable development measures they take. For Ukrainian companies seeking to integrate into international markets, the implementation of GRI is an important element of transparency and increased confidence in their operations.

1.3. Соціальний аудит діяльності компанії: проблемні питання

In order to assess the effectiveness of the company's socially responsible activities, it is important to identify key indicators that will allow for regular monitoring and control of the company's social activities. In Fig. 1.5 shows the main groups of indicators that will allow for high-quality control over the social activities of the business.

These indicators cover various aspects of social impact, such as environmental sustainability, corporate responsibility, impact on local communities, compliance with ethical standards and the quality of stakeholder engagement.

Regular analysis of these indicators allows the company to respond flexibly to changes in the internal and external environment, adjust its strategies and initiatives, and ensure the effective achievement of social responsibility goals. This allows companies to improve their social performance, demonstrate compliance with modern sustainability requirements and enhance their reputation.

The company's reporting on social programmes is an integral part of the implementation of the SRB in the company's business practice. These reports may be part of the company's general annual reports, or they may be prepared as a separate document. The company can also post them on its website [1]. Their publication on the company's official resources helps to build transparency and trust among stakeholders.

A social audit is designed to assess a company's performance in key areas such as human resources management, environmental responsibility, health and safety, and relationships with local communities. It analyses all aspects of a company's operations, comparing its value system, ethical behaviour, internal operating practices and management system with the expectations of its key stakeholders, including employees, shareholders, suppliers, customers and local communities.

The main goal of social audit is to identify discrepancies between the company's declared social responsibility goals and its actual actions. This allows not only to diagnose potential problems at an early stage, but also to facilitate their timely resolution, which minimises risks and helps to avoid possible negative consequences for the company's reputation and financial stability.

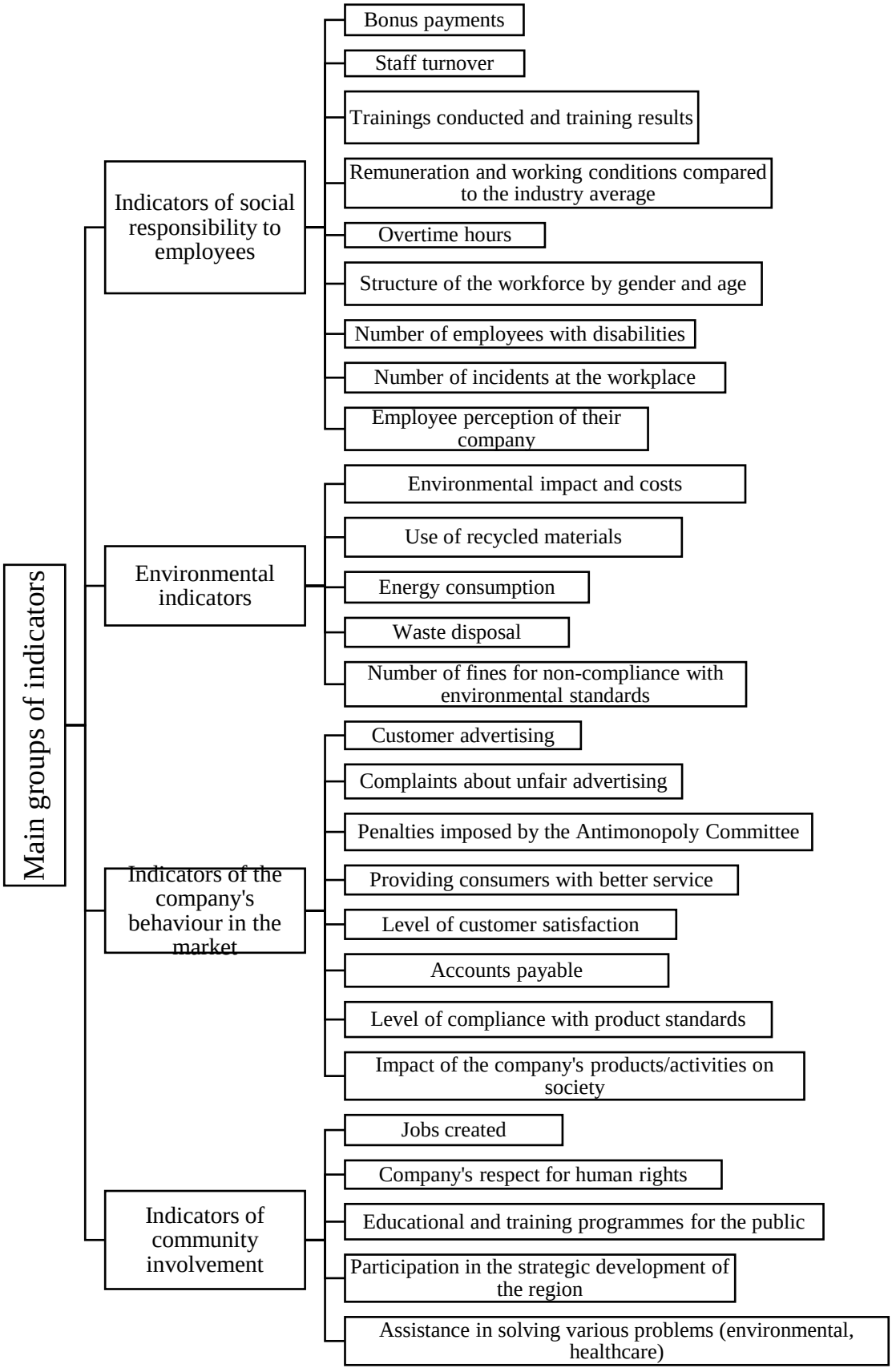


Fig. 1.5. Key indicators for monitoring and controlling the company's social performance

Source: compiled by the author on the basis of [1]

In addition, social audit is an important tool for improving financial efficiency through the implementation of socially responsible practices. Assessment and correction of the company's behaviour in social and economic relations not only helps to maintain trust among stakeholders, but also improves the company's overall competitiveness in the market, enhancing its reputation and financial performance.

Currently, social audits are conducted using the New Economic Foundation (NEF) and SmithOBrien methodologies. These methodologies focus on the perception of the company by key stakeholders, but according to the SmithOBrien methodology, the results of the relationship are additionally compared with the company's key indicators. This approach allows to quantify the results of the company's policy towards key stakeholders, as well as to assess the strategic and financial effect of the company's operating practices [36].

In addition, modern social audit methods allow us to assess not only the current impact of a company on its stakeholders, but also to predict the long-term consequences of its activities. This is important for formulating a strategy that takes into account the needs of future generations and is aimed at achieving sustainable development. SmithOBrien's methodology, for example, measures a company's social capital, its impact on communities, environmental resources and employee health, which helps the company adapt to modern challenges and maintain its competitive advantage.

The importance of this approach is becoming particularly relevant in the context of global changes and requirements for environmental responsibility. In particular, there is a growing need to take into account environmental risks and the impact on employee health and safety in the long term. Social audit enables companies to make the necessary adjustments to their operations, adapting their strategies to new conditions and market requirements, which helps to build trust among stakeholders.

In addition, social audit helps companies assess the impact of their actions on local communities and the socio-economic development of the region. This is especially important in the context of globalisation, when companies have to adapt their practices to different cultural and economic conditions. The introduction of social audit contributes to improving the quality of corporate governance and facilitates the establishment of an open

dialogue with local communities and other stakeholders, which, in turn, increases their loyalty and trust.

The development of the practice of social audit of companies' responsible activities is an objective law of a transformational society. Social audit in Ukraine has not yet become a systematic activity, but in the context of further implementation of the principles of sustainable development, the studied tool for effective regulation of social relations will become more relevant due to the growing awareness of Ukrainian business of the need for sustainable development, i.e. the use of resources, interaction between people and nature, development of civilisation based on innovations, while meeting the vital needs of the current generation, along with environmental protection, strengthening personal

Social audit is becoming an increasingly popular tool for companies seeking to comply with the principles of sustainable development.

A particularly important aspect of social audit is its role in increasing the transparency of a company's operations. An audit allows a company to demonstrate its responsibility to society and stakeholders by confirming the effectiveness of its social programmes and environmental initiatives. This helps to attract investors, who are increasingly paying attention to ESG (environmental, social and governance) indicators, which is becoming an important criterion for making investment decisions.

Another key use of social audit is to develop recommendations for optimising spending on social initiatives. The audit helps to determine the effectiveness of the resources invested, identify areas that require additional attention, and introduce a more rational approach to the allocation of funds. As a result, the company can achieve a greater return on its social responsibility investments.

At the global level, social audit also helps to harmonise business practices across countries. Given the diversity of economic, social and cultural contexts, audits allow companies to adapt their approaches to local conditions while maintaining high standards of social responsibility.

CHAPTER 2. PRACTICAL EXPERIENCE OF ACCOUNTING AND CONTROL OF SOCIALLY RESPONSIBLE ACTIVITIES ON THE EXAMPLE OF TOYOTA MATERIAL HANDLING BALTIC LLC

2.1. Characteristics of Toyota Material Handling Baltic LLC and its socially responsible initiatives

Toyota Material Handling Baltic LLC is one of the leading suppliers of material handling equipment in the Baltic States. The company is a part of the global Toyota Material Handling Corporation, which is part of Toyota Industries Corporation (TICO). The company's main specialisation is the sale, rental and maintenance of warehousing and material handling equipment, which enables businesses to manage their logistics processes more efficiently.

