

ISSN : 2349-543X

ISSUES OF DEVELOPING FINANCIAL STATEMENTS OF SMALL



INTERNATIONAL JOURNAL OF

# TRENDS IN COMMERCE AND ECONOMICS

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## BUSINESSES ON THE BASIS OF INTERNATIONAL STANDARDS

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**Abstract.** The article describes the essence of IFRS for small businesses, information on the formation of financial statements based on the requirements of the international standard. Information is provided on the algorithm for compiling financial statements, transferring reports based on the national standard to reports based on international requirements. On practical examples, forms of reporting of a small enterprise "on financial condition", "on gross income" have been developed.

**Keywords.** Subjects of small business, the concept of IFRS, gross income, financial condition of the enterprise, comments and explanations, reporting articles.

### Introduction.

Based on the principles of the international standard of financial reporting, forms of financial statements for small businesses "on financial condition", "on gross income" were developed and supplemented with a section "footnotes and explanations" with a special line code for recording in the event of situations requiring clarification (Table 2). The form of this report was developed on the basis of paragraphs 4.1-4.14 of the section called "financial situation report" of the "IFRS for small businesses", as well as paragraphs 5.1-5.16 of the National Financial Reporting Standard (Project) and covers all the articles in the standard sections of which it is mandatory to indicate the least

**Table 2**

**Financial status report form of Hotel Suito Group LLC  
(in a thousand rubles)**

№	Reporting articles	Line code	2020	2021
	<b>Assets</b>	x	x	x
	<b>Long-term assets</b>	x	x	x
1	Basic tools	010	13158000	10589000
2	Investment property	020	0	2235000
3	Intangible assets	030	850	12345
4	Financial assets	040		
5	Investments taken into account in the capital method	050		
6	Biological assets	060		
7	Total long-term assets	070	13158850	12836345
	<b>Current assets</b>	x	x	x
8	Reserves	080	21875	3400
9	Sales and other accounts receivable	090		
10	Funds and their equivalents	100	30120	33330
11	Assets valued as intended for sale	110		
12	Biological assets	120		
13	Short-term investments	130		
14	Total current assets	150	51995	36730

15	Total assets	160	13210845	12873075
	<b>Obligations</b>	x	x	x
	<b>Long-term obligations</b>	x	x	x
16	Long-term loans and debts	160		
17	Long-term financial obligations	170		
18	Deferred tax obligations	180		
19	Other long-term obligations	190		
20	Total long-term liabilities	200	0	0
	<b>Current liabilities</b>	x	x	x
21	Obtained bubbles	210		
22	Tax obligations	220		
23	Labor duties	230		
24	Profit tax obligations	240		
25	Financial obligations	250	975	237
26	Other current commitments	260	12253590	11862568
27	Sales and other accounts payable	270	18800	23500
28	Total current liabilities	280	12273365	11886305
	<b>Capital</b>	x	x	x
29	Authorized capital	290	500000	500000
30	Reserve capital	300	425000	425000
31	Added capital	310		
32	Retained earnings	320	12480	61770
33	Other reserves	330		
34	Total capital	340	937480	986770
35	Total capital and liabilities	350	13210845	12873075
36	Comments and explanations	360	<b>Text style</b>	

There are several aspects of the essence of the content of the report, presented in Table 2, advantage over the current "balance sheet". For example, the article investment property(line 020), which does not exist on the balance sheet, reflects not only the negative value of the corresponding assets, but also the state of use of these assets. The reflection of assets in the article of investment property requires additional comments for the investor. In the article "comments and explanations" included in the reporting form, the state of use of the asset is comprehensively covered. Also, biological assets are a novelty in the proposed report, when it is not possible to determine the value of the equity, the losses from accumulated depreciation and depreciation are estimated at the initial value at a discount. According to paragraph 34.7 of IFRS for small businesses, the subject is obliged to disclose the following on biological assets taken into account in the initial value, including: the reason for the inability to identify the negative value, the method of calculating the depreciation used, the useful service life, the balance value at the beginning and end of the reporting period, the amount

According to the principles of International Financial Reporting Standards for small and medium-sized businesses, financial statements provide for more than 300 disclosures. The financial situation report is condensed in form and content and is based on the principle of reasonable value of accounting. Reflection of fixed assets in the balance sheet report, which is in effect according to 15-BHMS, is based on

property rights. According to paragraph 17.4 of IFRS for small businesses, this asset is included in fixed assets only if there is a possibility that it will bring economic benefits in the future. Otherwise, such fixed assets are classified as reserves.

In the course of the research work, on the basis of paragraphs 5.1-5.11 of the Department called "gross income report" of the IFRS for small businesses, as well as paragraphs 6.1-6.11 of the national standard(project)of financial reporting, a form of gross income report of LLC "Hotel Suitan Group" was developed (Table 3)

**Table 3**

**Gross income reporting form of Hotel Suitan Group LLC  
(in a thousand rubles)**

№	Reporting articles	2020		2021	
		income	cost	income	cost
1	Revenues from the sale of products(business services)	585000	X	897000	X
2	Cost of products sold (business service)	X	359000	X	547170
3	Gross profit/loss	226000	X	349830	X
4	Other income		X		X
5	Administrative expenses	X	36540	X	42130
6	Other costs	X	1580	X	2050
7	The benefits/harms of therapeutic activity	187880		305650	
8	Income from financial activities		X		X
9	Costs of financial activities	X	152000	X	211000
10	Benefits/harms of financial activity		152000		211000
11	Profit/loss until tax is paid	35880		97650	
12	Income tax	X	23400	X	35880
13	Net Profit/Loss	12480		61770	
14	Other gross income		X		X
15	Exchange rate differences by currency				
16	Annual gross profit	12480	X	61770	X

The form of the gross income report, developed according to Table 3, has almost the same structure as the form of the current financial results report. Only in the form of the presented report, several substances are combined and simplified. However, such simplifications differ sharply in terms of the content and essence of reflection. For example, the sales expenditure item contained in the financial results report is summarized in the gross income statement into another expenditure item. According to the requirements of paragraph 5.11 of IFRS for small businesses, paragraph 6.10 of MHMS, expenses are presented in the report on gross income, concentrated by nature, and are not distributed according to their function. When disclosure of reporting articles on cost items is required, according to paragraph 2.2 of Annex 2 of IFRS for small businesses, it is interpreted in terms of the nature of costs, divided into 17 categories. Even for this reason, financial statements become a simple work paper without comments or explanations.

Based on BHMS 21, 9340 is a synthetic passive account called "profit of previous years", the balance of which is reflected in profit or loss in the formation of financial results, and increases the retained earnings in the financial results report to this amount or reduces the loss. And the result seen is the financial indicator of the

reporting year. At the request of the international standard, this situation is reflected in the gross income statement, which does not calculate the financial indicator of the current reporting period or is distributed over the corresponding periods.

Another different aspect of the gross income statement from the financial results report is that, according to item IFRS 5.10, MHMS 6.8 for small businesses, the subject should not present or describe any of the income and expense items in the form of "emergency items". And in the report on financial results, such profits and losses are reflected in Article 230 of the report, which is called "extraordinary profits and losses".

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