THE SPECIAL INTRODUCTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS SYSTEM IN DIFFERENT COUNTRIES

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International Financial Reporting Standards (IFRS) is a set of standards and interpretations, which regulates the rules of financial reporting, and are required to external users for economic decisions against businesses. IFRS includes International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), and Interpretation [1]. Currently IFRS are mandatory for all subjects of economic activity in 91 countries of the world, mandatory for part of subjects in six countries, and allowed for use with parallel state standards in 25 countries. In post soviet territories IFRS is used in Ukraine, Russia, Belarus, Estonia, Latvia, Lithuania, Kazakhstan, Kyrgyz Republic, and the Republic of Azerbaijan [2]. On the African continent IFRS was implemented in 15 countries, including SAR, Ghana, Nigeria, Botswana, Egypt, Ethiopian, Kenya, Lesotho ... [3].

Theory and practice of IFRS introduction in different countries of the world interested many of scientists [3...9]. The systematization of research presented results which will determine the characteristics of the typical improvement processes of IFRS in different countries of the world, so it is current.

The company's desire to attract foreign investors, secure external funding, establish long-term trade relationships with foreign partners, create a joint venture, issue securities in the international market, etc. are decisive introduction factors of IFRS.

There are differences in the implementation of IFRS: the full acceptance of IFRS, the adoption of the amended IFRS, and convergence, which is the approach of national Generally Accepted Accounting Principles (GAAP) to IFRS. Poor countries have no money and experts to implement the convergence of national GAAP to IFRS. So they completely pass the IFRS. Major economies such as Australia, New Zealand, USA, Canada , European Union, China, India, Russia, Japan taking IFRS, modified international standards in accordance with their economic demands, and take IFRS selectively and gradually [3].

We can not agree with the viewpoint [3] that a Great Economic Systems used dual accounting Standards, allegedly they "don't want" to take International Standards in the form in which they are issued by the IASB. National financial reporting standards of developed countries initially largely coincide with International Standards. This is due to the fact that the definition of "generally accepted accounting principles" refers to concepts that formed the basis of the national accounting system of the United States (US GAAP). Most often the term GAAP is used as a synonym for American Accounting Standards. Generally Accepted Accounting Principles (GAAP) are the basis of IFRS and national standards of different countries. Therefore, developed countries use similar principles of accounting, financial reporting and analysis, even without switching to IFRS (fig.).

Process of transition to IFRS is carried out with varying degrees of success in different
countries. In developing countries, the introductions of IFRS accompany problems and difficulties, and can't fully achieve the expected effect [7]. There is a view that the use of IFRS in the less developed countries may be premature [3]. This conclusion is argued by the absence in some countries (for example in Africa) appropriate institutional support, the stock market and public companies. Solomon Zori concludes that in each specific case the state's decision on the implementation of the IFRS - it is always a victim of the economy in favor of the policy. We can not agree with this statement. If African countries don't move to IFRS, then they will be likely to stay in a backward economic development for a long time. Even a simple copy of IFRS requires a restructuring of accounting standards and legal framework, the introduction of modern financial management skills of professionals provides the conditions for economic development. Implementation of IFRS is a tool for development of the country in the international space, obtaining investment and aid, international cooperation. Economic problems in some countries, such as Greece, Portugal, Italy, which in this case use IFRS, is not an argument against the IFRS. The presence of IFRS gives the opportunity to assist these countries in the European Union.

Undoubtedly, that introduction of IFRS must be voluntarily, and is inadvisable and physically impossible in those countries, where the stock market is absent, economy has no manufacturing, sometimes state at a feudal level. But on the African continent there are countries that have higher economic level, to aspire and develop into integration in IFRS in spite of plenty of complications.

In the African continent South Africa is one of the most advanced countries in economic development, in financial market development, including in capital market activity development and in international cooperation value. South Africa formerly was a colony of the Netherlands and then England, so it was using the British accounting standards, which largely meet modern international standards. This created the conditions for the easiest country's transition to IFRS, as well as trade liberalization and securities laws to international standards [5]. The process of agreeing SA GAAP with IFRS began in South Africa since 2003, when the European Parliament in 2000 - 2004 established the mandatory use of IFRS for companies in Europe [5, 6]. South African Accounting Practices Board (APB) subsequently decided to adopt IFRS as SA GAAP without amendment until May 2011, with individual interpretations. On December 1, 2012 business structures switched of using SA GAAP to IFRS completely, but applying transitional demands IFRS1 or IFRS for small and medium-sized enterprises, as well as allowed to submit financial reports in the local context, if they are not in conflict with IFRS. Currently South Africa alone is the entire African continent and in the Council of IAS is the only country in the region, able to participate in the financing of IASB.

In 2008 the IFRS without any exception was provided in the Republic of Ghana. This was preceded by the entry of the Institute of Certified Public Accountants of Ghana to the International Federation of Accountants (IFAC). World Bank urged the holding of financial reforms in Ghana to increase investor confidence in the local market [4]. After the introduction of IFRS, many enterprises in Ghana showed a decrease in operating profit and profit after tax, which is associated with the ordering of the system of income and expenditure, improve the quality of reporting. At the same time,
Ghana today has a large number of unresolved accounting issues that form the accounting system and determine its quality. Solomon Zori recommends that they change the Ghana Corporate Code to solve the problems of corporate governance; to give additional powers to the arbitration courts, reform of accounting education. As you can see, the introduction of IFRS promotes country.