Toyota Material Handling Baltic LLC was founded in 2001 and is headquartered in Riga, Latvia. Since its establishment, the company has significantly expanded its operations by opening regional offices in Lithuania (Ribotos atsakomybės bendrovės «Toyota Material Handling Baltic Lietuvos filialas», registration number 302331094) and Estonia (OÜ «Toyota Material Baltic Eesti filial», registration number 11629379). TMH Baltic provides high quality warehousing and logistics solutions using innovative technologies that optimise cargo handling processes [31]. Basic information about the company is presented in Table 2.1.

Table 2.1

Basic information about the company

Parameter.	Meaning.
1	2
Title.	Sabiedrība ar ierobežotu atbildību «Toyota Material Handling Baltic»
Registration number and date of foundation	40003572062, 05.12.2001
VAT payer number	LV40003572062
Address.	Dzelzavas iela 127, Rīga, LV-1021, Latvija
Name of the shareholder	The Swedish company «Toyota Material Handling Europe AB» (100%). Reg. no. 556491-9537

Продовження таблиці 2.1

1	2
Surnames and positions of the Board members	Aleksandrs Kuprijanovs – Chairman of the Board Elīna Jevsina – Board member
Share capital	4 268 580.00 EUR

Source: compiled by the author based on Annex B and [22]

Toyota Material Handling Baltic LLC provides a wide range of services and products, including the sale of new and used equipment, rental, and maintenance of material handling equipment (Table 2.2). The company works with many businesses in various industries, such as manufacturing, logistics, retail and others. The main products offered by TMH Baltic include:

- Forklifts (electric, diesel, gas);
- stackers and forklifts for warehousing;
- order pickers;
- accessories and spare parts [31].

Table 2.2

Main activities of Toyota Material Handling Baltic LLC

NACE code	Type of activity	Description.
1	2	3
46.69	Wholesale of other machinery and equipment	Activities related to the wholesale of various types of machinery and equipment for industrial and commercial purposes.
33.12	Equipment repair	Repair and maintenance services for various types of equipment, including industrial and manufacturing plants.
33.14	Repair of electrical equipment	Maintenance and repair services for electrical equipment for industrial and commercial purposes.
33.20	Installation of industrial machinery and equipment	Installation and assembly of large industrial plants and machinery at manufacturing plants and other facilities.

Source: compiled by the author based on Annex B and [23].

The market for trucks in the Baltic region is growing steadily due to the intensive development of logistics and warehousing services. TMH Baltic's main customers are companies involved in production, distribution and warehouse logistics. The company's competitors include other major market players such as Jungheinrich, Linde, Hyster and

Mitsubishi Forklift. However, Toyota has a significant advantage due to the quality of its products and innovative technologies (Table 2.3).

Table 2.3

Analysis of the truck market in the Baltic States

Country	TMH Baltic market share	Main competitors	Market trends	Demand for equipment rental	Popular types of equipment
1	2	3	4	5	6
Latvia	30%	Linde, Jungheinrich	Growing demand for innovative logistics solutions and electrical equipment due to environmental standards and government support for upgrading warehouse and production infrastructure.	High	Electric forklifts, stackers
Lithuania	33%	Hyster, Mitsubishi Forklift	Rapid development of logistics infrastructure and retail growth create high demand for equipment rental and maintenance. Increased market share of electrical equipment.	Medium	Forklifts, order pickers
Estonia	28%	Yale, Komatsu	High demand for cargo handling equipment due to increased trade flows and the development of port infrastructure. Interest in automated warehouse management systems.	High	Automated systems, electric forklifts

Source: compiled by the author based on [11, 34]

Across the Baltic States, demand for electrical equipment is growing due to environmental standards and the need to automate warehouse processes. Companies are increasingly investing in upgrading their equipment and switching to more efficient solutions. Lithuania shows an average demand for equipment rental, while Latvia and Estonia have higher demand due to rapidly growing logistics needs and changing infrastructure. Electric forklifts and automated pallet trucks are the top requested types of equipment, especially in countries with a high development of warehouse infrastructure and ports.

Toyota Material Handling Baltic LLC has a sophisticated organisational structure to ensure maximum efficiency and quick response to customer requests. The company's structure includes:

1. Head office in Riga: responsible for strategic management and coordination of activities across the Baltic region.

2. Regional offices in Lithuania and Estonia: provide local customer support.

3. Service centres: located in all Baltic countries, which allows for prompt maintenance and repair.

Toyota Material Handling Baltic SIA pays considerable attention to socially responsible activities (Figure 2.1). The main areas include:

- Development of local communities: the company supports local initiatives and educational projects that help improve the professional skills of young people in the field of logistics and technology.
- Environmental responsibility: The company actively introduces environmentally friendly technologies, such as electric forklifts, which reduce CO2 emissions. All products are developed to meet the Toyota Environmental Challenge 2050 environmental standards.
- Supporting charitable initiatives: TMH Baltic participates in local charity events and finances projects aimed at improving living conditions in the communities.

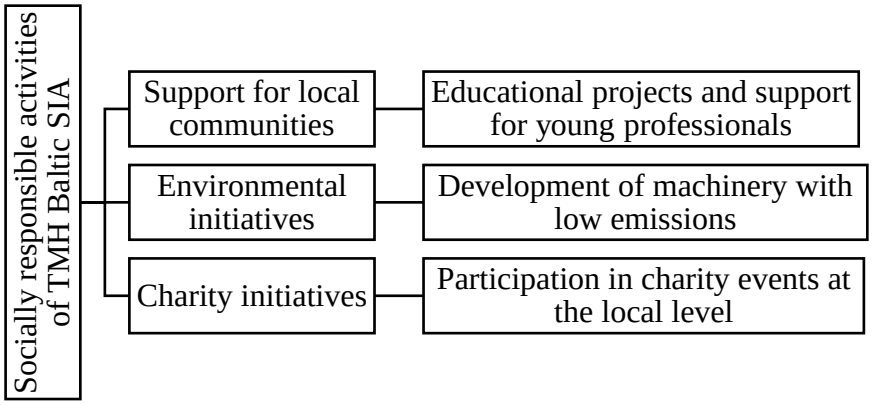


Fig. 2.1. Areas of socially responsible activity of Toyota Material Handling Baltic LLC

Source: compiled by the author

Examples of socially responsible activities of Toyota Material Handling Baltic SIA for each of the company's business areas include:

1. TMH Baltic cooperates with local universities in Latvia and Lithuania, organising practical training for engineering and logistics students. The company also provides scholarships to young professionals studying logistics and warehouse management programmes to support the development of new talent in the industry [32].

2. TMH Baltic is actively introducing and promoting electric forklifts that have low CO_2 emissions. The company also participates in the Toyota Environmental Challenge 2050 programme (Annex B), which aims to reduce the carbon footprint of companies. To this end, TMH Baltic works with partners to help them switch to environmentally friendly cargo handling solutions [28].

3. The company regularly participates in charity events organised by local communities and social organisations in the Baltic States. For example, TMH Baltic supported a fundraising campaign for an orphanage in Riga by financing the purchase of educational materials and equipment for children with disabilities [32].

4. The company actively supports professional development in the field of logistics and technology in the region. The company organises educational seminars and trainings to improve the skills of its employees. These initiatives allow local professionals to develop in the logistics sector, which contributes to the overall economic development of the region.

Toyota Material Handling Baltic LLC holds a leading position in the Baltic trucking market. Thanks to its innovative approach to business, the introduction of environmentally friendly technologies and active socially responsible activities, the company has a significant impact on both the economic development of the region and environmental protection.

The company continues to develop its business by focusing on implementing the latest solutions that enable its customers to achieve maximum results with a minimum environmental footprint.

For an objective assessment of the financial and economic state of the enterprise, it is necessary to analyse the data of financial statements and accounting, comparing indicators and coefficients. Therefore, in order to obtain a more complete description of the overall

financial and economic condition of Toyota Material Handling Baltic LLC, an aggregate balance sheet will be drawn up and analysed (Table 2.4).

Table 2.4

Aggregated comparative analytical balance sheet Toyota Material Handling Baltic LLC for 2022 and 2023

№ n/a	Balance sheet item	2022 p.		2023 p.		Changes in the reporting year compared to the previous year	
		euro	% to the total	euro	% to the total	absolute (+,-), euros	structure-tours, p.p.
1	2	3	4	5	6	7	8
Asset							
1	Property together	37566138	100	40354631	100	+2788493	-
1.1	Non-current assets	24922065	0,66	27503496	0,68	+2581431	+0,02
1.2	Current assets	12644073	0,34	12851135	0,32	+207062	-0,02
1.2.1	Inventory	6501096	0,17	7089996	0,18	+588900	+0,01
1.2.2	Trade and other receivables	4544534	0,12	4828068	0,12	+283534	-
1.2.3	Cash and cash equivalents	1598443	0,04	933071	0,02	-665372	-0,02
Liability							
1	2	3	4	5	6	7	8
1	Sources of property together	37566138	100	40354631	100	+2788493	-
1.1	Equity capital	9303982	0,25	10129586	0,25	+825604	-
1.1.1	Registered capital	4268580	0,11	4268580	0,11	-	-
1.1.2	Retained earnings	3470208	0,09	4295812	0,11	+825604	+0,02
2.	Borrowed capital	28262156	0,75	30225045	0,75	+1962889	-
2.1	Long-term liabilities	13019700	0,35	16783958	0,42	+3764258	+0,07
2.2.	Short-term borrowings	756822	0,02	669666	0,02	-87156	-
2.3.	Accounts payable	3240033	0,09	2094971	0,05	-1145062	-0,04

Continuation of Table 2.4

1	2	3	4	5	6	7	8
2.4.	Other current liabilities	295163	0,01	334014	0,01	+38851	-
2.5.	Deferred income	1975790	0,05	682018	0,02	-1293772	-0,03

Source: calculated by the author based on the materials of Annexes D and E

Having analysed the aggregated comparative and analytical balance sheet of Toyota Material Handling Baltic LLC, the following conclusions can be drawn:

1. The balance sheet currency for 2023 increased by EUR 2788493, which indicates an improvement in the financial and economic condition of the company.

