Ministry of Education Republic of Azerbaijan

THE ROLE OF STATEMENT IN INVESTMENT DECISION MAKING

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 ABSTRACT

The urgency of the chosen question is that the role of information in the modern world is steadily increasing, and how the financial statements are compiled and evaluated depends on the financial state of the organization. In entrepreneurial activity in a market economy, the quality and timeliness of economic information depends on business success, expressed in the making of profit and the growth of capital. And this in turn affects the financial condition of the organization. In this paper, the essence and content of financial accounting, the role of accountability in the adoption of modern investment decisions, as well as how to correctly read the information contained in the accounting statements and draw the correct corresponding conclusions are considered. It is based on the results of the analysis that we can draw the appropriate conclusions and develop a set of recommendations on improving the financial and economic activities of enterprises and the formation of its financial resources.

Key words: Statement, Business, Investment, Finance, Financial position of the enterprise.

CONTENTS

ABSTRACT 2
1. INTRODUCTION 5
2. LITERATURE REVIEW 6
2.1. Theoretical background of financial statements 6
2.2. Types of financial statements 13
2.3. Definition of provisioning, contingent liabilities and contingent assets 15
2.4. Comparative analysis of business valuation methods in investment decision making 20
2.5. Falsification of financial statements 23
2.6. The influence of the of provisioning, contingent liabilities and contingent assets on the coefficient analysis 31
2.7. Assessment of the impact of provisioning, contingent liabilities and contingent assets on the financial picture of the recipient companies 34
3. RESEARCH METHODOLOGY 37
3.1. Background of the study area 37
3.2. Reasons for choosing study area 38
3.3. Research goal and problem 38
3.4. Data collection methods used 39
4. RESEARCH RESULTS AND FINDINGS 41
4.1. Characteristics of “Milk-Pro” LTD and the industry in which company operates 41
4.2. Analysis of the financial statements of “Milk-Pro” LTD in investment decision making 43

4.3. Development of recommendations to the methodology for accounting and evaluation of provisioning, contingent liabilities and contingent assets 46
CONCLUSION 49
REFERENCES 50
APPENDICES 51

1. INTRODUCTION

Accounting financial and management reporting on the one hand, there is a management tool, and on the other - the basis for impact on economic objects. It should be exactly as much as necessary to form an effective investment solution. However, in the sphere of management of economic objects, there is a certain disproportion. The information that each business entity generates, at the scale of its consumption, is sufficient. But if we take into account its production in the external environment, then we can talk about the shortage. When solving unique management tasks, the search for information needed to justify a decision can be delayed in time. The main place in the information environment is public reporting, the main purpose of which is to provide reliable and relevant information about the financial and economic activities of the organization to interested users and, in particular, investors, to make managerial decisions on further actions regarding the business partner. Public reporting is a unified system of data on the property, financial condition of the organization, the results of its economic activities for the reporting period of time and is the link between the organization and business entities. The lack of information provided to users can seriously limit the inflow of additional capital as a source of expansion of the organization's activities, because many business partners of the organization cannot obtain information about financial stability, solvency, development prospects other than by getting acquainted with the sources available to them - publicly presented reporting.

2. LITERATURE REVIEW

2.1. Theoretical background of financial statements

Calculation provides information necessary for the management of the enterprise, preventing negative phenomena during the course of economic activity, for monitoring the state of assets, capital and liabilities of the economic entity, and analyzing the financial condition. The relationship between accounting and reporting is established only when the resulting totals are included in the relevant reporting forms in the form of indicators. Reporting - the final stage of accounting, information about which must be submitted within a certain period (Ittelson, 2008: 231).

The intent of accounting and financial reporting is to ensure stakeholders with complete and reliable information of the position of capital, the results and modifications in the situation of capital of individual entrepreneurs and organizations.

The financial statements are data about the financial position, performance and modifications in the capital position of an individual entrepreneur or organization.

In accordance with the law, the financial statements, besides of reporting by government agencies, contains:

1) the balance sheet;

2) profit and loss account;

3) a statement of cash flows;

4) statement of modifications in assets;

5) an explanatory note.

Financial returning is a unified system of data on the property and capital position of the institution and the financial results of its activities,

modifications in the capital position of organizations for the reporting date (Fridson, Alvarez, 2011: 112).

The financial statements are compiled according to the accounting records accruing from the beginning of the reporting year in accordance with the procedure and in accordance with the rules established by IAS, NSFO No. 2 for public interest organizations.

In the theoretical and methodological literature, there are various definitions of financial statements, we present some of them.

The term "reporting" is understood as the aggregate of accounting data, according to which it is possible to follow the diversified activity of an enterprise for a certain period of time. Reporting is also an evidence-based document containing a system of numerical characteristics and textual explanations compiled on the basis of various types of accounting.

Financial reporting is the link between the entity and its external environment, including owners, creditors, tax authorities, suppliers and buyers. At the same time, the data presented in the capital reports, satisfying the interests of external users, does not harm commercial confidentiality and competitiveness of the entity. (Robinson, 2015: 473).

Financial reporting is a concept of indicators that characterize the conditions and results of the organization's work for the reporting period: a special type of accounts reflecting consolidated data on the status and results of operations.

Despite some differences in the terminology and definition of the essence of financial statements, all authors agree on one thing: financial reporting is information, a collection of accounting data. The intention of financial reporting is to provide users with meaningful and reliable information for making economic decisions.

The principles of accounting and financial reporting are accrual and continuity.

The principle of accrual is based on the fact that the income and expenses of the organization are reflected in the accounting as they arise, and not as the actual receipt or payment of cash or cash equivalents. Thus, this principle assumes: (Penman, 2004: 23)

- recognition of the result of the operation as it is committed (realized);

- reflection of transactions in the statements of the period in which they were implemented;

- formation of information on obligations to pay and obligations to be received, and not only on actually generated and received payments.

The principle of continuity of activity assumes that the organization is and will continue to operate in the foreseeable future. Therefore, the assets of the enterprise are recorded at historical cost without taking into account liquidation costs, if there is an intention of liquidation or bankruptcy or necessity, then the financial statements must state this fact in the following order:

- reflect the valuation of the property for the liquidation value;

- write-off of assets that cannot be received in full;

- to carry out the accrual of obligations in connection with the interruption of contracts and economic sanctions.

When preparing financcial reports, it is important to take into account its main qualitative characteristics.

Qualitative characteristics are made to financcial reports in order to obtain useful information for users. The main qualitative characteristics are clarity, relevance, reliability and comparability (Comiskey, 2000: 512).

Clarity. The information presented in the financcial reports should be understandable to users, but for this, users must have sufficient knowledge of business, economic activity and accounting and the desire to study information with due diligence.

Relevance. To ensure the usefulness of information, it should be relevant to decision-makers. Information is relevant when it affects the economic decisions of users, helping them evaluate past, present and future events, confirm or correct their past assessments.

The appropriateness of information is determined by the following features: materiality, timeliness and rationality.

The essentiality of information is determined by its availability and reliability.

Timely is the information received in a time period, allowing an adequate management decision.

Rational can be called such information, the cost of providing which is less than the benefit derived from its use.

The reporting of the organization is a collection of information about its work for a certain period of time, it is grouped according to certain characteristics and in the established order.

The reporting of the organization is divided into statistical, operational, tax and accounting.