The experience of Countries of former Soviet Union in the transition to IFRS is representative [2].

In 1998 Ukraine adopted the Accounting Reform Program with International Standards. Now in Ukraine, the IFRS and Ukrainian GAAP are used. IFRS is considered as the base, but defines such ways to adapt the International standards to the Ukrainian specifics which would allow the general comparability of financial reporting of national and foreign companies. Use only those aspects of IFRS, which don’t contradict national standards. Be sure to prepare reports in accordance with IFRS: banks (from 2007), public joint stock companies and insurance companies (from 2012), the financial services and asking for private pension provision companies (from 2013), the provision of ancillary services financial intermediation companies (from 2014). The Ukrainian financial reporting forms and accounting principles are virtually identical of IFRS. However the IFRS further comprises a large number of notes that reveal the essence of details of operations, for example in the context of business segments, the scrip of unused credit facilities. As in many developing countries as Ukraine large complexity necessitates the evaluation of assets and liabilities ‘fair’ (market) value. There are no uniform standards; there is only a set of common approaches, which is used by business entities of their own understanding. This causes contradictions and problems aligning financial and tax accounting in terms of determining the taxable profits, using common methods of depreciation in the tax and financial accounting [2, 8]. The transition to International Auditing Standards (IAS) complexity causes in the transition to IFRS. IAS does not clearly define what the basis of the financial reporting is and admit that it can influence from the legislative requirements, regulatory requirements and users [7]. This fact confirms that IFRS is so flexible system that involves the transformation under national characteristics and of legislative base of the country.

Russia began to reform its accounting in accordance with IFRS in 1998. From 2004 to the present time, only banks prepare their statutory financial reporting under IFRS. In this case National Financial Reporting Standards are used, which largely corresponds to IFRS. National reporting is clearly standardized and reporting under IFRS in each bank has its own characteristics, as they are not intended for the purpose of monitoring and verification. The aim is to gradually approximate the reporting for the International Standards is not only in IFRS form, but also for displaying individual operations. However some differences remain. In particular according to the National Standards of accounting value of assets and liabilities prefers the concept of historical cost, whereas in the IFRS the “fair” value is used. It is believed that the transition to the concept of fair value can be quite risky because of declining ability to control the cost of the facts manipulating on developing Russian financial market. The same fears expressed by Solomon Zori about the use of fair value in Africa [3]. In our opinion discharge from the fair value to historical cost can be attributed to the national characteristics of the country, which is being implemented by the IFRS. As a confirmation of this opinion we use the fact that during the crisis and falling markets the holders of impaired financial assets that accounted for at fair value were forced to debit hundreds of millions of dollars at the expense of profit.

In 1998 Belarus Republic adopted the State program of transition to International Accounting Standards. A package of measures to harmonize national accounting system with international standards is implemented. In 2012 with the use of basic principles of IFRS were enacted the new edition of the Model accounting plan and its Use Instruction, the new instructions for the preparation and submission of financial reporting, the accounting for deferred tax assets and liabilities, income and expenses. Until 2014, only banks formed the financial reporting under IFRS, but in parallel with the national reporting. Since 2014 also the non-bank trade organizations, insurance companies, as well as public companies whose securities are admitted to trading on the bid began to compose the mandatory consolidated financial reporting under IFRS. For that reason, other companies are not yet mandatory to the use of international standards. As you can see, the Belarus Republic has not yet introduced IFRS, but their national system is closer to IFRS.

The Baltic States: Estonia, Lithuania and Latvia - former Soviet republics, and now - associates of the European Union. All three countries in addition to the mandatory IFRS use the national accounting standards, which are based on IFRS, but they have different levels of approaching them.
Estonia has introduced Simplified IFRS for small and medium-sized enterprises. Estonia always promptly implemented all changes to IFRS. In Latvia and Lithuania some accounting policies of national standards don't meet International Standards, which allows companies to avoid the need for IFRS disclosure. In Latvia and Ukraine are set to prioritize the national legislation over the requirements of the IFRS.

In Kazakhstan only financial institutions, joint stock companies, mining companies, companies with state participation are required to prepare financial reporting under IFRS.

In the Kyrgyz Republic for all subjects, regardless of ownership (except for government organizations and individual enterprises), use international financial reporting standards, but in Russian language. In Kyrgyzstan the IFRS are not translated into the official language.

In Azerbaijan Republic National Accounting Standards are fully based on IFRS but with some technical differences. IFRS are used in all organizations that have social significance.

As you can see IFRS have some flexibility which takes to consideration the differences of national economies. They contain unclearly defined forms and rules, but only the general principles and approaches to display of the operations and disclosure of the information. At the same time standards are constantly being improved and supplemented on the basis of changes in the situation on the world markets. Different countries are experiencing the IFRS greater or lesser. It is clear that the countries only modify their Standards if the National Accounting and Financial Reporting Standards initially correspond to the general principles of IFRS. Economically, underdeveloped countries without existing regulatory framework have to implement a fully unchanged IFRS. Given that they can not for some reason correctly fulfill all the requirements of the IFRS, even the "fully" implemented IFRS have differences with the Standard, which will be gradually reduced. Therefore we can say that today there's no full compliance with IFRS in any country in the world. This is normal and always will be if we'll take into consideration national and political peculiarities of different countries. However the process of globalization of the world economy makes it impossible for full integration into the community without economic transition to IFRS.

References

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