2. In the structure of assets, the largest increase was due to non-current assets, which grew by EUR 258,1431. Their share in the structure of assets increased by 0.02 percentage points, which may indicate investment in long-term assets.

3. Current assets also increased, but less significantly, by EUR 2,7062. This was significantly influenced by an increase in inventories of EUR 588,900, which may be due to an increase in production volumes or the need to secure future sales.

4. On the other hand, cash and cash equivalents decreased by EUR 663572, which may indicate that cash resources were used to finance other asset items.

5. The structure of liabilities shows an increase in equity by EUR 825,604, which is a positive indicator for the company. The main factor behind this was an increase in retained earnings.

6. Borrowed capital increased by EUR 3764258, mainly due to an increase in long-term liabilities. The share of short-term liabilities, on the other hand, decreased by EUR 87156, indicating a decrease in short-term debt.

7. Deferred income decreased by EUR 1,293,772, which indicates a decrease in the company's future liabilities.

The company should pay attention to optimising the management of current assets, in particular, ensuring the rational use of inventories and maintaining a sufficient level of

liquidity. In order to reduce dependence on borrowed capital, it is recommended to intensify efforts to increase sales and increase its own profit. In the long term, the company should focus on diversifying its funding sources and reducing its credit burden.

Next, we propose to analyse in detail the key financial and economic indicators of Toyota Material Handling Baltic LLC. The relevant data for the analysis are presented in Table 2.5, which contains the main aspects of the company's financial condition assessment. Consideration of these indicators will allow us to draw deeper conclusions about the company's performance and its current economic situation.

Table 2.5

Key financial and economic indicators of Toyota Material Handling Baltic LLC for 2022 and 2023

№ n/a	Indicator.	Year		Deviation (+;-)	
		2022	2023	increase	%
1	2	3	4	5	6
1	Revenue from sales of products, EUR	32855816	34896697	+2040881	+6,2
2	Cost of goods sold, EUR	25580273	26249345	+669072	+2,6
3	Net profit, euros	1765164	2027621	+262457	+14,9
4	Cost of property, plant and equipment, EUR	24503900	27122767	+261867	+10,7
5	Registered capital, EUR	4268580	4268580	-	-
6	Average number of employees, people	190	219	+29	+15,2

Source: calculated by the author based on the materials of Annexes D and E

An analysis of the key financial and economic indicators of Toyota Material Handling Baltic LLC for 2022 and 2023 shows a positive development trend. Revenues from sales in 2023 increased by EUR 2,040,881, or 6.2%, compared to 2022. This indicates an increase in sales volumes or higher prices for products, which is a positive signal for the financial stability of the company. Cost of sales increased by €669,072 (2.6%), a lower growth rate than revenue, indicating improved production efficiency or better cost control. Net profit increased by €262,457, or 14.9%, reflecting the efficient use of the company's resources and increased profitability. This increase is illustrated in Fig. 2.2.

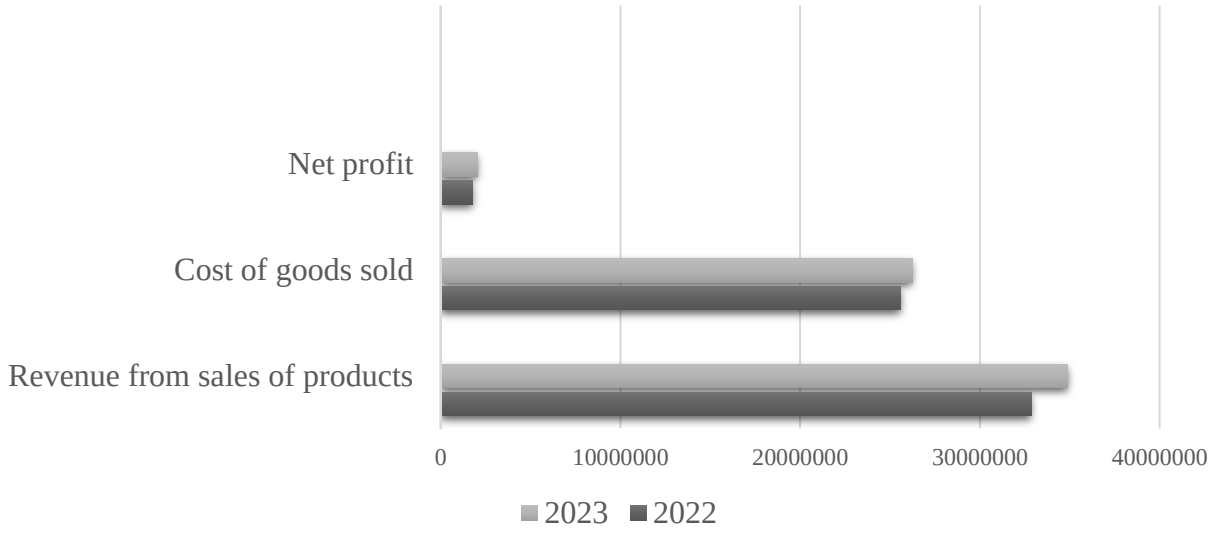


Fig. 2.2. Dynamics of changes in net revenue from sales, cost of sales and net profit of Toyota Material Handling Baltic LLC for 2022 and 2023, EUR

Source: constructed by the author

Property, plant and equipment increased by EUR 261,867 (10.7%), which may be due to investments in equipment modernisation, expansion of production capacity or acquisition of new assets. Registered capital remained unchanged at EUR 4,268,580, indicating stability in the equity structure during the period under review. The average number of employees increased by 29 people (15.2%), which may be due to the expansion of the company's activities and increased production volumes.

In general, the results of the analysis confirm the positive dynamics of the financial and economic indicators of Toyota Material Handling Baltic LLC in 2023. The growth in revenues and net profit indicates an increase in the profitability of operations, and the increase in the value of fixed assets indicates investment in long-term development. Controlling the cost of production allows the company to use available resources efficiently.

It is recommended to continue to improve the efficiency of production processes and optimise costs, as well as actively attract investments to modernise equipment and expand production capacity. It is recommended to focus on maintaining revenue growth by expanding sales markets and product range, and to ensure the rational use of the increased staff to increase labour productivity.

2.2. Accounting for the costs of socially responsible programmes at Toyota Material Handling Baltic LLC

Corporate Social Responsibility (CSR) plays an important role in the activities of modern companies, including Toyota Material Handling Baltic SIA LLC. Socially responsible programmes can include a variety of measures: improving working conditions, investing in employee development, ensuring environmental compliance of products, etc. Although the company's annual report does not provide a separate section for socially responsible activities, an analysis of the reporting documentation allows us to identify the costs of such initiatives through certain aspects of financial accounting and management.

Based on the data in the annual report (Annexes D, E), the following key areas of the company's social responsibility can be identified:

1. Improving the working environment: measures to create comfortable working conditions, workplace safety, medical examinations, etc.

2. Development and training of employees: trainings, advanced training courses, participation in professional development programmes.

3. Creation of new jobs: annual increase in the number of employees (increase by 31 people in 2023, 19 people in 2024).

4. Investments in environmental standards: production of products in accordance with European environmental standards.

5. Response to global events: suspension of operations in Russia and Belarus due to the outbreak of war in Ukraine.

To systematise the accounting of social programme expenditures, it is necessary to divide them into categories. Conventionally, the following main groups of expenses can be distinguished:

- Expenditure on improving working conditions;
- Expenditure on employee development;
- costs of creating new jobs;
- environmental investments.

Each cost group is represented by its subgroups, as shown in Fig. 2.3.



Figure 2.3. Breakdown of socially responsible activities by group

Source: compiled by the author

Accounting for socially responsible activities requires clear documentation of each transaction. The main documents that can be used to record such expenses are:

1. Management orders and instructions to implement programmes to improve working conditions, introduce new environmental standards, etc.

2. Contracts with suppliers for the provision of training or workplace modernisation services.

3. Acts of work performed to confirm the conduct of trainings, courses, and implementation of environmental measures.

4. Invoices for goods or services related to social initiatives.

5. Payrolls for remuneration of new employees or bonuses for participation in training programmes.

The Company has developed its own forms for accounting for the costs of socially responsible programmes, which help to systematise and control such costs (Annexes E, F, G, H, K, L, M, N). Examples of such forms are provided below in Table 2.6, Table 2.7, Table 2.8.

Table 2.6

Form for accounting for expenses for improving the working environment

№	Description of expenses	Amount of expenditure (EUR)	Date of expenditure	Documentary evidence	Responsible person
1	Modernisation of office premises	10000	15.03.23	Certificate of completion No. 1	Sydorenko O.
2	Procurement of labour protection equipment	5000	01.04.23	Invoice No. 23	Malanka P.
3	Medical examination of employees	3000	20.05.23	Agreement No. 54	Kozhumyaka D.

Source: compiled by the author based on Annexes F, G, H

Table 2.6 shows the costs associated with improving the working environment. These costs include the modernisation of office space, the purchase of occupational health and safety equipment, and medical examinations of employees. For each type of expenditure, the amount, date of expenditure, the relevant document (certificate of completion, invoice or contract) and the responsible person who controlled the expenditure are shown. This approach allows the company to transparently display each transaction and effectively control the use of funds for measures aimed at improving working conditions.

Table 2.7

Form for accounting for employee development costs

№	Description of expenses	Amount of expenditure (EUR)	Date of expenditure	Documentary evidence	Responsible person
1	Staff training	7000	12.06.23	Training agreement No. 45	Sydorenko O.
2	Participation in an intern. conference	2500	01.08.23	Invoice No. 67	Malanka P.