The data of current accounting are periodically summarized, systemized in order to create final information on the state of assets, capital, liabilities, financial performance of the organization. This stage of the accounting cycle (process) is usually called the reporting phase.

Accounting reporting - a unified system of data on the property and financial position of the organization and the results of its business

activities, compiled on the basis of accounting data in accordance with established forms.

All organizations are obliged to compile accounting reports on the basis of synthetic and analytical accounting data.

The organization shall prepare the accounting statements for the month, quarter and year with an accrual result from the beginning of the reporting year, unless otherwise established by law. In this case, monthly and quarterly financial statements are interim.

The reporting period is the period for which the organization should prepare financial statements.

The reporting date is the date on which the organization should prepare the financial statements.

Users are legal entities or individuals interested in information about the organization, namely:

- owners, bodies authorized to manage property, participants, founders, in accordance with the constituent documents;

- state tax and financial authorities; banks, if this is provided for by the contract for servicing the enterprise in a bank or a loan agreement; bodies of state statistics;

- other state bodies for which, in accordance with the legislation, it is entrusted to check all or some aspects of the enterprise's activities and receive reports;

- exchanges, buyers, suppliers, creditors, investors and other interested legal and physical persons.

All these legal entities and individuals do not have direct access to the accounting registers of the organization. In order to provide them with an opportunity to understand, analyze reports, take on their basis the

management decisions they need, reports must be drawn up according to certain rules and standards.

External general-purpose financial statements are the main way to periodically present information. The organization of accounting and reporting should be reflected in the constituent documents and in the accounting policy of the enterprise.

Requirements for domestic foreign financial statements:

• Reality and reliability of information contained in it, information;

• interrelation of indicators of reports with data of synthetic and analytical accounting;

• inventory of all assets and liabilities at the end of the year;

• reflection of transactions for all activities (except for joint activities) in the overall balance sheet;

• evaluation of balance sheet items and reports on actual expenses for the acquisition or manufacture of products;

• the need for any mutual offset between income and expense items;

• compliance of the opening balance for the reporting period with the final balance for the previous period;

• timeliness of drawing up and submission of the report to addresses of users of the information;

• Saving of expenses on drawing up of the reporting;

• Absence of erasures and blots.

The US Financial Accounting Standards Board (FASB) has established qualitative characteristics of accounting statements and generally accepted assumptions that are national standards for its assessment. Consider them.

1. Clarity. Accounting information should be clear to decision-makers.

The availability of information for understanding depends on the composition and methods of assessing the indicators embedded in it. They must be known by both the originator and the user of the reporting. The user must correctly understand the information and only after that make rational decisions based on it.

2. Usefulness. Accounting reporting should contain not just general information about the organization, but information useful in making a decision, i.e. significant and reliable.

The importance of information is its ability to influence the outcome of a decision taken or taken. Information has significance when it is possible to predict, i.e. makes it possible to predict an event, as well as in cases where it is based on feedback and timely.

The projected value of reporting means its usefulness in drawing up plans. Feedback suggests that it contains provisions (indicators) that support previous expectations; timeliness - the flow of information at the right time.

The requirement of reliability of information means that it must be true (real) and complete, adequate to economic processes, verifiable, i.e. the user can confirm it.

2.2. Types of financial statements

Financial reporting is a collection of different forms, compiled on the basis of financial accounting data with a view to collecting and summarizing the information necessary for the further planning of the company's activities.

There are four main types of financial reporting, as well as additional applications. For the duration of the billing period, each of the species can be annual or intermediate.

The main forms of financial reporting at the enterprise are:

Balance sheet.

Profits and Losses Report.

Statement of changes in equity

Statement of cash flows.

The recommended forms of financial accounting, as well as instructions for their completion, are established by the Ministry of Finance. Each of these types of financial statements discloses certain information that is necessary for specific purposes (Skonieczny, 2012: 156).

The balance sheet is a form of financial statements that discloses the characteristics of the company's asset and liability in monetary terms. Externally, the balance sheet is a table containing information on the property (asset) and financial (passive) state of the enterprise on a certain date. The main characteristic of such a form of financial reporting, as the balance sheet, is the valuation, that is, all the indicators considered have a monetary dimension. Balance building is based on the balance between the sources of capital and its direction.

Profit and Loss Statement is a type of financial statements containing information on income and expenses, as well as financial results, presented in the total amount from the beginning of the year to the balance sheet date. This form of financial statements of the company allows you to evaluate the activities of the organization for a certain period. Unlike the balance sheet, which is a static characteristic, the profit and loss account reflects the dynamics of the business process.

The report on changes in capital is a form of financial accounting showing the movement of the authorized capital, reserve capital, additional capital, and also reflects all changes in the amount of undistributed profit (uncovered loss) of the enterprise. This type of financial statements of the enterprise consists of two parts, presented consecutively one after another. The first part discloses information for the previous reporting period, in the second - for the considered. Subjects of small business that are not subject to compulsory audit, and non-profit organizations may not include a statement of changes in equity. (Fried, 2003: 219)

Cash flow statement is a form of financial statements that characterizes the difference between the inflow and outflow of cash for the reporting and previous reporting period. In this type of financial statements, information about the actual receipt and expenditure of funds, that is, about debit and credit turnover on the "Cash" accounts (excluding the amount in the "Cash Documents" subaccount), "Current Accounts", "Currency Accounts", " "Special accounts in banks" and "Transfers in transit".

Financial reporting has such properties: it is compiled according to well-known key indicators; its data are supported by documentation for each operation; reliability of the data can be confirmed by independent auditors. Reporting must be stored for a certain period of time, so it is

possible to judge on it the financial transactions and the history of the enterprise. Accounting reports are classified according to different criteria: by type; on the frequency of compilation; by degree of generalization of information; by the volume of data that are included in the reporting.

Depending on the purpose, the following accounting documents are distinguished: Accounting. The data are presented in cost figures. Statistical. Compiled on the basis of accounting, the indicators are presented in natural and value terms. Operative. Reflect the data for a certain short period of time, so that operational control of the activity is more effective. Tax. Confirms the correctness of the calculations with the tax authorities and the payment of all necessary tax payments. Depending on the reporting period, the reporting can be: Intermediate. (Periodic reporting for the day, month or quarter). Annual. (Usually compiled on January 1 of the year, which follows the reporting).

2.3. Definition of provisioning, contingent liabilities and contingent assets

The following terms are used in IAS 37:

A reserve is an obligation that is uncertain in time or amount of performance.

A liability is a present obligation arising from past events, the settlement of which will occur through the outflow of resources containing economic benefits.

A binding event is an event that creates a legal or traditional obligation, as a result of which the company has no alternative to its redemption.

A legal obligation is an obligation that arises from:

1) the express or implied terms of the contract;

2) legislation; or

3) other applicable law.

A traditional obligation arises when:

1) the company confirms acceptance of certain duties in accordance with the established practice, policy or statement; and

2) the company has formed the expectation that it will fulfill these responsibilities.

A contingent liability is:

1) a possible obligation that arises as a result of past events, and whose existence will be confirmed by the occurrence or non-occurrence of uncertain future events; or

2) the current obligation that arises as a result of past events, but is not recognized due to the fact that:

3) it is unlikely that an outflow of resources containing economic benefits will be required; or ii the amount of the obligation cannot be estimated with a sufficient degree of reliability.

