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ESSENTIAL AND PROBLEM ASPECTS OF THE FORMATION OF CONSOLIDATED FINANCIAL STATEMENTS' INDICATORS IN THE CONTEXT OF CONVERGENCE WITH IFRS**VERONIKA MULYARENOK, LUDMILA MASKO**
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The article considers essential and problem aspects of the formation of consolidated financial statements' indicators in the context of convergence with IFRS. Different approaches to defining the essence of the concept of consolidated financial statements have been studied herein. According to the results of the research, the author's definition of the consolidated financial statements has been suggested in the work that will allow to organize the process of preparing of the consolidated financial statements at a higher level.

In modern conditions, the creation of groups of companies under the control of the parent is one of the promising areas of business development. The only source of such information is consolidated financial statements as they contain information about the property and financial status of the group, i.e. of several legal entities, rather than of a single entity, which goes beyond the property isolation; they are based on the data of the individual statements of enterprises of the group [1].

The purpose of the study is to substantiate scientifically the essence of the consolidated financial statements of the organization, to analyze problem aspects of the formation of its indicators in the context of convergence with IFRS.

In the course of studying the problems on the topic of the scientific work, we have studied the works of various authors concerning the following questions: managerial accounting, formation and analysis of the consolidated financial statements. Currently, there are different approaches to defining the essence of the concept of consolidated financial statements. Therefore, we have considered the opinions of various authors on this definition. We have also analyzed the essence of the concept of «Consolidated Financial Statements» basing on the approaches.

In modern literature, there is no generally accepted definition of the essence of the concept of «Consolidated Financial Statements». Hence, the following approaches to the definition of «Consolidated Financial Statements» were formed:

– Accounting – in which the consolidated financial statements are defined as the financial statements prepared by a group of companies considered as a single economic entity (Large accounting dictionary; management accounting glossary; instructions on the disclosure of information about the activities of the bank, non-bank financial institution, banking group and bank holding company, approved by the Board of the National Bank of Belarus; Jesse Russell –«Consolidated Financial Statements»; International Financial Reporting Standard (IFRS) 10 «Consolidated Financial Statements»; International Accounting Standard (IAS) 27 «Separate Financial Statements»; Accounting for investments in subsidiaries: consolidated accounting procedure (Volovich M.); Slepov Yuriy; Yakubovskaya Lilia; A. Krasov; Glebov Vladislav; N. Kondrakov; Medvedev M. – Accounting Theory; National Standard of Accounting and Reporting «Consolidated financial statements» approved by the Decree of the Ministry of Finance of the Republic of Belarus of June 30, 2014 №46; Law of the Republic of Belarus «On Accounting and Reporting» № 57-Z on July 12, 2013).

– Economic – consolidated financial statements are defined as the financial statements of a group presented as the financial statements of a single organization (Explanatory Dictionary (business); Balansovedenie – Zabbarova O.; N. Puzik, The Decree of the Board of the National Bank of the Republic of Belarus of 27.12.2007 № 408 «On the Approval of the National accounting standard 27 «Consolidated and separate financial statements» (NAS 27); «Regulations on the consolidated financial statements» (approved by the Bank of Russia 30.07.2002 № 191-P) (ed. from 03.12.2012) (Registered in the Ministry of Justice of Russia 11.10.2002 № 3857)).

– Legal – consolidated financial statements are defined as the union of the statements of two or more companies that have certain legal, financial and economic relations (Financial analysis: methods and procedures – Textbook (Kovalev); Mandroschenko Victor, Tatiana Kharitonova – chief Economist SC «Yurenergo»; V. Getman – M.: Accounting).

We present the approaches to the essence of the concept of «Consolidated Financial Statements» in the form of a diagram.

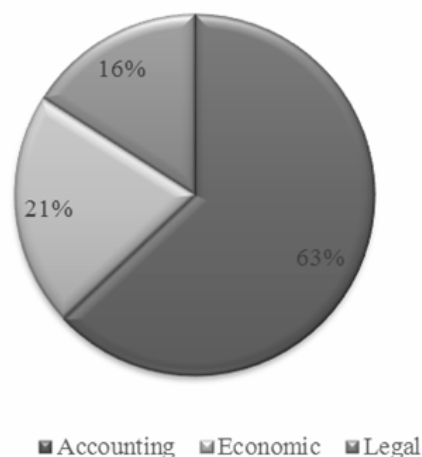


Fig. 1. Approaches to the essence of the concept of "Consolidated Financial Statements"

The results of the study have shown that the concept "consolidated financial statements" mainly refers to the financial statements, which is 63% of the total number of these approaches, from the point of view of the economic approach – 21%, the adherents of the legal – 16%. Some authors believe that the consolidated financial statements are reports, facts, the system of indicators, which is 18.52% of the total number of these approaches.