Source: compiled by the author based on Annexes K and L

Table 2.7 shows the costs associated with employee development. This includes, in particular, expenses for staff training and participation in international conferences. As in the previous table, each expense item has clear documentary evidence, including a training agreement or invoice, which allows for accurate recording of the fact that the expense was incurred. These expenses are the responsibility of the managers who oversee the implementation of the respective development programmes.

Table 2.8

Form of accounting for environmental investments

№	Description of expenses	Amount of expenditure (EUR)	Date of expenditure	The basis document	Responsible person
1	Implementation of energy efficient technologies	15000	25.07.23	Certificate of completion No. 78	Sydorenko O.
2	Certification of products according to European standards	8000	03.09.23	Invoice No. 99	Malanka P.

Source: compiled by the author based on Annexes M and H

The table below shows the company's expenses for the implementation of energy efficient technologies and certification of products according to European standards. For each cost item, several important aspects are noted: each cost area is clearly identified, including the introduction of energy efficient technologies and product certification; the amount of the cost in euros is indicated, which provides accurate information about the costs incurred by the company; and the date when the relevant transaction was carried out. It helps to keep track of the period to which the expenses relate (25.07.23 for energy efficient technologies and 03.09.23 for certification); a document confirming the fact of the expenses and serving as the basis for accounting for these expenses in the books; each cost process is accompanied by the identification of a responsible person who is responsible for making the expenses and controlling their correct registration.

The table above is an example of a clear and transparent cost accounting system at an enterprise, where each cost area is documented and controlled by certain persons. This

allows the company to ensure effective cost management by adhering to proper document flow procedures and financial discipline.

The company's document management methodology is based on the principles of transparency, documentary evidence of expenses and distribution of responsibility between individuals. Each transaction is recorded with the help of approved documents (acts, invoices, contracts) that confirm the intended use of funds. Such a system allows the company not only to control expenses but also to ensure effective cost audit and financial reporting.

Successful management of socially responsible programme expenses at Toyota Material Handling Baltic LLC provides a number of significant benefits for management accounting.

Firstly, improved cost control and optimisation. Documented accounting of expenditures on socially responsible programmes allows the company's management to exercise precise control over each category of expenditure. By clearly systematising data, the company can identify cost overruns or underfunding in certain areas; analyse how spending on various programmes (improving working conditions, environmental investments, employee development) affects overall performance; and optimise budgets by identifying which programmes bring the most benefit or require changes to achieve better efficiency.

For example, through regular cost analysis, it can be determined that investments in employee training lead to a reduction in production errors, which has a positive impact on productivity and product quality.

Secondly, an accurate analysis of the impact of social programmes on financial results. Maintaining detailed documentation allows for responsible analyses of how spending on social programmes affects the company's key financial indicators. For example, spending on improving working conditions can reduce occupational injuries and sickness absence, which directly increases overall production efficiency and reduces compensation costs; and training employees can increase their productivity, increase engagement and reduce staff turnover. By documenting these costs, you can measure the effectiveness of each programme and track how they contribute to productivity and financial goals;

environmental investments can reduce the cost of fines for environmental violations and create new markets for environmentally friendly products, which can increase a company's revenue.

Thirdly, maintaining documentation of socially responsible expenditures makes it possible to more accurately predict future expenses and plan appropriate budgets. Based on past experience, the company can predict:

- what costs for improving working conditions or training employees should be included in the budget for the next year;

- which programmes require additional resources and which can be optimised or reduced without negative consequences for the business;

- how changes in macroeconomic conditions, such as new environmental requirements or social trends, may affect future costs.

This helps to reduce uncertainty in decision-making and develop strategies aimed at increasing business resilience to risks.

The fourth benefit is the increased transparency of the company to external and internal stakeholders. This is important for both investors and regulators.

Fifth, risk mitigation and effective management. Socially responsible programmes, especially those related to environmental investments, occupational health and safety, and employee welfare, are directly linked to a company's risk management. Clear accounting allows us to identify, assess and minimise these risks. For example: investments in environmental technologies reduce the risk of fines and legal consequences due to violations of environmental regulations, as well as the risk of reputational damage; occupational health and safety programmes reduce the risk of accidents at work, as well as the corresponding legal and financial consequences (compensation payments, production downtime, etc.).

We can also highlight the motivation and engagement of staff. Transparent and documented expenditures on employee development and support help to increase employee motivation and engagement. Documenting such expenditures in accounting forms also allows managers to analyse which programmes have an impact on employee motivation and where further development is needed.

Systematic and documented accounting of the costs of socially responsible programmes provides Toyota Material Handling Baltic LLC with ample opportunities to improve the efficiency of management decisions. It allows not only to optimise costs, but also to better understand how social initiatives affect overall business performance. Such documentation helps to increase staff motivation, reduce risks, improve the company's reputation and ensure long-term sustainable development.

In order to correctly reflect the costs of social programmes in accounting, a company has its own extensive chart of accounts, including the following:

4540 – «Production costs»;

4541 – «Expenses for the production of parts»;

1790 – «Deferred expenses»;

4110 – «Cost of goods sold»;

4527 – «Administrative expenses»;

5720 = «Sales expenses»;

6090 – «Other selling expenses»;

6490 – «Other administrative expenses»;

6993 – «Donations and gifts»;

7610 – «Education and training»;

7622 – «Health care»;

7632 – «Entertainment for staff».

All of the above accounts are used by an enterprise for the purposes of accounting for socially responsible activities. It should be noted that up to six additional variables can be used alongside the debit/credit account to help the company further disaggregate and analyse all socially responsible activities. Fig. 2.4 shows a typical posting used by a company to record the cost of a health and safety training course for service workers.

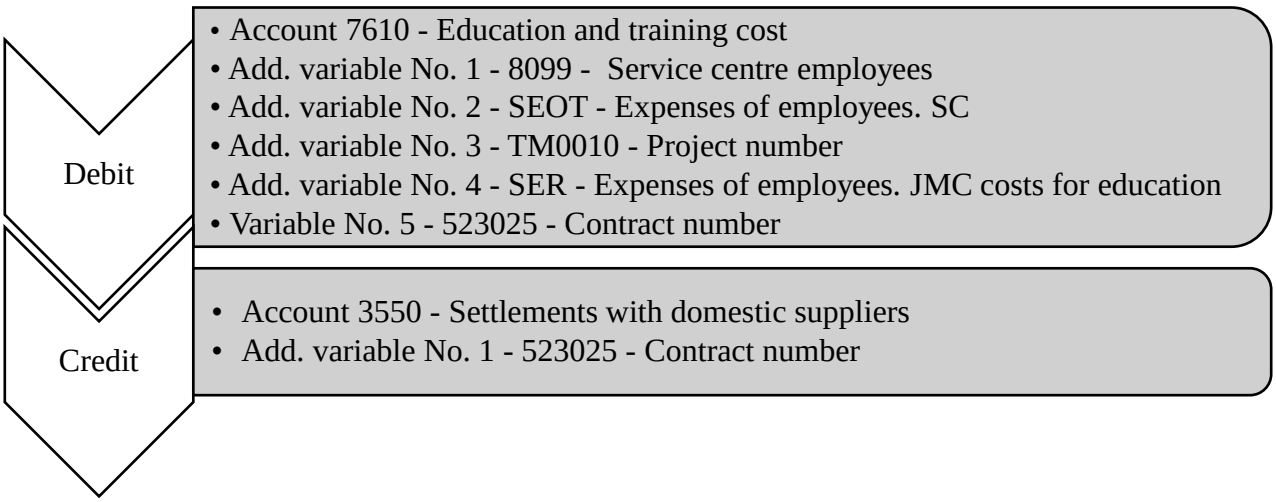


Fig. 2.4. Wiring used by Toyota Material Handling Baltic LLC in a given situation

Source: compiled by the author

Expenditures on socially responsible programmes are an important part of Toyota Material Handling Baltic LLC's activities. They not only contribute to improving working conditions, employee development and enhancing the company's reputation, but also have a direct impact on financial results. A systematic approach to accounting for such expenses helps to ensure transparency, cost control and effective integration of social initiatives into the company's overall business strategy.

2.3. Recommendations for improving the accounting of socially responsible activities in Toyota Material Handling Baltic LLC

In order to optimise the accounting of socially responsible programme costs at Toyota Material Handling Baltic LLC, it is important to implement several recommendations that will help improve management and financial control over such costs, ensure their transparency and increase the efficiency of spending on social initiatives.

The first recommendation is to expand and detail the accounting items related to socially responsible activities. At this point, it is important to go beyond general categories such as training costs, labour improvements or environmental investments. Each of these

items should be disaggregated so that management can clearly understand what expenditures are being made and how they affect operations.

For example, we recommend dividing training costs into several subcategories: staff development training, occupational health and safety training, and leadership programmes for managers. Each of these subcategories should be accounted for separately for further analysis of the effectiveness of the invested funds.

Similarly, we recommend dividing environmental investments into the implementation of new environmental standards, modernisation of production to reduce harmful emissions, and the development of new green products. This will allow the company to more accurately track which expenditures are most effective and which programmes require optimisation or additional funding.

The second aspect is to implement a system of regular monitoring and evaluation of the results of socially responsible programmes. It is important to create an internal system of performance indicators (KPIs) for each social initiative [25], which will allow not only to control costs but also to assess their contribution to the company's development.

For example, for training programmes, we recommend setting targets for increasing employee productivity, reducing the number of production errors, or increasing employee satisfaction.

For environmental investments, the indicators may include a reduction in air emissions, lower energy costs or compliance with international environmental standards.