A contingent liability is not recognized in the balance sheet. The company must disclose information about the contingent liability, except when payment is unlikely.

In the banking sector, it has become common practice to disclose all contingent assets and liabilities in a separate note.

To obtain management information in companies, the practice of accounting for contingent assets and contingent liabilities in separate accounting registers is becoming more common.

A conditional asset is a possible asset that arises from past events and whose existence will be confirmed by the fact that in the future there will be or will not occur uncertain events that are not under the full control of the company.

The burdensome contract is a contract, according to which the costs associated with the fulfillment of contractual obligations exceed the economic benefits received.

Provisions included in the financial statements usually include the costs of reorganizing the bank, as they reflect activities that are no longer profitable. Other provisions may include expenses related to contingent liabilities and contractual obligations.

Reserves may be necessary when the bank issues a guarantee for the obligations of customers, in the event of default of the contract, in which case the bank must finance the completion of work under the contract.

Usually, banks also have conditional obligations that are subject to disclosure. Banks conduct a large number of transactions on behalf of customers for which they receive compensation from customers. These include:

- commodity letters of credit and documentary letters of credit;
- bank acceptances (urgent expenses certified by the bank);
- reserve letters of credit.

For such transactions, there is always a risk that the bank may not receive the full amount of compensation. As a result, such documents, unrealized at the reporting date, are recorded as contingent liabilities.

Banks also issue guarantees for various purposes. Guarantees not yet exercised at the balance sheet date are also recorded as contingent

liabilities. Banks should take into account all the risks associated with the possibility of obtaining claims for guarantees.

The reserve is subject to recognition if:

the company has a present obligation, whether legal or traditional;

you will probably need to pay a certain amount of money;

the obligation can be assessed.

The amount of the provision should correspond to the most adequate estimate of the expenses required to settle the obligation as of the reporting date. The reserve amount is calculated on the basis of professional judgment of the management taking into account the experience of similar operations and, in some cases, the results of the conclusion of independent experts. The best estimate of the costs required to settle an existing liability is the amount that the enterprise rationally expends to settle the obligation at the end of the reporting period or to transfer it to a third party at a specified time. The amount of the reserve depends on the degree of loss probability. If several equiprobable variants of events are possible, then the average value of the corresponding reserve estimates is taken into account. The amount of the provision is estimated before tax. Provisions should be reviewed at each balance sheet date and adjusted to reflect the best estimate at the balance sheet date. If it becomes obvious that no payments are required to fulfill the obligation, the reserve should be compensated.

Revenues from the expected disposal of assets should not be taken into account when assessing the reserve.

The reserve should be used only for the costs for which it is intended. IAS 37 prohibits provisioning to cover future operating losses. When creating a reserve, only those obligations that arise as a result of past

events not related to future actions of the company should be taken into account, i.e. with future commercial activities.

When the impact of the time value of money on the reserve estimate is significant, the amount of the reserve should be discounted.

The following rules apply to existing obligations in international financial reporting standards.

In cases where the existence of the current obligation is unclear, it is considered that the past event creates an existing obligation, if, taking into account all available evidence, the likelihood of the obligation at the end of the reporting period exceeds the probability of its absence.

As a rule, there is no doubt as to whether the past event led to the emergence of an existing duty. In rare cases, in particular during the trial, there may be disagreement as to whether certain events have occurred and / or whether such events have led to the emergence of an existing duty. In such a case, the organization determines whether there is an existing obligation at the end of the reporting period by examining all available evidence, including, for example, expert opinions and other additional evidence that emerged from events that occurred after the reporting period. On the basis of such evidence, the organization recognizes the reserve (subject to recognition criteria) if the probability of having an existing obligation at the end of the reporting period exceeds the probability of its absence; or if the probability of the absence of an existing obligation at the end of the reporting period exceeds the probability of its availability, the organization discloses a contingent liability, unless the disposal of resources containing economic benefits is unlikely.

The past event leading to the emergence of an existing duty is called a binding event. The necessary condition for the event to be considered

binding is that the organization does not have a real alternative to the settlement of the obligation created by this event. This situation is possible in the following cases:

I. if calculations can be made in a compulsory manner in accordance with the law;

II. in the case of an obligation due to practice, when such an event (which may be the action of the organization itself) creates reasonable expectations for other parties that the organization will fulfill this obligation.

In most practical cases, the identification of events that can be recognized as grounds for recognizing reserves does not cause serious difficulties, but in practice there are various situations in which the very fact of recognizing the reserve requires additional justification, or there are certain difficulties in the formation of reserve calculation rules in the case its unconditional recognition.

2.4. Comparative analysis of business valuation methods in investment decision making

The concept of the effectiveness of an investment decision is usually invested in the extent to which it meets the objectives and interests of investment participants. In order to determine this degree and the evaluation is used, the project can be evaluated immediately by two indicators:

its effectiveness as a whole - social (socio-economic) and commercial (financial);

efficiency of participation in the project - the evaluation is carried out to determine the feasibility of the project and the interest of all participants in this.

The project evaluation itself is based on several fundamental principles:

1) Review and analysis of the project at all stages of the life cycle - from the pre-investment stage to the completion of the project.

2) Justification of financial flows forecasts for the entire accounting period.

3) Comparability of the conditions for comparing different projects for choosing the optimal solution.

4) Maximum and positive effect of the project.

5) Accounting for the time factor.

6) Accounting for future financial costs and revenues.

7) Accounting for the most significant consequences of project implementation.

8) Taking into account the interests of all project participants.

9) Assessment of the impact of inflation.

10) Evaluation of the impact of implementation risks.

The purpose of evaluating investment decisions is an exhaustive response to three main questions:

what is the profitability of the investment;

what is the payback period of the project;

what are the risks of the project?

Well-conducted investment evaluation of the project allows:

assess the real need for investment and the availability of the necessary conditions for this;

choose optimal investment solutions;

identify factors that can affect the actual results of investment and adjust their effect;

to assess the acceptable risk and return parameters; to develop measures for postinvestment monitoring.

Evaluation of the investment attractiveness of the project is necessary for the company in the following cases:

1) When looking for investors.

2) When choosing the most effective conditions for lending or investing.

3) When choosing the terms of risk insurance.

Most often, the investor is the person most interested in conducting an investment appraisal.

The choice of one particular investment project in some cases may not pay back. Often there are situations in which the decision to choose should be taken in conditions when there are several projects under consideration. In this case, the evaluation is applied:

to determine the effectiveness of independent investment projects, when the decision to accept or reject one does not affect the decision to accept the other;

to determine the effectiveness of alternative or mutually exclusive projects (comparative effectiveness), when the acceptance of one of them automatically excludes the acceptance of the other.

There are methods that allow you to draw conclusions, calculations and developments, not only on possible scenarios for the development of one project, but also to choose the optimal set of them from the set of possible projects.

2.5. Falsification of financial statements

The main information channel for interaction between business and society is the company's financial statements.

The reliability of financial reporting determines the quality of decisions made. Falsification of financial statements is a complex problem

accounting. The problem of falsification of reporting is even subject to the companies of countries with developed market economies. We can distinguish the following specific features inherent in falsification:

• falsification of financial statements, like any fraud,

- this is a deliberate act of deceiving another person;

• Falsification of financial statements causes certain harm to users of the reporting;

• Falsification of financial statements - most often the action or inaction, the essence of which is either the application of accounting standards formally, and not essentially, or in evasion from the application of accounting standards in the preparation of financial statements.