Thus, according to the study conducted, we suggest the following definition: *consolidated financial statements are the financial statements of a group of companies considered as a single economic entity, being in certain legal, financial and economic relations.*

The novelty of this definition is in taking into account the group of companies, in which it is possible to distinguish a parent company and its subsidiaries.

Since the national system of Accounting and Reporting is in the process of convergence with the International Financial Reporting Standards, we studied the concepts of the National Standard of Accounting and Reporting «Consolidated financial statements» №46, IFRS 10 «Consolidated Financial Statements» and IAS 27 «Separate Financial Statements».

Taking into account the results of the conducted research, it is possible to draw a conclusion that the definitions of the national standard and international one are different. In Belarus, the consolidated financial statements represent the accounting statements, IFRS 10 and IAS 27 – financial statements. It is also worth noting that the accounting statements are a unified system of the data on the property and financial status of the organization and the results of its business activities which is based on the accounting data on the established forms. Financial statements are a set of reporting forms drawn up on the basis of the data on financial accounting with the purpose of providing users with general information about the financial position and activities of the enterprise, as well as changes in its financial position for the reporting period in the prescribed form in order to make the users able to take certain business decisions. The International Standard 10 «Consolidated Financial Statements» and 27 «Separate Financial Statements» list the following elements of financial statements: assets, liabilities, equity, income, expenses and cash flows. In the national standard №46 elements of financial statements are not mentioned. IAS 27 and IFRS 10 mark such concepts as a parent organization and its subsidiaries. In the national standard №46 such concepts do not exist. National Standard №46 presents the consolidated statements as the financial statements of a single organization, and IFRS 10 as the financial statements of a single economic entity.

Thus, IFRS 10 compared with the national standard №46 gives a broader definition of the consolidated financial statements.

The following are the examples of organizations that make up the consolidated financial statements:

– Republic of Belarus JSC "Naftan", holding "ST Group", JSC "Bank of development the Republic of Belarus"; bank holding company "Priorbank" Open Joint Stock Company, Open Joint Stock Company "Belagroprombank"; LLC "Eurotorg"; Holding "Horizon", etc.

– Russian Federation PJSC «LUKOIL», JSC «Akron», Open Joint Stock Company «Aviation Company «Transaero», Open Joint Stock Company «Sberbank of Russia», JSC «Helicopters of Russia», JSC «NOVATEK», JSC «Surgutneftegaz», PJSC «VSMPO-AVISMA Corporation» and others.

– The Republic of Sakha (Yakutia) Open Joint Stock Company "Yakutsk Fuel and Energy Company".

Organizations, united in a group of organizations must apply the same methods of accounting in the accounting periods for which consolidated financial statements are prepared. The individual financial statements

of the companies united in a group of companies, should be prepared on the same reporting date. The consolidated statements of the parent company are drawn up according to the forms established by the company on its own [2].

Hence, it is possible to draw a conclusion that in Republic of Belarus the organizations make up the consolidated statements. Therefore, it is possible to note that practice of national accounting is gradually approaching to the international one. Consequently, the preparation of the consolidated financial statements gives an opportunity to define the financial position and to ensure unity of the approach to the recording of the final financial results of the group of companies for investors.

Under the results of the research, the authors suggest the definition of the consolidated financial statements, representing the group of companies, in which there is a parent company and its subsidiaries. The definition will allow to organize the process of preparation of the consolidated statements at a higher level and will also facilitate the process of making management decisions in a timely manner.

REFERENCES

1. Separate Financial Statements : International Accounting Standard (IAS) 27.
2. Consolidated financial statements : National Standard of Accounting and Reporting : approved by the decree of the Ministry of Finance of the Republic of Belarus of June 30, 2014, №46.