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Prepare Consolidated Financial Statements Distinctive Characteristics

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1. Introduction.

The main purpose of preparing financial statements is to increase the interest of investors, creditors and other users.

Based on the Decision of our Honorable President No. 4611 of February 14, 2020, it is established that financial statements must be prepared based on international standards. [1]. Subsidiaries of large tax-paying organizations determine that the financial statements of the parent company must be compiled in a consolidated form in order to prepare annual financial reporting forms. As a result, the parent company collects the financial reports of the subsidiaries and prepares consolidated financial statements by collecting quarterly and annual reports.

2. Literature review.

Mainly foreign economists conducted scientific research on the preparation of consolidated financial statements. Among them , D.Alexander acknowledges that financial reporting provides information about a business organization to people outside of the management function [2]. R.H. Hermanson and others "Financial statements are the last final product of the accounting process and provide internal - management - and external - creditors, founders and other interested parties - with consistent and reliable information" [3]. described as

S. Nasretdinov and N. Khojabekov's thesis and scientific articles laid the groundwork for the scientific justification of the consolidated financial report [4]. Khojabekov N.B. Improving Consolidated Financial Statements in Business Combinations: Dissertation Abstract for the Doctor of Economics Degree, [5]. In his dissertation, S. V. Moderov emphasized the connection between the emergence of consolidated financial statements and the beginning of the industrial revolution in the USA. This scholarly search led to changes in the legislation on the regulation of relations between corporations, resulting in the creation of holding structures [6]. In accordance with international standards of financial reporting entitled "Consolidated financial statements", the group is the main company and its subsidiaries. Secondly, the formation of the "group" is based on the principle of "control", compliance with its criteria is also necessary for the inclusion of certain companies in the consolidated financial statements [7]. . Professor Ya. V. Sokolov "the international standards of financial reporting are a wonderful monument to the theoretical thoughts of accountants at the end of the 20th century" [9]. V. V. Kovalev, Vit. V. Kovalev "In 1965, the approach to the consolidation of accounting rules in Germany and England and significantly different from American approaches»[11]

We have paid attention to the practical aspects of preparing consolidated financial statements based on international standards.

3. Research methodology.

In the article, induction and deduction, monographic observation, factor analysis, synthesis and other methods are widely used .

Analysis and result.

The main purpose of preparing financial statements is to increase the interest of investors, creditors and other users.

of the President of the Republic of Uzbekistan dated February 24, 2020 PQ

- 4611 " On additional measures for the transition to international standards of financial reporting " , it is established that financial reports should be prepared based on international standards.[10]

In order to compile financial reports of large tax-paying organizations and annual financial report forms of subsidiaries, it is determined that the data of the parent company should be compiled in aggregate form. As a result, the parent company collects the financial statements of the subsidiaries and prepares consolidated financial statements by collecting the quarterly and annual reports.

In this research work, the authors focused on the practical aspects of compiling consolidated financial statements based on international standards, in which induction and deduction, monographic observation, factor analysis, synthesis and other methods were widely used .

The report is intended for internal and external consumers of such information, owners of enterprises, heads of the group of parent and subsidiary enterprises and councils, employees of the society included in it, investors and

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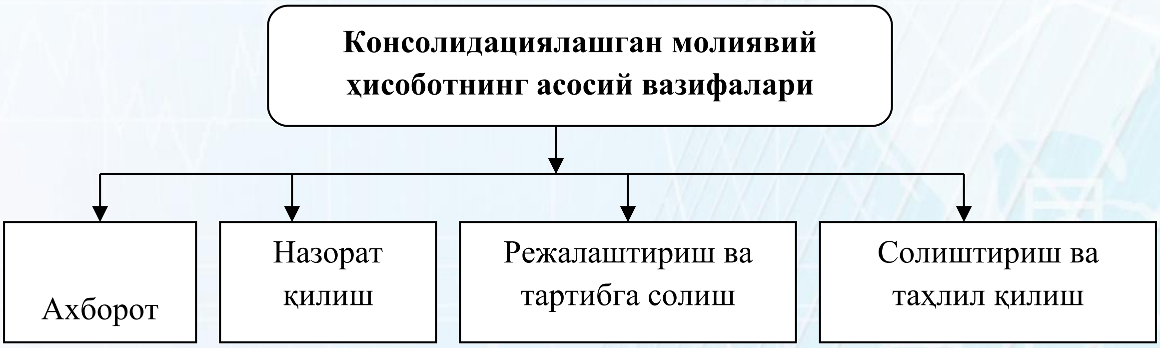
creditors, product suppliers, buyers, the state, as well as other interested users. That is, the main tasks of the consolidated financial statement can be described:



is formed based on If the accounting policies of any company in the group are not consistent with the accounting policies of the group, adjustments should be made for the purposes of reporting consolidation.

Consolidated financial statement of financial position (KMH). Before drawing up the KMH on the financial situation, the following stages of work are carried out:

Stage 1. Calculate the net asset value of the subsidiary at the acquisition date and at the reporting date.