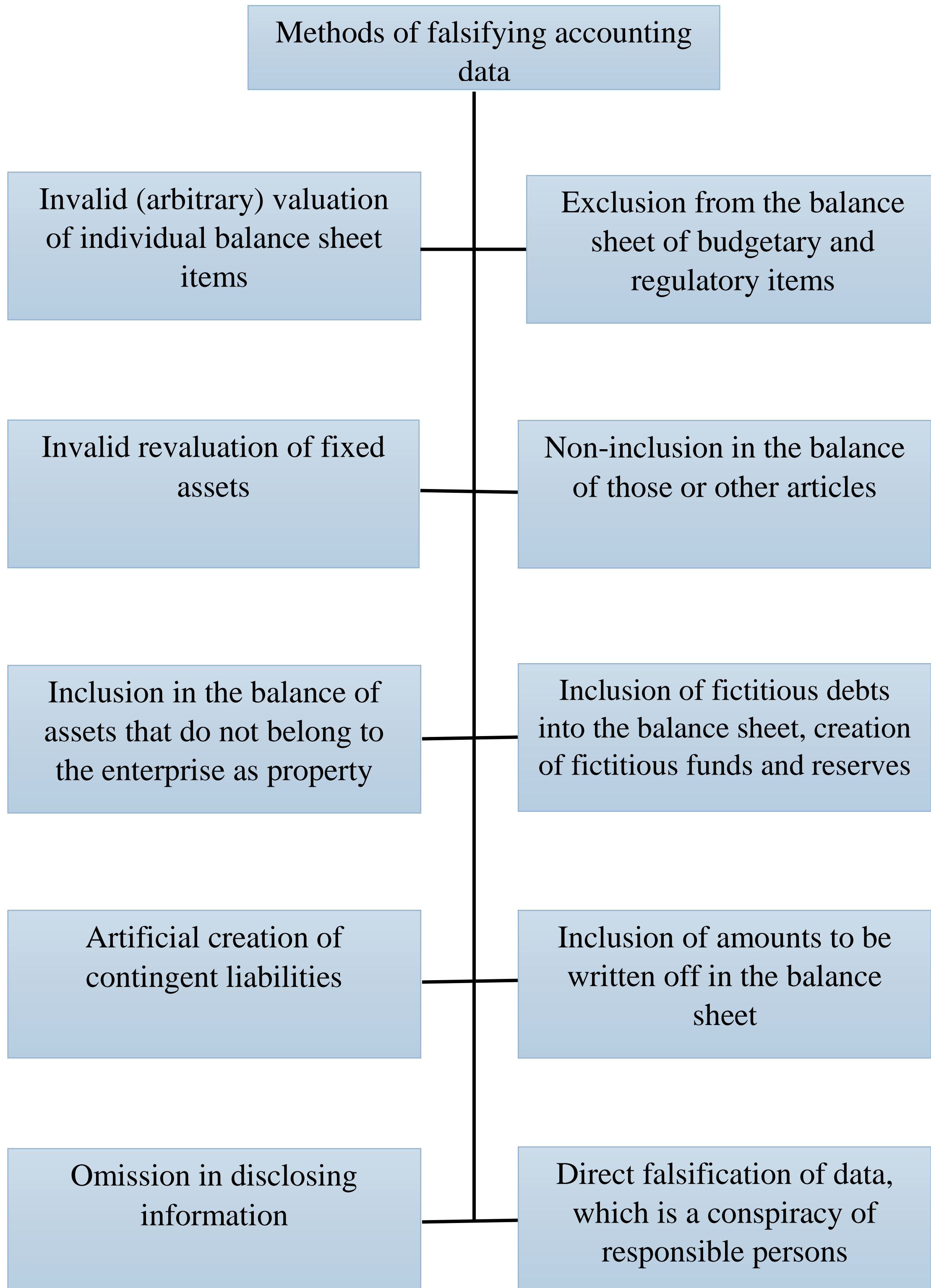
Falsification of financial statements, therefore, can be defined as intentional distortion or omission of quantities or disclosures.

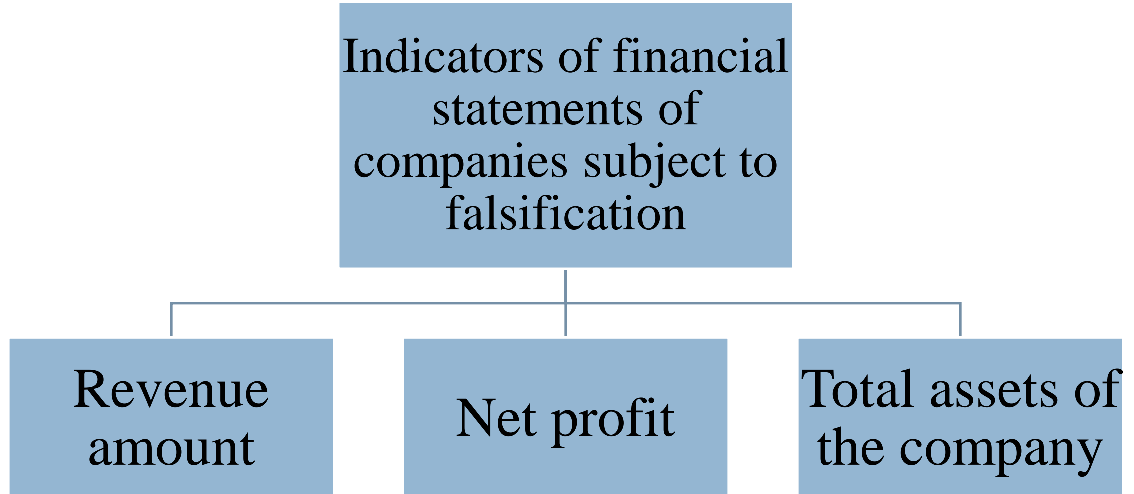
information in the financial statements in order to deceive or mislead the internal and external users. (Rezaee, 2002: 154).

To falsify the financial statements of the company, apply the techniques presented below in the scheme.

Figure 1.

Methods of falsifying accounting data.





In world practice, there are the following ways of detecting fraud:

• External audit.

The need to confirm the reliability of financial statements as the only source of information for external users

necessitates an external audit.

• Internal control system.

Such self-control consists in carrying out control activities by the accounting department of the organization directly engaged in the preparation of reports. At the same time, in order to detect errors, such methods as inventory, analysis of accounting statements, arithmetic and logical control are used.

• Informants.

The presence of "informers" is the most effective way to detect fraud. In Western companies, the practice of using whistleblowers among employees is considered the norm, and according to Western statistics, up to 40% of all frauds are so disclosed.

Falsification of financial statements is a complex and poorly studied accounting problem. The problem of falsification of reporting is subject to even companies in countries with developed market economies (Europe, the US), where legal and professional traditions in accounting are more than a century old. This problem is urgent for Azerbaijan, where a strong professional community has not yet formed, the accounting system undergoes constant reform, large companies are aimed at moving to accounting according to international standards, and all this is accompanied by an acute shortage of specialists. In addition to influencing the expectations of users of financial statements, falsification of reporting can be aimed at understating the tax base, participating in state tenders, etc (Zack, 2012: 32).