In addition, we propose to develop a mechanism for assessing the long-term effects of socially responsible activities, such as the impact on the company's reputation, customer loyalty and increased brand value.

Another important recommendation is to introduce automated accounting systems to keep track of socially responsible programmes. The use of modern software solutions will significantly improve the accuracy and speed of cost accounting, reduce the risk of data entry errors and provide convenient access to information for the company's management. It will also make it easy to integrate information on social initiative expenditures into general management accounting and financial reports, which will help make informed decisions about further investments in socially responsible programmes. In addition, automated

accounting systems will make it easy to prepare reports for external stakeholders, such as investors, regulators and partners, which will add transparency to the company's social activities.

Particular attention should be paid to improving the documentation of transactions related to socially responsible programmes. Each transaction related to expenditures on these programmes should have appropriate justification and supporting documents, such as contracts for training services, invoices for upgrading production lines, or certificates of completion for the implementation of environmental standards. This will not only facilitate the internal and external audit process, but also reduce the risks of financial irregularities or misuse of funds. It is also important to implement an internal control system to verify the effectiveness of the use of resources allocated to social programmes to prevent possible misuse or inefficient allocation of resources.

The next important step is to improve the internal communication system and raise employees' awareness of the company's socially responsible activities. To do this, it is necessary to develop internal reports that will inform employees about the achievements of social programmes and their impact on the company's development. Regular internal presentations or meetings dedicated to the results of such programmes will help to increase staff motivation and involvement in social initiatives. It is also important to conduct surveys among employees to determine which programmes they find most useful and how they assess their working conditions and development opportunities. This will allow management to better tailor social initiatives to the needs and expectations of employees.

Another important area is the introduction of a system for accounting for non-financial indicators. In addition to traditional financial costs, a company should also take into account indicators such as reducing the number of occupational injuries, increasing customer satisfaction with eco-friendly products, or reducing negative environmental impact. These indicators can be integrated into the overall management reporting system so that the company's management has a complete picture of the impact of socially responsible programmes not only on financial results but also on the sustainable development of the business as a whole.

For illustrative purposes, Table 2.9 provides examples of the main costs of socially responsible programmes and their impact on business.

Table 2.9

Accounting for the costs of socially responsible programmes at Toyota Material Handling Baltic LLC

Expense category	Amount of expenses, EUR	Expected result	Implementation period	Performance indicators (KPIs)
1	2	3	4	5
Employee training	50000	Improving skills, increasing productivity	12 months	Increased productivity by 15% and reduced the number of errors.
Improving working conditions	30000	Reducing injuries, increasing employee motivation	6 months	Reduced the number of injuries by 20% and increased employee satisfaction by 10%.
Environmental investments	100000	Reducing harmful emissions, improving the company's reputation	18 months	Reduction of CO2 emissions by 25%, compliance with environmental standards.
Social initiatives, charity	20000	Improving reputation among customers and partners	Constantly	Positive feedback from customers and partners, and an increase in the number of social projects.
Investing in new jobs	40000	Increase in the number of employees, decrease in unemployment	12 months	Creation of 19 new jobs in 2024, reduction of staff turnover.
Occupational health and safety training	15000	Reducing operational risks and improving safety	6 months	Reduced the number of safety violations by 30%.
Modernising technology	80000	Improving production efficiency and environmental compliance	24 months	Reduced energy costs by 15% and increased productivity by 10%.

Source: compiled by the author

As you can see from the table, each category of expenses can have a different financial and non-financial impact on the company, and accurate accounting of such expenses will allow management to manage resources more efficiently, focusing on those programmes that bring the most benefit, which will contribute to the long-term development of the business.

CHAPTER 3. CONTROL AND ANALYSIS OF SOCIALLY RESPONSIBLE ACTIVITIES ON THE EXAMPLE OF TOYOTA MATERIAL HANDLING BALTIC LLC

3.1. Control of socially responsible activities and ways of improvement on the example of Toyota Material Handling Baltic LLC

Toyota Material Handling Baltic LLC controls its socially responsible activities (SRM) through an integrated management system that includes a number of elements to ensure compliance with corporate values and international standards. These activities are aimed at meeting social, environmental and economic obligations that are key to the company's sustainable development.

The main areas of IED control at Toyota Material Handling Baltic include:

1. Social responsibility towards employees

The company actively implements programmes aimed at improving working conditions, professional development and employee safety. In particular, the social responsibility control system includes monitoring of working conditions, observance of employees' rights and occupational safety measures. The effectiveness of these measures is assessed through regular internal audits, employee surveys and analysis of incidents involving injuries or violations at the workplace. The main indicators of social responsibility for 2023 at Toyota Material Handling Baltic are presented in Table 3.1.

Table 3.1

Social responsibility indicators for 2023 at Toyota Material Handling Baltic LLC

№	Indicator.	Meaning.
1	2	3
1	Number of trainings for employees	50
2	Percentage of employees satisfied with working conditions	92%
3	Number of accidents	0
4	Investments in occupational health and safety	100 000 €
5	Percentage of employees who have completed advanced training	85%
6	Number of internal surveys to assess working conditions	4 per year
7	Percentage of women in management positions	35%

Continuation of Table 3.1

1	2	3
8	Average length of time employees have been with the company	7 years
9	Percentage of employees using company health insurance	100%
10	Frequency of employee participation in volunteer programmes	60%
11	Number of hours spent on charity projects	500 hours
12	Percentage of employees participating in corporate safety events	98%
13	Percentage of employees using flexible working hours	45%
14	Increasing the number of women in technology departments	+10% compared to 2022

Source: compiled by the author based on [27, 29]

2. Environmental responsibility

Toyota Material Handling Baltic pays considerable attention to minimising its environmental impact (Table 3.2). The company systematically monitors energy consumption, carbon emissions and resource efficiency. The monitoring is carried out through regular reports on sustainability indicators in accordance with ISO 14001 standards. As part of its carbon footprint reduction programme, the company invests in new technologies to reduce the use of hazardous materials and improve energy efficiency.

Table 3.2

Environmental performance of Toyota Material Handling Baltic LLC for 2023

№	Indicator.	Meaning.
1	2	3
1	CO_2 emissions (tonnes)	250
2	Energy consumption (MWh)	1200
3	Amount of recycled waste recycled	80%
4	Reduction in energy consumption over the year	10%
5	Amount of renewable energy used	25%
6	Percentage reduction in plastic use	12%
7	Percentage of electric vehicles in the corporate fleet	30%
8	Number of projects implemented to reduce greenhouse gas emissions	4 projects
9	Percentage of products that meet ISO 14001 environmental standards	100%

Source: compiled by the author based on [24, 30]

Over the past five years, Toyota Material Handling Baltic has made significant progress in implementing environmental initiatives, including increasing the share of renewable energy and increasing the level of waste recycling. The company is actively investing in technologies that minimise energy consumption, reduce greenhouse gas emissions and reduce its environmental footprint. One of the key areas was the introduction of innovative resource management systems, which helped the company reduce water and energy consumption and increase the share of recycled materials. Particular attention is also paid to the transition to electric vehicles in the corporate fleet, which helps to reduce CO_2 emissions and the overall carbon footprint. Toyota Material Handling Baltic has implemented comprehensive measures to monitor and evaluate its environmental impact, which allows it to manage its processes more efficiently and achieve new environmental goals.

To create a chart, we suggest visualising the CO_2 emissions reduction in Toyota Material Handling Baltic LLC over the past five years. The chart will help show the company's progress in achieving its environmental goals.

To build a graph of CO_2 emissions over the past five years, we propose to use the following data, which shows the reduction of emissions due to the introduction of new technologies and initiatives (Table 3.3).

Table 3.3

Data for the CO_2 emissions graph (in tonnes)

Year	CO_2 emissions (tonnes)
2019	400
2020	370
2021	330
2022	290
2023	250

Source: compiled by the author based on [24, 30]

The dynamics of CO_2 emissions reduction by Toyota Material Handling Baltic SIA LLC (2019-2023) is shown in Fig. 3.1.

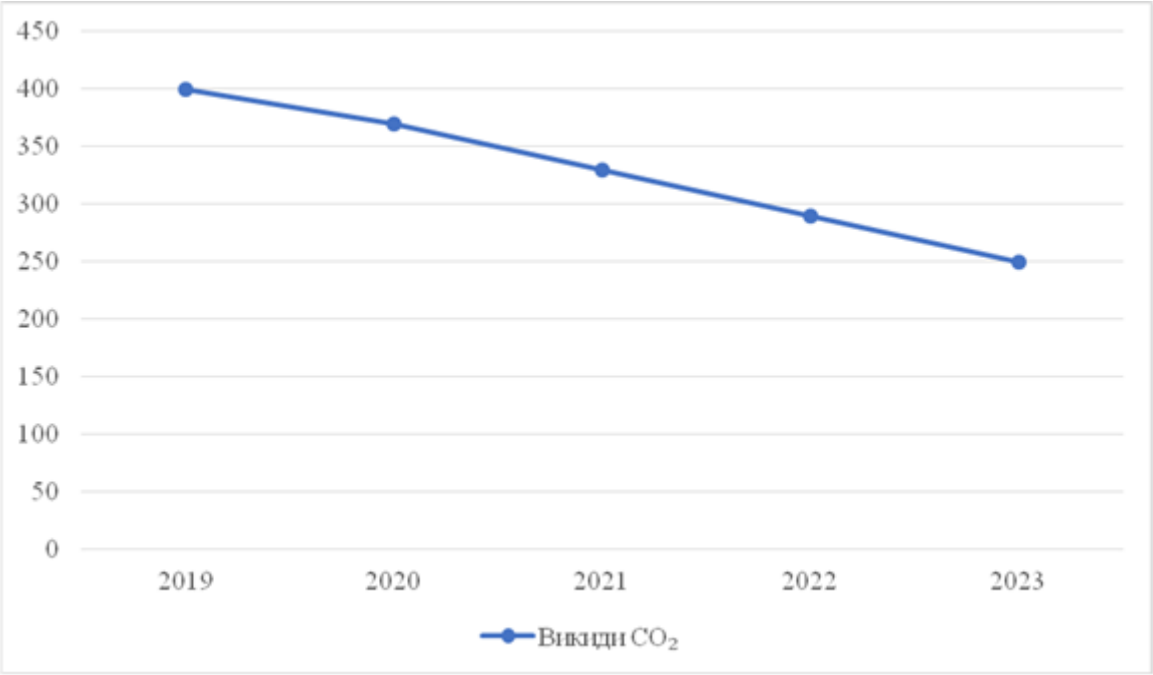


Fig. 3.1. Graph of changes in CO_2 emissions of Toyota Material Handling Baltic SIA LLC (2019-2023)

Source: compiled by the author

The graph shows a gradual decrease in CO_2 emissions over the past five years. This demonstrates the company's efforts towards environmental responsibility. Since 2019, Toyota Material Handling Baltic has been actively implementing energy-efficient technologies, modernising production processes and increasing the use of renewable energy sources, which has led to a significant reduction in CO_2 emissions from 400 tonnes in 2019 to 250 tonnes in 2023.

