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CONSOLIDATED FINANCIAL STATEMENTS AND THEIR THEORETICAL FOUNDATIONS

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Abstract

In the article the theoretical foundations of consolidated financial reporting, its application, standards governing the formation and presentation of consolidated financial statements, control over capital and the degree and order of its impact.

Keywords: consolidation, consolidated financial statements, control over the capital, head organization, subsidiary, factual value.

Introduction









An important role is played by ensuring the integration of our country into the world community and harmonizing national practice with international standards in further strengthening this process.

Decree of the President of the Republic of Uzbekistan dated October 27, 2020 "On measures to accelerate the reform of state enterprises and privatization of state property" [1] Resolution PF-6096 "On additional measures for the transition to international financial reporting Standards" [2], approved on February 24, 2020 No. PP-4611, tasks such as providing foreign investors with the necessary information environment and expanding access to international financial markets by accelerating the transition to international financial reporting standards.

With the development of IFRS, the preparation of consolidated financial statements has become a common practice. Company group reports allow interested users to access information about multiple organizations as if they were one business entity. The first, consolidated reporting, was created in US companies at the beginning of the 20th century. According to sources, the first annual report was compiled by General Electric in 1893 and included only the data of the parent company, while the second report was a consolidated financial statement. Here is the report of profit and loss is reflected in the data and receipts of all companies of the group[3].

On March 12, 1903, U.S. Steel first published its consolidated financial statements as of December 31, 1902, with Price Waterhouse & Co. concluding that the report had been "verified and approved." this report was recognized as a "complete and understandable report" [5]

Period of application of consolidated report in different states[6]

Countries	The emergence of consolidated financial statements	Period of using
 USA	in the end of XIX century	in 1920
 Great Britain	in 1920	in 1940
 Holland	in 1920	in 1940
 Germany	in 1930	in 1960
 France	in 1940	in 1970
 Japan	in 1970	in 1980
 Russian Federation	in 1990	in 1990
 Uzbekistan	in 1995	in 2000

The theoretical and methodological foundations of consolidated reporting have been studied by many economists.

According to N.Yu. Juraev, consolidated financial statements (consolidation in English consolidate - consolidate, consolidate) is a system of generalized indicators that reflects the financial condition at the reporting date and the financial results of the group of companies for the reporting period. The consolidated financial statements are prepared on the basis of separate financial statements, ie a summary of the reports of each member of the group of companies that need to be summarized [7].

Compilation of consolidated financial statements Many large companies prepare consolidated financial statements taking into account the enterprises that are part of them, but the lack of consideration of modern consolidation mechanisms in their preparation makes the real situation of this group of companies invisible. The IFRS consolidated report is a separate component of the financial statements and has special requirements.

According to economist SN Tashnazarov, there is a growing need to transform financial statements, in particular, consolidated financial statements in accordance with IFRS [8].

The experience of other countries shows that in the effective management of enterprises, it is more appropriate to create them in large groups. In this case, two or more companies merge financially and economically under one company or financial groups. In the event of a merger of a group of business entities under the control of the parent, a consolidated financial statement is prepared. The main purpose of the consolidated financial statements is to fully disclose the results and financial position of the corporation [9].

Research methodology

IFRS 10, Consolidated Financial Statements Standard, uses the following term, ie consolidated financial statements are group financial statements that include assets, liabilities, equity, income, expenses and cash flows of the parent and its subsidiaries. assets, liabilities, capital, income, expenses and cash flows of a single entity of economic activity.

In preparing the consolidated financial statements, IFRS 1 sets out the general requirements for the presentation of financial statements, the guidelines for their preparation, and the minimum requirements for their content in accordance with IAS 1.

Analysis and results

The structure of the consolidated financial statements in accordance with IFRS consists of the following components:

- report on financial position;
- report on profit and loss and other components of financial result;
- report on the movement of private capital;
- report on cash flows.

Consolidation also includes comments to financial statements when compiling a financial statement, compliance with accounting policy rules, and explanatory information that is regulated by standards.

Standards governing the formation and presentation of consolidated financial statements, in particular:

- IFRS 10 "Consolidated (consolidated) financial statements";
- (IAS) 28 "Investments in dependent businesses and joint ventures"
- (IFRS) 3 "Business combinations";
- (IFRS) 12 "Disclosure of information on participation in other business entities";
- (IFRS) 11 "Agreements on joint activities";
- (IAS) 27 "Separate financial reports";
- (IAS) 36 "Asset depreciation".

Now, depending on the application of international standards and the method of consolidation, we will consider the degree of influence of the general organization on other groups.

Table 1

The level of control over capital and its impact[10]

The share of the company in the capital of the investment object	The level of impact of companies	The application of consolidation	Using of ISFR
Up to 20%	Passive exposure (financial statements are not consolidated)	Accounting for investments in fair value	ISFR 9
From 20 % to 50 %	Noticeable effect	Presence of formation	(IAS) 28 (ISFR) 11
More than 50 %	Control (subsidiaries)	Method of purchase, full consolidation	ISFR 10
On the basis of the regulation on the share of participants	Joint venture	Proportional consolidation he lushi (basic approach)	(IAS) 28 (IFRS) 11

Conclusions and suggestions

In conclusion, it is desirable to compile a consolidated financial report on the basis of international standards and use international experience. Because, proceeding from the interests of the investor, the consolidated financial report should be focused on the recognition of the Assets, Liabilities and financial

and economic operations of the enterprise adopted in the accounting policy of the enterprise, the single approach should be aimed at the compilation of financial statements compiled by subsidiary companies located on the territory of the Republic and That is, the accounting policy of the subsidiary companies must be established in accordance with the accounting policy of the parent company.

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