The economic nature of fraud in financial reporting can be explained based on the theory of agency relationships. The fact that shareholders delegate the right to make decisions on a wide range of issues to the company's management leads to a conflict of interests. For example, through the use of this right, company management can afford various benefits: for example, the availability of a private airplane, the location of the company's headquarters in a prestigious area, luxurious office environment, etc. Moreover, the acquisition of such goods may not be in the best interests of the company's shareholders. According to a number of foreign experts, in such a situation, the goal of the management's activity is not to maximize the profit of shareholders, but to increase the managed business to provide a variety of personal benefits. In some cases, the company's management can go to the appropriation of the company's assets, the conclusion of commercial transactions for personal interests. Most often

this is possible with inefficient control over the actions of the company's management and, as a rule, leads to falsification of financial statements.

Falsification of financial statements is a complex concept that should be considered taking into account the legal, accounting, tax aspects.

The Criminal Code defines fraud as theft of someone else's property or the acquisition of the right to someone else's property by deception or abuse of trust. However, economic fraud has long gone beyond simple embezzlement of property or deceitful acquisition of the right to someone else's property. Despite the indirect connection with the above-mentioned legal events, falsification of financial statements affects a wide range of economic activities, causing significant harm to the owners of the company and may not qualify as criminal offense.

The problem of falsification of financial statements was raised at the beginning and the middle of the last century by Russian scientists. In particular, I.R. Nikolaev distinguished the actual and subjective "value" of the reporting data. P. Gerstner spoke about the need to correct dark (unclear) balances. In a number of publications, it was noted that the balance sheets and the profit and loss accounts of capitalist firms in many respects deviate from the truth. To a greater or lesser extent, the issues of falsification of financial statements were raised in the works of N.A. Blatova, N.S. Arinushkina, as well as R.Ya. Weizmann. However, the falsification of financial reporting at the present stage occurs against the backdrop of globalization processes and in the conditions of the global stock market, which causes a fundamentally different character of falsification in comparison with the beginning and middle of the twentieth century.

Let us turn to the experience of the United States, which, among the first at the present stage, has focused attention on such a dangerous phenomenon. In view of the development of the stock market, the country faced the objective need to create an effective fraud prevention system in financial reporting. As a result, America today has the most significant experience in this field. Attempts to determine the falsification of financial statements were made by American scientists back in 1980, when Elliott and Willingham drew serious attention to the existence of fraud in financial reporting.

At the same time, there arises the problem of distinguishing a species from the generic concept of "fraud" - "falsification of financial statements". In the legislation, the concept of "falsification of financial statements" is not directly defined at this time. This can be explained by the fact that falsification of financial statements is most often carried out within the framework of accounting standards and legal requirements, and therefore from a legal point of view may not be an offense. As practice of application of accounting standards shows, the space for machinations is too great. On the one hand, companies are trying to choose a suitable alternative to demonstrate their financial situation from the best side, on the other - the line between the desire to show oneself the best and falsification of financial statements is very thin.

In connection with the above-mentioned peculiarities of falsification of financial statements, the professional accounting community, on the contrary, took the path of isolating the concept of "falsification of financial statements" from "fraud" in general due to the specific features of fraud in financial reporting.

For example, the Association of Certified Accountants for Fraud Detection in Financial Statements defines falsification of financial statements as deliberate, willful misrepresentation or concealment of material facts of business or accounting data that misleads the user of the accounts, and in some cases encourages a change in the decision made on the basis of financial reporting.

The US National Commission on Falsification of Financial Statements defines the falsification of financial statements as "deliberate or unintentional act or omission, which results in a material misstatement of the financial statements."

In scientific monographs, there are several other definitions of fraud in financial statements. In particular, Thorhill and Wells treat falsification of financial statements as an action that is committed by the company's management with the aim of falsifying financial reports and usually leads to overstatement of profits or assets.

The Institute of Internal Auditors determines the falsification of financial statements as the participation of the company's senior management in the misrepresentation of accounts and the misappropriation of property that is either being committed at the moment or is only planned, while these actions are covered by misleading financial statements.

However, it is difficult to provide an accurate and "comprehensive" definition of falsification of financial statements in view of the complexity of this concept. Until recently, the term "falsification of financial statements" in professional standards was not used in the accounting profession at all. Instead of the word "falsification", phrases such as "intentional errors" and "violation of standards" were used.

The most concise and at the same time comprehensive definition of falsification of financial statements is given in the US auditing standard, which defines falsification of financial statements as "deliberate distortions or omissions in disclosure in financial statements".

If we generalize the above definitions, then we can distinguish the following specific features:

- falsification of financial statements, like any fraud, is a deliberate act of deceiving another person (a group of people);
- falsification of financial statements inflicts certain harm on users of the reporting;
- falsification of financial statements - most often the action or inaction, the essence of which consists either in the application of accounting standards formally, and not in substance, or in evasion from the application of accounting standards in the preparation of financial statements.

Falsification of financial statements may also differ depending on the number of persons involved in it. For example, the storekeeper who has distorted the warehouse accounting documents and the company's top management who approved the use of off-balance sheet schemes commit an act of fraud. However, if the machinations at the storekeeper level do not entail a material misstatement of the financial statements, the schemes approved at the top level of the management often lead not only to distortions in the financial statements, but also to the loss of reputation and, as a result, to a significant reduction in market capitalization. That is why in a number of studies, falsification of financial statements is identified with managerial fraud, which is committed by the company's management *. This thesis to some extent seems fair, since the company's management is

responsible for the preparation of financial statements and it is the management of the company who is responsible for the reliability of the indicators and the quality of the reports prepared.

Falsification of financial statements should be defined as intentional misstatement or omission of values or disclosures in financial statements with the purpose of deceiving or misleading internal and external users. Falsification of financial statements can be made both by company management (managerial fraud) and by individual employees. Employee fraud must be stopped by the company's internal control service. Note, however, that this kind of fraud is inherent in almost any company and is hardly eradicated. The degree of its influence on the indicators of financial reporting depends, inter alia, on the effectiveness of the actions of the internal control service.

Of particular interest for study is management fraud in financial reporting. This type of fraud is committed at the level of the company's management, carefully disguised and implemented, practically within the existing accounting standards.

2.6. The influence of the of provisioning, contingent liabilities and contingent assets on the coefficient analysis

The composition of equity capital includes reserve capital and other special funds and reserves. Before we begin to analyze these constituent elements of the bank's own capital, it is necessary to find out their economic essence, the order of formation and use. Note that the current legislation regulates the procedure for creating and using only statutory and reserve

capital. Other funds designed to expand the material and technical support of the bank's activities, resolve social issues and incentives for its employees, banks have the right to create independently, taking into account the requirements (if any) of the current legislation.

Reserve capital is formed in the course of the bank's subsequent operations. It is intended to cover unforeseen losses for all items of assets and off-balance sheet liabilities. The availability of reserve capital ensures the financial stability of the bank, which, in turn, positively affects the increase in its solvency and reduces the likelihood of bankruptcy of the bank (Fridson and Alvarez, 2002: 74).

Reserve capital is formed in accordance with the procedure established by the general meeting of participants (founders, shareholders). However, the amount of reserve capital and annual allocations to it cannot be less than that established by law. The question is that the minimum amount of reserve capital cannot be less than 25% of the regulatory capital (but not less than 25% of registered authorized capital), and the amount of deductions - less than 5% of net profit.