3. Responsibility to customers and partners

Toyota Material Handling Baltic is actively working to maintain ethical standards in its relationships with customers and suppliers. Controls in this area include regular analysis of customer satisfaction, contract performance, and compliance with product quality standards. The company uses a customer and partner feedback mechanism to monitor customer satisfaction and responds to their comments, which allows it to improve processes and products.

4. Reputation management and ethical compliance

Reputational risks are also an important part of ICS control. Toyota Material Handling Baltic adheres to international standards of transparency and integrity in its operations. Independent external audits are conducted annually to assess the effectiveness of the ICS, including compliance with anti-corruption measures and ethical standards. The company is also actively working to raise the level of corporate ethics among its employees through training and awareness campaigns.

The control of socially responsible activities at Toyota Material Handling Baltic LLC is a comprehensive process that covers all key aspects of sustainable development - from social responsibility to employees and customers to environmental responsibility and ethics management. Through regular audits, employee involvement and continuous modernisation of approaches, the company maintains high standards of corporate responsibility and continues to improve its operations in line with international standards.

The procedure for controlling socially responsible activities (SRA) at Toyota Material Handling Baltic LLC is a comprehensive process that covers various aspects of the company's activities. The main goal is to ensure compliance with social, environmental and economic standards, as well as to create a positive impact on employees, society and the environment.

Controlling SRM in a company starts with defining a clear strategy that includes corporate values and long-term goals of the company. Toyota Material Handling Baltic uses a sustainability strategy focused on three main areas: social responsibility towards employees, environmental responsibility and ethical relations with partners and customers. This strategy is based on international standards such as ISO 26000 (social responsibility guidelines) and other global initiatives [24].

The company has a management system in place that is responsible for implementing social responsibility measures. The basis is a management system based on international standards such as ISO 14001 (environmental management) and OHSAS 18001 (occupational health and safety). This system covers risk assessment procedures, monitoring of compliance with health and safety and environmental standards, and analysis of results.

The control of the SRS includes regular internal audits, which assess the compliance of the company's activities with the established standards. Internal audits are conducted at

least once a year and cover all key aspects of social responsibility. The audits analyse performance indicators such as employee satisfaction, the number of trainings conducted, the state of the working environment and compliance with environmental standards. The results of these audits allow the company to identify weaknesses and improve processes.

One of the key elements of control is the systematic monitoring of environmental performance. Toyota Material Handling Baltic continuously collects data on energy consumption, greenhouse gas (CO_2) emissions, waste recycling and the use of renewable energy sources. For this purpose, we use automated data collection and reporting systems. These indicators are regularly evaluated at the management level, and decisions on process improvement are made based on them.

Another important element of control is the monitoring and evaluation of social initiatives. The company pays considerable attention to the professional development of its employees by offering regular training and educational programmes. A feedback system is being implemented to assess the effectiveness of these programmes and the level of employee satisfaction. Toyota Material Handling Baltic also monitors the participation of its employees in volunteer and charity programmes to assess the impact on local communities [27].

The occupational health and safety management system is one of the most important areas of control over socially responsible activities. The company adheres to OHSAS 18001 standards and implements safety control procedures at workplaces. Safety training for employees is regularly conducted, as well as risk assessments at work. All incidents or potential hazards are analysed, and measures to prevent injuries are developed based on this [27].

In addition to internal controls, the company regularly undergoes external audits by independent organisations, namely PWC (Annex D), to confirm its compliance with international standards. For example, external auditors may verify compliance with environmental standards (ISO 14001) or social commitments. External audits are an important element in ensuring the transparency of a company's operations and enhancing its reputation in the market.

To assess the effectiveness of its ethical standards and socially responsible activities, the company actively uses feedback from its partners and customers. To this end, the company has implemented a system of regular surveys and feedback analysis that allows the company to assess the level of satisfaction with its products and services, as well as compliance with ethical standards. This allows not only to improve customer service but also to improve internal processes.

A separate aspect of control is regular reporting on socially responsible activities. Toyota Material Handling Baltic publishes annual reports detailing the results of its CSR initiatives. These reports include data on environmental performance, safety measures, employee training and other social initiatives. This reporting is public and accessible to partners, investors and the general public.

Based on the analysis of the results of internal and external audits, feedback from employees and customers, and monitoring of indicators, the company develops corrective measures. These may include changing environmental policies, upgrading equipment to improve workplace safety, expanding social support programmes for employees, or introducing new corporate ethics training.

The control of socially responsible activities at Toyota Material Handling Baltic LLC is a multi-level process that includes internal and external audits, systematic monitoring of indicators, and the participation of employees and customers in evaluation and improvement processes. Through a systematic approach and the integration of international standards, the company ensures sustainable development, reduces its environmental impact and improves working conditions.

Several strategic recommendations can be made to improve the monitoring of socially responsible activities at Toyota Material Handling Baltic LLC. These recommendations are aimed at increasing the efficiency of monitoring, improving environmental and social performance, and strengthening the corporate culture of social responsibility.

1. Strengthen employee feedback: Effective social responsibility monitoring is closely linked to employee engagement. It is recommended to introduce regular anonymous surveys to collect feedback from employees on working conditions, satisfaction with

training and development programmes, and environmental initiatives. The results can be used to adjust social responsibility policies and improve working conditions.

2. Increase transparency and regularity of reporting: Toyota Material Handling Baltic could improve its reporting process by publishing more regular interim social responsibility reports that include data not only on key indicators (emissions, energy consumption), but also on social initiatives, gender equality, health and safety, and employee well-being. More frequent updates and the involvement of external auditors to verify the indicators will help increase the trust of partners and the public in the company's activities.

3. Deepening cooperation with local communities: To strengthen its social responsibility, a company can increase its involvement in local development programmes. This may include partnerships with NGOs, universities and other businesses to jointly implement social and environmental projects. Cooperation with local communities will help to improve the company's image and its contribution to solving pressing social problems.

4. Expand training programmes on environmental responsibility: training employees on environmental aspects of operations should be an ongoing process. It is recommended to expand education and training programmes aimed at raising awareness of the importance of sustainable development and environmentally responsible behaviour. This will help employees to better understand how their activities affect the company's environmental performance and the environment, and will encourage them to become more involved in environmental initiatives.

5. Ensure continuous improvement: social responsibility management should not be a static process, but a continuous improvement. Companies should regularly review and update their policies and strategies to respond to new challenges and opportunities. This may involve evaluating the goals achieved, reviewing performance, and setting new ambitious plans to reduce environmental impact and raise social standards.

3.2. Analysis of the efficiency of Toyota Material Handling Baltic LLC

Analysing the efficiency of a company is an important part of assessing its financial position and performance. One example of a successful business in the industrial machinery sector is Toyota Material Handling Baltic, a regional division of Toyota Material Handling Corporation that provides trucks, maintenance and other services to customers in the Baltic States.

To assess the company's performance, we will analyse its financial statements using several indicators, including liquidity, solvency and profitability. This analysis will allow us to draw conclusions about the company's position in terms of its ability to cover its short-term liabilities, the level of debt burden, and the level of profitability over time. This is important for both potential investors and current shareholders, as it allows them to assess the company's future development potential.

Liquidity analysis allows assessing the ability of an enterprise to timely cover its current liabilities with available assets (Table 3.4) [37].

Table 3.4

Analysis of the liquidity of Toyota Material Handling Baltic LLC for the financial years 2021-2023

№	Indicator	FY 2021, EUR	FY 2022, EUR	FY 2023, EUR	Deviation 2023 compared to 2022
1	2	3	4	5	6
1	Current assets	10788748	12644073	12851135	+207062
2	Current liabilities	14978575	15242456	13441087	-1801369
3	Inventory	4976517	6501096	7089996	+588900
4	Cash	1983962	1598443	933071	-665372
5	Short-term financial investments	-	-	-	-
6	Total liquidity ratio	0,72	0,83	0,96	+0,13
7	Fast liquidity ratio	0,39	0,40	0,43	+0,03
8	Absolute liquidity ratio	0,13	0,11	0,07	-0,04

Source: compiled by the author on the basis of Annexes D and E

Based on the liquidity table of Toyota Material Handling Baltic LLC for the 2021-2023 financial years, we will conduct a detailed analysis of each of the indicators and identify possible reasons for their changes.