Table 1

Calculation of the purchase price in a joint-stock company

Indicators	**On the date of purchase**	**On the reporting date**
Share capital	X	X
Emission income	X	X
Revaluation reserve (according to the subsidiary MHXS)	X	X
Retained earnings	X	X
+/- adjustment to the amount of retained earnings	-	(x)
+/- fair value adjustment	X/(X)	X/(X)
+/- adjustment to deferred tax	X/(X)	X/(X)
+/- other corrections (account policy, errors)	X/(X)	X/(X)
Total:	X	X

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Source: prepared by the author

Stage 2. Goodwill account.

1. On the date of purchase:

Goodwill at acquisition date = Investment in parent company (PC) + non-controlling interest at acquisition date (NQQH) - net assets (NA) at acquisition date.

2. On the reporting date:

Goodwill at reporting date = Goodwill at purchase date - Goodwill impairment after purchase date.

Stage 3. Calculation of non-controlling interest contribution (NQF).

1. On the date of purchase:

There are two methods of calculating VAT on the date of purchase. Proportionate to the SAs of the SC on the date of purchase:

- VAT on date of purchase = % VAT on date of purchase x SA on date of purchase
- At fair value (full goodwill)

2. On the reporting date:

NQQH at the reporting date = NQQH at the date of purchase + %QQHH x change in SA at the date of purchase

Step 4. Calculation of undistributed profit of the group.

Table 2

Calculation of undistributed profit of the group

Retained earnings of BK	**X**
Possible correction: - **Dividends declared by BK**	(x)
+ Dividends from ShK	X
BK's total retained earnings at the reporting date	X
Share of earned income after the date of purchase	X/(X)
- Unrealized profit of the group (if it is not taken into account in the calculation of LLC SAs)	(X)
- Overdue tax on unrealized profits	X
- Goodwill impairment from the date of purchase	(x)
- Total retained earnings of the group	X

Source: prepared by the author

The retained earnings of the group are reflected in the equity section of the consolidated statement of financial position.

Step 5. Group revaluation reserve (RAR).

The group's QBR = BK QBR + contribution to change in ShK QBR after the date of purchase.

After the calculations in the 5th step above, a consolidated financial statement on the financial position is drawn up by summing up the assets and liabilities of the parent company and subsidiary companies, taking into account line adjustments, according to the general rule (Table 3).

Table 3

Consolidated on financial position financial statement

MHH substances	BK	ShK	Group	Explanation
Assets other than working capital: Goodwill	-	-	G	Calculations made in step 2
Investments in subsidiaries	B	-	-	It will be removed
Property, plant, machinery and equipment	B	Sh	B+Sh	+/- adjustments related to intra-group transfers, revaluation of assets of SSC at fair value in business combination
Intangible assets	B	Sh	B+Sh	+/- adjustments related to intra-group transfers, revaluation of assets of SSC at fair value in business combination
Other non-current assets	B	Sh	B+sh	+/- possible corrections
Current assets: Reserves	B	Sh	B+Sh	+/- possible corrections
Accounts receivable	B	Sh	B+Sh	-indebtedness on intra-group transactions
Funds	B	Sh	B+Sh	+cash on intra-group accounts
Other current assets	B	Sh	B+Sh	+/- possible corrections
Equity: Share capital	B	Sh	B	Only B
Emission capital	B	Sh	B	Only B

Revaluation reserve	B	Sh	QBR	Calculations in step 5
Retained earnings	B	Sh	TF	Calculations in step 4
Non-controlling interest contribution	-	-	VAT	Calculations in step 3
Obligations	B	Sh	B+Sh	- - indebtedness on intra-group accounts

Source: prepared by the author

Up to 20 percent for ownership, in other words, passive investments. Considered a financial asset, the investing company expects to receive income in the form of dividends from an increase in the fair value of the shares. Accounting is regulated by IFRS No. 9.

20-50% ownership in this case means that the investor can have a significant influence on the investment objects that are considered to be its home or subsidiary company. In the evaluation and accounting of such investments, IAS 28 Investments in Organized Enterprises is based on the equity method.

Ownership of more than 50 percent leads to control over the parent company's (BK) investment object, subsidiary (ShK). The group is formed and the parent company prepares a consolidated report based on IFRS 10. Often, in addition to the consolidated report (mainly according to the requirements of national regulators), a separate financial report is prepared. In this case, IAS 27 should follow a standard known as Separate Financial Statements.

When one company (parent/parent) buys another (subsidiary), they remain legally separate and continue to prepare separate accounting reports. However, economically they are a single economic entity (group). And in order to understand what this combined business is from an economic point of view, a consolidated financial statement of this group of companies is prepared based on certain rules.

5. Conclusions and suggestions.

it is desirable to prepare a consolidated financial report, to ensure that it covers all the requirements for similar audit services during its audit and complies with the criteria set by international standards .

The more voting rights an investor has than other investors, the more likely it is that the investee has existing rights that enable it to manage significant activities.

The more "dispersed" the remaining voting rights are, the higher the probability that the investor has existing rights that enable him to control the significant activities of the investment object.

In cases where the decision on a significant activity is taken by a majority vote and when the investor has significantly more voting rights than anyone else who has the right to vote (or the group has the right to vote), and in the situation where the remaining shares are owned by a large number of small shareholders, these factors may be sufficient to conclude that the investor has powers (and, including, control - in this case, we are talking about effective control).

If an investor owning less than half of the voting rights and ownership rights does not clearly have control, all available factors must be taken into account in determining control.

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