If the activity of the bank creates a threat to the interests of depositors and other creditors of the bank, the NBU has the right to require the bank to increase the amount of reserve capital and annual deductions to it.

If, as a result of the bank's activity, the amount of regulatory capital has decreased to an amount that is less than the amount of the authorized capital, then the annual deductions to the reserve capital of the bank should be 10% of the bank's net profit until they reach 35% of the bank's authorized capital.

When the reserve capital reaches the established amount, the deductions to it cease. In the case of using funds from reserve capital, deductions from net profit on its formation are updated. It should be noted that the use of reserve capital should be objective, i.e. correspond to its purpose, and properly executed, in particular, by the decision of the bank's board.

It is important to assess the validity of the established minimum reserve capital, the bank's performance or failure to comply with the requirements. It is advisable to take into account the strategy and tactics that the bank conducts in its activity, as well as the current tax legislation. It is necessary to understand the reasons that influenced both the execution and the failure of the bank to comply with the minimum reserve capital requirement. In the latter case, the reasons may be different, for example: the bank was newly established and did not have time to make a profit that would give the opportunity to form established reserve capital; the bank sharply increased the size of the authorized capital, which at the moment led to a violation of the optimal ratio; the bank neglects the requirements for the formation of reserve capital; the bank allocated a significant part of the reserve capital to cover losses from its activities; the quality of assets deteriorated in the bank, and so on.

The issue of the amount of deductions from net profit to the bank's reserve capital is topical. Accelerated contributions for the purpose of early creation of reserve capital can significantly reduce the amount of profit used to pay dividends. This will negatively affect the value of shares and further formation of the authorized capital of the bank. Too low amount of deductions from profit will increase the term of formation of reserve capital and may negatively affect the bank's financial stability.

Therefore, banks and enterprises, on the basis of their own needs, usually apply a mixed order of reserves, when for several years increased allocations from profits are made, and then moderate or small amounts of deductions are established until the established value of this capital is reached.

At the same time, the absolute amount of reserve capital increased due to the distribution of net profit in the amount established by law. During the reporting period, there were no other sources of replenishment of reserve capital and use of its funds.

The component of equity is the general reserves that are created to compensate for possible unforeseen risks.

2.7. Assessment of the impact of provisioning, contingent liabilities and contingent assets on the financial picture of the recipient companies

The amount of the provision is determined on the basis of the best estimate of the expenses required to settle the obligation as of the reporting date.

A provision is the amount that could be paid in the performance of an obligation as of the reporting date, or when it is transferred to a third party on that date.

The amount of the provision is estimated on the basis of professional judgment of the management taking into account the experience of similar operations and, in some cases, the results of the conclusion of independent experts. Events that occurred after the balance

sheet date may serve as additional grounds for determining the amount of reserves.

EXAMPLE-valuation of obligation

The company has formed a reserve for the warranty service of the goods sold. Experience has shown that settlement of claims for goods sold for previous years will cost in the amount ranging from $ 5 million to $ 10 million. The most probable amount is $ 8 million. In this amount, you should create a reserve.

When the value of the reserve for a group of items is estimated, the liability is determined on the basis of their "estimated cost".

The amount of the reserve depends on the probability of loss. If several scenarios are possible, the weighted average of the corresponding reserve estimates is taken into account.

When evaluating a single obligation, the most likely scenario is the best estimate of the development of events.

The amount of the provision is estimated before tax.

When it is impossible to give a reliable estimate, there is an obligation that cannot be reflected in the accounts. Such an obligation is deemed conditional and disclosed in the financial statements.

When assessing the amount of the reserve, the existing risks and uncertainties should be taken into account.

Risk indicates the possibility of various variants of the development of events. A risk-adjusted adjustment can increase the valuation of the liability. Care must be taken here to avoid overstating the amount of income or assets, or understating costs or obligations.

Uncertainty is not the basis for the formation of unjustifiably large reserves or for deliberate overstating of the amount of liabilities.

When the impact of the time value of money on the provision estimate is material, the amount of the allowance should be discounted using the pre-tax discount rate.

The provisions need to be reviewed at each reporting date and adjusted to reflect the best estimate. When using discounting, the book value of the reserve increases in each period and, thus, reflects the flow of time. Such an increase is recognized as interest expense.

Future events that may affect the amount of the liability should be taken into account in the reserve calculation, if there is conclusive evidence that such events will occur.

When calculating the reserve, it is recommended to take into account the estimated cost reduction based on the experience.

When assessing an existing obligation, consideration is given to the impact of the possible adoption of new legislation only when the certainty of adopting such legislation is exceptionally high.

The amount of the provision is determined as the best estimate of the costs required to settle the liability at the balance sheet date.

If several scenarios are possible, the reserve is estimated in the amount of the expected value. The expected value is a statistical value that is calculated by weighing all possible outcomes by the probability of occurrence of each of these outcomes.

Against the reserve, only those types of costs under which the specified reserve was created can be written off. The Company is reviewing the amount of reserves at each reporting date. If an outflow of resources embodying economic benefits to fulfill the obligation has ceased to be probable, the reserve shall be restored in the period when there was a change in the relevant circumstances.

3. RESEARCH METHODOLOGY

3.1. Background of the study area

In the conditions of a market economy, accounting reporting of economic entities becomes the main means of communication and the most important means of information support for users.

For the forecasting, planning, monitoring, analysis and evaluation of the economic efficiency of economic activities of enterprises, organizations, the implementation of external contacts of the enterprise, information generalizing the state of the objects of management for various time intervals is necessary. On the basis of such information, it is possible to identify the most important trends in the development of the management object and the factors determining such development, objectively assess the results achieved, and outline the tasks for the future.

In accounting, reporting is considered as an important element of his method, the final stage of the whole cycle of accounting work.

Information on the availability and changes in the composition of the enterprise's assets and sources of its formation is periodically summarized and provided to the company's management, owners, state and other interested bodies and individuals in the form of accounting (financial statements). Generalization of data in accounting is achieved by periodically compiling balance sheets and reporting tables containing systems of interrelated and interdependent indicators characterizing the state and development of the most important aspects of economic activity.

3.2. Reasons for choosing study area

The significant increase in the role of strategic planning in management accounting in modern conditions predetermines the activation of investment activities of the management of companies and selected external investors in the approaches to the selection of investment objects in terms of retrospective analysis of the financial statements of companies based on transparent data with a view to making the most favorable investment decisions. Leading countries of the world pay great attention to strategic planning of investment activities for the rapid and effective implementation of ideas for future development. In the light of sharply aggravated challenges from the external environment, the task of analyzing financial statements by article, taking into account the quantitative and qualitative characteristics of the quantities under consideration, becomes particularly topical today. In this sense, financial statements when making investment decisions in the context of estimated reserves, contingent liabilities and contingent assets are of special interest, which allows interested persons to differentiate and evaluate the possible risks associated with future obligations of the investment object arising from past events, that will allow users to maintain and substantially strengthen their own capital, as well as positions in the market. This problem is solved within the framework of this paper.

3.3. Research goal and problem

The purpose of writing the paper is to develop proposals for improving the quality of financial statements of companies under IFRS in terms of information provided on estimated reserves, contingent liabilities

and contingent assets and improving methods for analyzing relevant reporting data when making investment decisions.