The total liquidity ratio shows the extent to which current assets cover current liabilities. In 2021, the ratio was 0.72, in 2022 it increased to 0.83, and in 2023 it reached 0.96. The increase of 0.24 over two years indicates a gradual improvement in the company's ability to cover its short-term liabilities. Possible reasons for this increase include an increase in current assets (+€207062 in 2023) and a significant decrease in current liabilities (-1801369 in 2023). This trend indicates an increase in the financial stability of the company.

The quick ratio demonstrates the ability of a company to repay short-term liabilities with assets that can be quickly converted into cash (excluding inventories). In 2021, the indicator was 0.40, in 2022 it rose to 0.47, and in 2023 it was 0.50. An increase of 0.10 over two years indicates an improvement in the company's ability to meet its obligations. This is confirmed by the growth of current assets and the reduction of current liabilities, although a decrease in cash of -€665,372 in 2023 limited this improvement.

The absolute liquidity ratio determines the proportion of current liabilities that can be immediately covered by cash and short-term financial investments. In 2021, it stood at 0.13, increased to 0.17 in 2022, but decreased to 0.13 in 2023. The decrease of 0.04 in 2023 was due to a significant decrease in cash of EUR 665,372. This indicates possible difficulties with the immediate fulfilment of obligations if necessary.

The increase in current assets (+€207062) contributed to the improvement in total and quick liquidity, indicating an increase in resources to cover liabilities.

The decrease in current liabilities (-180,369 euros) had a positive impact on all liquidity ratios, improving the company's financial stability.

The decline in cash (-€665,372) had a negative impact on the absolute liquidity ratio, which is a worrying signal about the ability to meet short-term liabilities quickly.

Based on the results of the liquidity analysis of Toyota Material Handling Baltic LLC for 2021-2023, it can be concluded that the company's overall financial stability has improved due to an increase in current assets and a decrease in current liabilities. However,

the decrease in cash indicates the need to manage financial resources more carefully to avoid possible difficulties in case of need to cover immediate obligations.

Overall, the company's liquidity has improved, but it is important to pay attention to maintaining sufficient cash to support financial stability in the short term.

The solvency (or financial stability) of an enterprise characterises its ability to repay its long-term liabilities (Table 3.5).

Table 3.5

Analysis of the solvency of Toyota Material Handling Baltic LLC for the financial years 2021-2023

№	Indicator.	FY 2021, EUR	FY 2022, EUR	FY 2023, EUR	Deviation 2023 compared to 2021
1	2	3	4	5	6
1	Equity capital	7535239	9303982	10129586	+2594347
2	Total assets	34396364	37566138	40354631	+5958267
3	General commitments	26861125	28262156	30225045	+3363920
4	Coefficient of autonomy	0,22	0,25	0,25	+0,03
5	Financial leverage ratio	3,55	3,04	2,98	-0,57
6	Liability coverage ratio	0,78	0,75	0,75	-0,03

Source: compiled by the author on the basis of Annexes D and E

Based on the solvency table of Toyota Material Handling Baltic LLC for the 2021-2023 financial years, we will conduct a detailed analysis of each of the indicators and identify the reasons for the changes.

The autonomy ratio reflects the share of equity in the overall structure of financing the company's assets. In 2021, the indicator was 0.22, in 2022 it remained at 0.25, and in 2023 it also retained this level. The increase of 0.03 in 2021-2023 indicates that the share of equity in total assets is gradually increasing. This is due to a significant increase in equity of +€2594347, which indicates the strengthening of the company's financial independence and self-financing capacity.

The financial dependency ratio shows the degree of a company's dependence on borrowed capital. In 2021, the ratio was 4.58, in 2022 it was 4.0, and in 2023 it decreased to 3.75. A decrease of 0.83 over two years indicates a decrease in dependence on borrowed

funds, which is explained by an increase in equity and total assets (+€5958267) with a moderate increase in liabilities.

The liability coverage ratio describes the share of liabilities in the company's total assets. In 2021, the ratio was 0.78, remained stable in 2022, and decreased to 0.75 in 2023. A slight decrease of 0.03 indicates that liabilities are decreasing compared to total assets. Although total liabilities increased by +€336,3920, this increase was offset by an increase in assets.

The increase in equity (+€2594347) had a positive impact on the autonomy ratio and reduced the company's financial dependence.

The growth in total assets (+€595,826,267) helped maintain the balance between liabilities and equity, which explains the stability of financial indicators.

The increase in total liabilities (+€336,3920) partially affected the liability coverage ratio, but their relative share decreased due to the growth of assets.

"Toyota Material Handling Baltic LLC demonstrates positive dynamics of financial indicators in 2021-2023. An increase in equity, a decrease in the financial dependency ratio, and a stable liability coverage ratio indicate an improvement in the company's financial structure. The company is successfully reducing its dependence on debt financing while strengthening its solvency.

In general, the company is gradually strengthening its financial independence, which allows it to better withstand possible economic risks and maintain a stable financial structure.

Analysis of profit growth dynamics allows us to assess how successfully a company increases its financial results over time (Table 3.6).

Table 3.6

Analysis of the dynamics of profit growth of Toyota Material Handling Baltic LLC for the 2021-2023 financial years

№	Indicator.	FY 2021	FY 2022	FY 2023
1	2	3	4	5
1	Net profit, euros	1343049	1768743	2025605

Continuation of Table 3.6

2	Operating profit, euros	1629855	1870366	2457045
3	Revenue, euros	29220862	32855816	34896697
4	Net profit growth rate, %.	x	31,696	14,522
5	Growth rate of operating profit, %.	x	14,757	31,367
6	Revenue growth rate, %.	x	12,440	6,212

Source: compiled by the author on the basis of Annexes D and E

The increase in net profit in 2023 by 14.522% indicates a positive trend in the company's financial results. However, the growth rate decreased compared to the previous year (31.696% in 2022). This may be due to various factors, such as an increase in the cost of operating and financial liabilities, or external economic conditions that affected the company's ability to increase profitability.

Operating profit increased significantly in 2023 by 31.367%, indicating an improvement in the company's operating efficiency. This may be the result of increased productivity, optimisation of operational processes, or growth in revenues from core business. The increase in operating profit is a positive signal of the company's performance, despite the slowdown in net profit growth.

The revenue growth rate in 2023 decreased to 6.212%, compared to 12.440% in 2022. This may be a sign of some market saturation or stabilisation of sales. Although revenue continues to grow, the rate of growth is slowing, which may indicate a need for new strategies to increase sales or expand into new markets.

The decline in net profit growth may be due to higher costs or lower profitability, which affected the final financial result, even if operating profit grew.

The significant increase in operating profit reflects the company's improved operational efficiency. Possible factors behind this growth include cost optimisation and improved operational performance, which resulted in higher operating profit.

The slowdown in revenue growth may be due to external economic conditions or competition in the market, which may have limited the company's ability to increase sales.

"Toyota Material Handling Baltic LLC demonstrates stable growth in financial indicators, but with some slowdown in revenue and net profit growth in 2023. Nevertheless,

operating profit increased significantly, indicating an increase in the company's operating efficiency. The slowdown in revenue growth indicates a possible need for new strategic approaches to maintain stable growth in the future.

The company maintains positive profitability dynamics, but further development may require a focus on increasing profitability and expanding market opportunities.

The general analysis of the liquidity, solvency and profit growth dynamics of Toyota Material Handling Baltic LLC for the financial years 2022-2023 indicates a stable financial position with a gradual improvement trend.

The company demonstrates positive changes in liquidity, which indicates the ability to cover current liabilities with current assets. The improvement in the total and quick ratios indicates that the company has sufficient resources to maintain its solvency in the short term, although the decline in absolute liquidity may indicate a smaller cash reserve for urgent expenses.

The company maintains a stable capital structure with a slight increase in equity and a slight decrease in dependence on external financing. This indicates an improvement in financial autonomy, which is a positive factor for long-term financial stability. Minor changes in the ratios are not critical and reflect the gradual strengthening of the company's financial structure.

The results of profit dynamics show a steady increase in both net and operating profit. Although the growth rate slowed slightly in 2023 compared to the previous year, the overall trend remains positive. An increase in revenue indicates an increase in sales or an improvement in the efficiency of the company's operations.

Toyota Material Handling Baltic LLC demonstrates a stable financial position with positive development dynamics. Improved liquidity, a balanced capital structure, and stable profit growth indicate that the company is on the right track to maintain its financial stability and efficiency. However, the company should pay attention to a slight decline in absolute liquidity and potential risks associated with a decrease in cash reserves.

3.3. Economic modelling of the profit of Toyota Material Handling Baltic LLC

Building economic models is an important step in conducting a qualitative analysis and further forecasting of a company's financial results. Such models allow not only to assess the current state of the company, but also to predict its further development under various scenarios. The use of forecasting models in business planning helps to identify optimal strategies, assess risks, and identify potential areas for improving performance. In today's environment of dynamic market changes and high competition, the use of economic modelling is becoming an important tool for ensuring the sustainability of an enterprise and achieving its strategic goals.

Toyota Material Handling Baltic LLC is an enterprise that has been demonstrating a steady increase in financial performance in recent years. According to the results of the analysis, the company's net profit is showing positive dynamics, which is the result of efficient operating activities, revenue growth and the introduction of modern approaches to cost management. These factors lead to the conclusion that there are favourable conditions for the company's further development. In such circumstances, there is a need to forecast profits for future years, which will allow us to assess the company's prospects and make appropriate management decisions.

One of the most convenient and accessible tools for building economic models is Excel. Thanks to its analytical functions, this programme allows you to perform a wide range of tasks: from data analysis to building complex forecasts. In particular, when forecasting financial indicators, it is useful to use linear regression, which allows you to model the dependencies between variables and identify trends based on historical data.

