

PREPARATION OF CONSOLIDATED FINANCIAL REPORTING AND ITS METHODOLOGICAL BASIS

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Abstract: *In this article, the consolidated report, its order, analyzes the compliance of the report with the principles of accounting and the methods used in it. The methods and sequence of drawing up a consolidated report have been studied.*

Keywords: *reporting, consolidated reporting, financial reporting, International Financial Reporting Standards (IFRS), balance sheet, financial results, parent company, subsidiary.*

Enter

The acceleration of globalization and integration processes in the world directly causes the number of large companies on a global scale, as well as their subsidiaries, to increase year by year. This, in turn, means that there is an increasing need to summarize the reports of parent companies and subsidiary companies, that is, to prepare consolidated reports. So, how to prepare a consolidated report?

What are the theoretical and methodological foundations of a consolidated report? We will discuss these questions in detail in the article. In our republic, the preparation of a consolidated report and its accounting are not sufficiently covered by legal frameworks and national standards.

In the Decree of the President of the Republic of Uzbekistan dated February 7, 2017 "On the Strategy of Actions for the Further Development of the Republic of Uzbekistan" No. PF-4947 "Introduction of modern standards and methods of corporate management, strengthening the role of shareholders in the strategic management of enterprises, the procedure for connecting business entities to engineering networks" and improvement and simplification of mechanisms"[4] sentences are cited.

It can be seen that transparent and reliable delivery of information to information users, including financial reporting data, is one of the important factors in economic development.

Analysis of literature on the topic.

The theoretical and methodological foundations of the preparation of the consolidated report have been studied by many economists.

A. Ibragimov, I. Ochilov, I. Ko'ziev and N. Rizaev noted that "enterprises with subsidiaries, branches and representative offices prepare consolidated financial statements" [5].

Economist S.N. Tashnazarov said that the need to transform financial statements, especially consolidated financial statements, according to International Financial Reporting Standards (IFRS) is increasing [6].

Research methodology

During the research, in order to study the methodology of making a consolidated report, economic-statistical, analysis and synthesis, comparison methods of scientific research activities were used.

Analysis and results

In the era of developing economic diversification processes, ensuring the economic stability of companies through strategic relations and achieving the presence of competitive products production is one of the urgent issues. The main factor that creates the need for the preparation of consolidated financial statements prepared by companies is the expansion of economic sectors, that is, the increase in the number of large companies. Currently, one of the important issues is the preparation of consolidated financial statements by companies and ensuring its transparency.

First, let's look at the definition of consolidated financial statements.

National accounting standard of the Republic of Uzbekistan

In BHMS No. 8 "Accounting of Investments in Subsidiary Companies and Consolidated Financial Statements" [2], the tariffs are mentioned as follows:

Subsidiary company is an economic entity controlled by the parent company.

Parent company is an economic entity that has one or more small companies.

Group is a parent company and all its subsidiary companies.

Consolidated financial statements are a system of indicators that reflect the financial position as of the reporting date and the financial results of a group of economic entities for the reporting period.

Separate financial statements are reports of each member of the group that must be consolidated.

Step-by-step consolidation of information from parent and subsidiary reports, solved using their own established method, regardless of the type of company, each method consists of special accounting procedures - a consolidation procedure that helps to achieve the goal of presenting the group of parent and subsidiary companies as a whole.

- 1) Summarization of capital;
- 2) Generalization of obligations;
- 3) Exclusion of intermediate obligations;
- 4) Summary of income and expenses;

5) Summarize some properties that are related to compliance with the unity theory and do not have a specific name.

In capital aggregation, capitals available in parent and subsidiary companies are aggregated among themselves.

In the process of summarizing liabilities, external debts of companies are added. Mutual obligations are deducted during the generalization process.

In summarizing income and expenses, mutual income and expenses of parent and subsidiary companies are not taken into account. This is the sequence in which the transition report is prepared.

When preparing a consolidated financial statement, the first step is to determine how many components the report can be divided into. During this separation period there should be changes in sheep:

- on financial results in the structure of the balance sheet and report;
- in the report items;
- in evaluating report items;
- when recalculating report items from one currency to another. [6]

In the 2nd stage, the process of horizontal consolidation of the consolidated balance sheet and the statement of financial results is carried out.

At the last stage, the process of directly summarizing the financial statements of the parent and subsidiary companies is completed and the final consolidated financial statement is prepared.

Assets and liabilities within the group, between enterprises capital, income, expenses and cash flows related to operations are completely written off.

Conclusions and suggestions

In conclusion, it should be noted that the consolidated financial Compilation of the report based on national standards causes some defects. This, in turn, causes the loss of transparency and reliability of information. For this reason, it is appropriate to prepare consolidated financial statements based on international standards and use international experiences.

Consolidated financial statements in the accounting policy of the enterprise A unified approach to recognizing the assets, liabilities and financial operations of the adopted enterprise should be focused on the preparation of financial statements prepared by subsidiary companies located in the territory of the republic and the consolidated financial statements of the parent company. That is, the accounting policy of subsidiary companies must be made in accordance with the accounting policy of the parent company.

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