To achieve this goal, the following tasks were accomplished:

1. Carry out a comparative analysis of existing methods of accounting for and evaluation of estimated reserves, contingent liabilities and contingent assets under IFRS; systematize characteristic features, highlighting the specifics of accounting systems.

2. Evaluate the existing methods of assessing the investment attractiveness of companies in terms of the impact of data on estimated reserves, contingent liabilities and contingent assets on the view of the investment attractiveness of companies.

3. Conduct a study (based on a representative sample) of the significance of the impact of data on estimated reserves, contingent liabilities and contingent assets on the assessment of the financial result of the recipient companies.

4. Conduct an analysis of the financial statements of a particular enterprise in terms of assessing its investment attractiveness: conducting external and internal analyzes, SWOT analysis, assessing the significance of valuation reserves, contingent liabilities and contingent assets.

5. On the example of the study, develop recommendations for improving the accounting and assessment of the estimated reserves, contingent liabilities and contingent assets of IFRS.

3.4. Data collection methods used

During the search, the researcher exploited both the initial, secondary, and observational source of data collection or collection.

These raw information, that is, information collected directly from the field, are also known as information from the source. The initial information is prepared with a premeditated intention to solve this problem and are carried out by the persons taking the decision, marketing enterprises, higher educational institutions or prospectors of distribution. In the end, open and closed questionnaires were exploited, which provided the respondent with the height of the answer unhindered and completely.

This refers to information exploited by the researcher, who were concentrated by some other person, maybe with the same intent or for another purpose. Researchers have concentrated this information by reading books, online newspapers, articles, publications, company reports, radio, television and the media. Control and involvement were used to collect information. The researcher was very reasonable in researching various activities carried out by the enterprise in all areas. He went through to find out how they contribute to the preparation of financial statements. Subsequent methods can be used to collect initial information, which includes experiments, surveys, focus groups or in-depth interviews. Here the researcher exploited only two, which are discussed below. The survey is that questionnaires are prepared and given out to respondents for response. Research - this is perhaps the most well-known way of collecting information. Here the researcher had a personal interview with the employees of Milk Pro LLC, and they responded with an open mind.

4. RESEARCH RESULTS AND FINDINGS

4.1. Characteristics of “Milk-Pro” LTD and the industry in which company operates

Milk-Pro LTD was founded in 1991 as an enterprise for the production of dairy products of medical-bacteriological profile. Initially, the company specialized in the production of lactic-acid medicinal and dietary products based on bifidus and lactobacilli. This direction was not accidental - during the collapse of the USSR and the conduct of military operations in the territory of Azerbaijan, in the conditions of a large deficit of medicines and serious violations of sanitary norms in refugee refugee centers, the products of Milk-Pro LTD partially contributed to the prevention of the occurrence of gastrointestinal epidemics.

Since 1994, considering the market situation, Milk-Pro LTD, along with the production of medicinal dairy products, has mastered the production of general dairy products, such as sour cream, cottage cheese, katyg, etc. Until now, it has been possible to increase the range of products from 3 titles to 50, making the company one of the leading positions in Azerbaijan for the purchase, production and marketing of milk and dairy products. All products are certified and produced strictly according to technological requirements.

During the entire activity of the company, the most important aspect for the company was the quality of the products. Milk-Pro LTD uses only natural high-quality raw materials; the production process is controlled in such a way as to constantly monitor the quality at each stage. In 2001, Milk-Pro LTD LTD was one of the first to pass the certification of the Quality Management System in accordance with the International Quality Standard

ISO 9001. At present Milk-Pro LTD LTD implements the ISO 22000 food safety management system.

The company works not only in the domestic market, but also actively exports its products abroad. Our natural juices of direct extraction from exotic fruits are deservedly popular in such countries as the Russian Federation, Ukraine, Israel, Moldova, Germany and many others. Going out to international markets, Milk-Pro LTD aims to offer consumers premium products of "PREMUIM" at reasonable prices. Currently, the founders of our company are the European Bank for Reconstruction and Development (EBRD) and the Azerbaijan Investment Company (AIC). As a part of the company, there are 3 milk processing plants and 2 fruit processing plants. Now in the village of Hovsany Novobakinsky dairy plant is being built, which will also be part of the company.

Milk-Pro LTD has a well-developed distribution network: the company's cars constantly deliver fresh products throughout Azerbaijan. The company successfully cooperates with such companies as Böyük Firat, with the network of supermarkets RAMSTORE, KONTINENTAL, Bizim Market, Neptun, Grand, grand hotels EUROPE, HYATT REGENCY, HYATT PARK », « THE CRESCENT BEACH HOTEL », etc.

Important directions in the company's policy are the introduction and expansion of its own network of firm stores "SEVIMLI DAD" (Favorite Taste), the number of which reached 2011 until 8. In stores of this network we offer only the latest high quality products in full assortment and for an acceptable price.

The main provisions of quality and strategy of the company "Milk-Pro" LTD

The company's slogan: PRIMUS INTER PARES (first among equals)

Company's mission:

"Milk-Pro" LTD produces the highest quality products from whole-choice milk, achieving this by introducing high technologies in accordance with international standards in order to provide the most demanding consumer desires.

4.2. Analysis of the financial statements of "Milk-Pro" LTD in investment decision making

LTD "Milk Pro" was established in 1991 in the form of a limited liability company. The main activities of the company are along with the production of medicinal dairy products, the production of general dairy products, such as sour cream, cottage cheese, katyg, etc.

The highest governing body of the company is the shareholders' meeting, which elects the general director of the company. The Director-General appoints a financial and executive director, who is responsible for the ongoing management of the financial and production sector of the enterprise. Based on the financial statements of LTD Milk Pro, we will analyze the structure and dynamics of the company's balance sheet.

To date, the main mission of Milk Pro LLC as a specialized company for the sale of products is to maximize the efficient and balanced production and supply of Azerbaijani consumers, ensure the reliability and safety of the production process, the consistent development of activities directly related to the sale of products. The study was carried out within the framework of advanced training in the accounting department at LLC Milk

Pro. The coefficient analysis of the financial statements was carried out, taking into account the impact of the estimated liabilities, contingent liabilities and contingent assets on investment decisions.

The ratio of receivables and payables in 2013 (1.06) and 2015 (1.69). more than 1, and in 2014 - 0.43. First of all, this may indicate a high level of the overall liquidity ratio, but this may also indicate a faster turnover of accounts payable than the turnover of receivables. As a result, there is a shortage of cash in circulation, which is accompanied by the need to attract additional sources of financing. The indicators of the financial stability of Milk Pro LLC indicate positive dynamics of the company's development. The average age of the company's reserves is about 200 days: in 2013 - 134 days, in 2014 - 183 days, and in 2015 - 195 days. This trend is associated with a change in the structure of the company's raw materials, as well as with a change in production technology. In addition, the enterprise annually increases the pre-purchase, which takes place in September of each year. The increase in the average age of stocks directly depends on the seasonality of the company's core business and the lack of a commodity base (domestic and imported barley, non-cropland and fodder barley) in the market. Sharp increase in the circulation time of receivables from 2014 to 2015 for 286 days is associated with the expansion of the customer base of LLC Milk Pro and the company's entry into the international market. According to the legal norms of the partner countries and the regulations of the state tenders of the countries mentioned earlier, the company was forced to increase the deferral of payments. It should be noted that the company has developed a monitoring system accounts receivable by category of overdue debt. The main receivable is the debt of buyers and suppliers, that is, commercial debt. From the dynamics we see a sharp increase in the

turnover of finished products, which is directly related to the change in the strategy of the new management apparatus.