To conduct economic modelling based on the analysis of the profit dynamics of Toyota Material Handling Baltic LLC, a model can be built in Excel for further forecasting, scenario analysis and optimisation (Fig. 3.2).

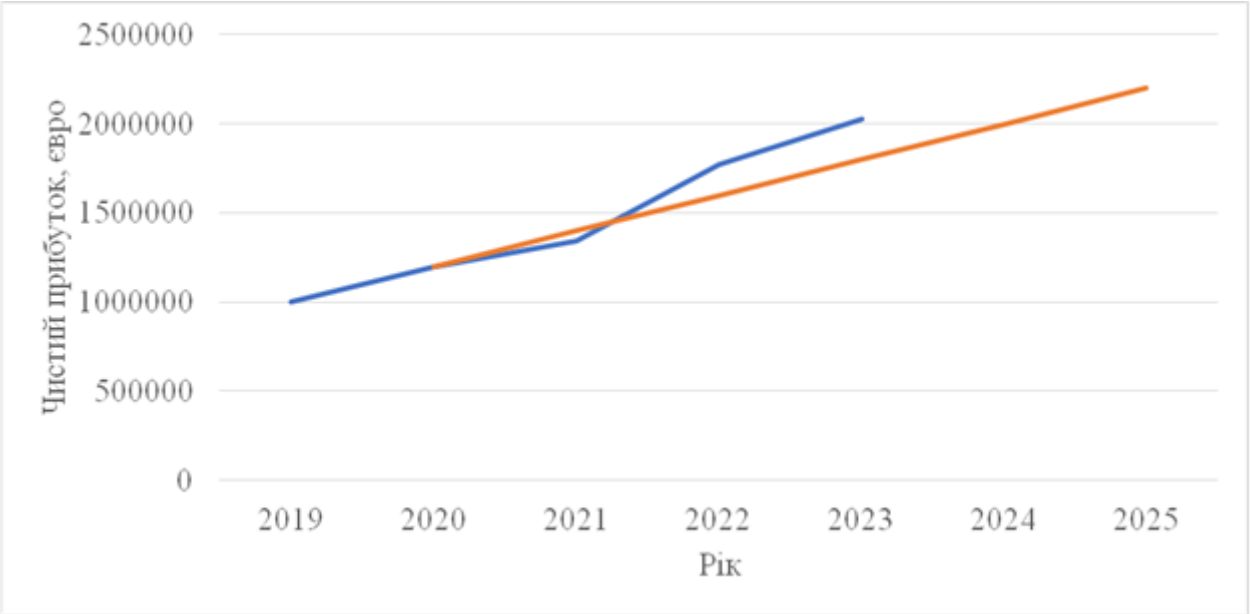


Fig. 3.2. Forecast profit model for 2024 and 2025

Source: compiled by the author on the basis of Annexes D and E

The forecast profit model for Toyota Material Handling Baltic LLC is based on net profit data for 2019-2023. During this period, the company demonstrated a steady increase in profitability, which indicates a positive trend in business development. For example, net profit increased from €1,200,000 in 2020 to €2,025,605 in 2023. This period is characterised by a steady growth of 20-30% on average annually, which is evidence of the company's high performance.

Excel functions, including FORECAST and graphing tools, were used to forecast profits for 2024 and 2025. The use of a linear trend allows us to extrapolate the available data to subsequent periods, predicting further profit growth. Based on the results, net profit is expected to reach approximately EUR 2,150,000 in 2024 and EUR 2,250,000 in 2025. These values indicate a continuation of the positive trend that characterised the previous years.

The use of a linear regression model is reasonable for analysis and forecasting in the short term, as this method allows taking into account the main patterns of business development. At the same time, it is worth considering the possible limitations of this approach. For example, in the long term, the accuracy of the model may decline due to changes in the external environment (economic crises, regulatory changes) or internal

factors (structural changes in the company, technological innovations). Therefore, forecast data should be used with caution, taking into account the possibility of deviations in actual results.

The built model allows not only forecasting but also analysing different scenarios. For example, an enterprise can change assumptions about revenue growth rates or cost levels to assess the impact of these changes on future profits. In addition, the model can be used to optimise management decisions, such as selecting investment projects or developing strategies for expanding sales markets.

To sum up, the 2024-2025 profit forecast model built in Excel is an important tool for making strategic decisions. It allows not only to estimate potential financial results but also to identify risks and opportunities for the company's growth. "Thanks to the use of such models, Toyota Material Handling Baltic LLC can plan its activities more effectively, ensuring sustainable development in the future.

3.4. Рекомендації щодо вдосконалення обліку, аналізу та контролю соціально-відповідальної діяльності на підприємстві «Toyota Material Handling Baltic» LLC

The analysis of the system of accounting, analysis and control of socially responsible activities at Toyota Material Handling Baltic LLC shows both positive aspects and areas that need to be improved to increase the effectiveness of social programmes.

An important element is the accounting of social initiative costs, which at Toyota Material Handling Baltic is structured into key categories, allowing the systematisation of expenditures on improving working conditions, employee development, and environmental investments. In addition, the costs of these programmes are documented - the use of orders, certificates of completion and contracts with suppliers increases transparency of operations and helps reduce the risk of financial irregularities.

At the same time, there is room for improvement. Insufficiently detailed accounting categories limit management's ability to assess the effectiveness of specific initiatives.

Toyota Material Handling Baltic analyses its social responsibility based on systematic monitoring of key indicators, including employee satisfaction with working conditions, accident rates, and the effectiveness of environmental measures. The company also uses feedback from employees and customers to assess the effectiveness and acceptability of its initiatives, which enables it to respond quickly to their needs and improve existing programmes.

However, the company does not yet have a comprehensive approach to analysing the long-term impact of its social programmes, which slows down its adaptation to changes in the business environment. For example, there is no assessment of the impact of programmes on customer loyalty or the company's reputation. Insufficient disaggregation of performance indicators for each area of social responsibility also limits the possibility of detailed analysis and monitoring. It would be advisable for the company to develop internal performance indicators for each area, such as environmental activities, employee development, and occupational health and safety, which would allow for a more objective assessment of the effectiveness of social programmes and informed decisions on their further development. An additional emphasis on long-term monitoring of results will help to take into account strategic goals, such as reducing staff turnover or improving the corporate image.

Toyota Material Handling Baltic's social responsibility management system includes regular internal audits and monitoring in accordance with the international standards ISO 26000 and ISO 14001, which increases the level of compliance with global requirements and ensures that high standards are maintained.

One of the important aspects of control is the involvement of employees in assessing working conditions through surveys and feedback. This allows us to quickly identify problem areas that affect working conditions and overall staff motivation.

At the same time, the company's annual social responsibility reports could be more transparent and regular. Interim reports would increase the trust of external stakeholders, such as partners, investors and the public, and allow the company to respond more quickly to changes. The company also has room to improve its engagement with local communities. Expanding cooperation with NGOs and other local partners would strengthen the company's social impact and contribute to the development of a sustainable reputation.

In general, the existing system of accounting, analysis and control of socially responsible activities at Toyota Material Handling Baltic LLC contributes to the achievement of the main goals of social responsibility. For further development, the company could pay more attention to cost detailing, automation of accounting processes, comprehensive analysis of long-term effects, and strengthening cooperation with local communities. This approach will increase the efficiency and transparency of social initiatives, allowing the company to achieve sustainable growth and strengthen its influence on regional markets.

In addition, to improve the efficiency of managing the company's socially responsible activities, it is recommended to introduce a system of internal performance indicators (KPIs) that will reflect the impact of each programme on social, environmental and economic results. For example, for areas related to employee training, such indicators may include the level of productivity growth, reduction in the number of production errors, or reduction in staff turnover. In the environmental sector, KPIs can cover the level of CO2 emissions reduction, energy efficiency, and the share of waste recycling. By implementing such indicators, the company's management will be able to objectively assess the impact of social programmes, optimise resources and make strategic decisions on further investments in socially responsible activities.

Automation of accounting processes will also help to facilitate management, as modern software will allow you to centrally store data on social initiative spending, KPI results and analytics. This will significantly reduce the workload of the accounting department, reduce the risk of errors and speed up the preparation of reports, which in turn will improve transparency and control over costs. The use of automated systems will facilitate the integration of information on social expenditures into general management accounting, providing a complete picture of the use of resources for social programmes.

An important step to improve efficiency is to regularly review social initiatives with a focus on long-term results and sustainable development strategies. This includes updating social responsibility policies and strategies based on current market needs and international requirements. For example, in response to new environmental standards, the company may increase investments in environmental technologies and energy saving, as well as more

actively develop cooperation with local environmental organisations. This approach will allow the company to remain competitive and enhance its reputation as an environmentally responsible business.

Another important area is to increase the level of employee engagement in socially responsible activities. Internal communication strategies can be strengthened through regular presentations, meetings or reports for employees, where they learn about the company's achievements in social and environmental programmes. Surveys and feedback will help management better understand the needs and wishes of employees, which will help to increase their loyalty and motivation. In addition, the development of a reward system, such as bonuses or additional privileges for those who actively support environmental initiatives or participate in corporate social projects, will help to engage employees in the company's activities and improve the corporate culture.

Finally, strengthening control through regular internal and external audits will help to further monitor the performance of socially responsible activities. The transparency achieved through open reports and the involvement of independent auditors will have a positive impact on the company's image among partners, investors and the public. "Thanks to such a comprehensive system of accounting, analysis and control of socially responsible activities, Toyota Material Handling Baltic LLC will be able not only to meet modern market requirements, but also to actively promote economic, environmental and social development at the regional and global levels.

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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ANNEXES