The largest share in the structure of the assets of the company's balance is accounted for non-negotiable assets (69.8% and 55.0% in 2002 and 2003, respectively), which is typical for the production enterprise.

In current assets it is necessary to note an interesting fact - in 2002 there were no stocks at the enterprise. In 2002, there was also a very high proportion of accounts receivable in the total amount of current assets (97% at a rate of 10-30%), although in 2003 this amount was sharply reduced to 35%, which indicates measures to improve the efficiency of operations that conducted the enterprise.

As a negative factor, it can also be regarded as a very small proportion of cash in the structure of the company's assets (0.6% - 2002, 6% - 2003).

Concerning the liabilities of the company's balance sheet, we can note a significant decrease in the company's equity capital at 29968 AZN or 16.7%, which will negatively affect the financial stability indicators.

Judging from the financial statements, the company practically does not have a statutory fund, which is a gross violation of financial discipline. Also, the percentage of borrowed capital at the enterprise is quite high (10.3% in 2002 and 37.4% in 2003).

Accounts payable increased by 101.6%, but given the fact that the share of accounts payable in the overall structure of liabilities is not large, it does not constitute a potential danger to the enterprise.

Table 2. Analysis of the structure and dynamics of the balance of LTD Milk Pro for 2003-2004.

4.3. Development of recommendations to the methodology for accounting and evaluation of provisioning, contingent liabilities and contingent assets

Provisions included in the financial statements usually include the costs of reorganizing the bank, as they reflect activities that are no longer profitable. Other provisions may include expenses related to contingent liabilities and contractual obligations.

There are also provisions for pension payments, but they are referred to in IAS 19 Employee Benefits.

Reserves may be needed when the bank issues a guarantee for the obligations of customers, in the event of default on the contract, in which case the enterprise must finance the completion of work under the contract.

There are also very rare situations when the company will be responsible for the obligations of customers. For example, if a client has not fulfilled its loan obligations, then, in accordance with the terms of the contract, the bank can take control over the management of the client's activities. In this case, the bank may be in a situation where he is sued for damage caused by the client. Even if the bank is not held responsible, then to protect itself in court, the bank will be forced to bear legal and other costs.

Usually, banks also have conditional obligations that are subject to disclosure. Banks conduct a large number of transactions on behalf of customers for which they receive compensation from customers. These include:

- commodity letters of credit and documentary letters of credit;

- bank acceptances (urgent drafts, certified by the bank) - stand-by letters of credit.

For such transactions, there is always a risk that the bank may not receive the full amount of compensation. As a result, such documents, unrealized at the reporting date, are recorded as contingent liabilities.

Banks also issue guarantees for various purposes. Guarantees not yet exercised at the balance sheet date are also recorded as contingent liabilities. Banks should take into account all the risks associated with the possibility of obtaining claims for guarantees.

IFRS 7 requires banks to disclose additional information on guarantees.

In accordance with IFRS 7, guarantees and collateral are factors that ensure loan repayment.

When a bank receives financial or non-financial assets during the reporting period, by taking possession of a security that it holds as collateral (security) or attracts other collateral (for example, guarantees, derivative instruments and netting agreements that do not fall within the definition of " offset "from IAS 32), and such assets meet the criteria for recognizing other standards, the bank must disclose:

(i) the nature and carrying amount of the assets acquired; and

(ii) a policy for the sale of assets or for their use in the activities of a bank when assets are not freely convertible into cash.

In accordance with IFRS 7, guarantees are financial instruments exposed to credit risk.

The activities leading to the emergence of credit risk and the maximum credit limit for credit risk include, but are not limited to, the provision of financial guarantees. In this case, the maximum amount of

credit risk is the maximum amount that the bank would have to pay in the event of the collection of this guarantee.

Commitments to extend credit are also recorded as contingent liabilities. The Bank entered into an agreement to provide a loan to the client, but has not yet issued part or all of the funds under the agreement. Commitments to extend loans include amounts of overdrafts that are not currently used.

Activities leading to the emergence of credit risk and the maximum credit limit for credit risk include, but are not limited to, commitments to extend loans that are irrevocable during the life of the loan, or are subject to recall only in response to significant adverse effects.

If the issuer cannot settle the offset of the obligation to provide a loan in cash or in another financial instrument, then the maximum credit limit is the full amount of the obligation. This is because it is unclear whether any unused portion will be repaid in the future.

When the bank undertakes to provide any amounts in installments, the payment date for each payment is the earliest period in which the bank may be required to pay. For example, an unused portion of a loan commitment is included in a time period containing the earliest possible date for a customer's loan request.

CONCLUSION

The importance of reporting is determined by the purpose for which the information contained in it is used, and consists primarily of being an important source of information on the performance of the organization and serves as a means and tool for monitoring and guiding the activities of the organization and its investment decisions. To this end, it is used by the management of the organization itself to make the necessary managerial decisions, public authorities and local governments and other interested users.

The value of reporting is also that it acts as the main source of information for analyzing the economic activities of the organization, its base. The reports analyze the activities of the organization over the past period, determine the extent to which planned targets are fulfilled, identify the causes and factors of deviations, positive and negative sides in the work for the reporting period, establish the dynamics of change in indicators and give an assessment of it, and develop measures to improve the organization.

In the process of writing the thesis, the goal was achieved and all tasks were fulfilled. The analysis of financial statements of the enterprise is carried out.

The main task of the analyst is to present the reality that is embodied in the financial statements under study. For this, he must have the ability to logically restore economic transactions, summarized in the reporting, the ability to repeat the work of the accountant in reverse order.

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APPENDICES

№	Balance sheet item	2002		2003		Changes for the reporting period		
		AZN	%	AZN	%	AZN	% (5/1) *100	particle of points 4 - 2
Assets								
1	Property of whole	200545	100,0	239158	100,0	38613	19,3	0,0
2	Non-current assets	139974	69,8	131520	55,0	-8453	-6,0	-14,8
3	Current assets	60570	30,2	107638	45,0	47067	77,7	14,8
4	Inventory	0	0,0	62775	26,2	-	-	-
5	Receivables	59203	29,5	38446	16,0	-21036	-35,5	-13,6
6	Cash	1199	0,6	1367	0,6	167,4	14,0	0,0
7	Other current assets	167	0,1	5328	2,2	5161	3083	2,1

№	Balance sheet item	2002		2003		Changes for the reporting period		
		AZN	%	AZN	%	AZN	% (5/1) *100	particle of points 4 - 2
Liabilities								
1	Source of property total	200545	100,0	239158	100,0	38613	19,3	0,0
2	Equity	181015	89,7	149823	62,6	-30076	-16,7	-27,1
3	Authorized capital	27,9	0,0	107638	0,0	0,0	0,0	0,0
4	Other sources	57139	28,5	57139	23,9	0,0	0,0	-
5	Borrowed capital	59203	29,5	38446	16,0	-21036	-35,5	-13,6
6	Short-term loans and borrowings	0,0	0,0	1367	0,6	167,4	14,0	0,0
7	Accounts payable and current liabilities	167	0,1	5328	2,2	5161	3083	2,1