

PREPARATION AND AUDIT OF CONSOLIDATED STATEMENTS IN BELARUS: STATUS, PROBLEMS, PROSPECTS

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Abstract. *The study purpose is development of a methodology for preparation of consolidated financial statements in the context of harmonization of the national system of accounting and preparation of statements with IFRS norms and principles. Study objectives: a) analysis of normative legal acts governing the preparation of consolidated financial statements in Belarus; b) identification of problematic issues arising during preparation of consolidated financial statements in accordance with the national legislation; c) development of specific proposals for improving the methodology for preparation of consolidated statements; d) analysis of the practice of audit of consolidated financial statements prepared in accordance with the national legislation and IFRS. In order to achieve tasks assigned, the author analyzes national normative legal acts that regulate the preparation of consolidated financial statements, examines specific consolidation mechanisms that raise questions among authors of statements, identifies approaches to resolving problematic consolidation issues, identifies reasons that prevent the preparation of reliable statements, as well as reasons for their non-preparation. Investigation of issues related to preparation of consolidated statements is linked to problematic issues of audit of such statements. The conclusion includes proposals for improvement of organization and clarification of the methodology for preparation of consolidated statements, as well as proposals for amending the legislation on audit activities on issues related to the audit of consolidated accounting statements.*

Keywords: *consolidated statements, preparation of statements, consolidation corrections, intra-group transactions, unrealized income, deferred tax assets, audit of statements.*

JEL Classifications: M41, M42

1. Introduction

With globalization of the economy, an adequate understanding by external users of financial status of economic entities becomes more and more important. To a large extent this understanding can be the result of formation of financial statements according to generally accepted rules, namely, with the application of norms and principles of International Financial Reporting Standards (hereinafter referred to as IFRS). That is why the work on harmonization of the national legislation on accounting and preparation of statements with IFRS norms and principles is conducted in Belarus quite actively. At the same time, for certain conceptual moments, the transfer to IFRS norms and principles in a number of cases is declarative, since national standards developed on the basis of IFRS

are often not used in practice. We will analyze one of such standards that regulates the issues of preparation of consolidated statements, identify main reasons preventing its application, as well as develop specific proposals that would help to harmonize the national system of preparation of consolidated statements with approaches established by IFRS.

2. Preparation of consolidated accounting statements in accordance with the national legislation

The procedure for preparation of consolidated statements by organizations (other than the National Bank, banks, non-bank financial institutions, banking groups, bank holdings and budgetary organizations) is regulated in Belarus by the national standard “Consolidated Accounting Statements”, approved by the Decree of the Ministry of Finance of the Republic of Belarus dated June 30, 2014 No. 46 (hereinafter referred to as Standard No. 46), prepared in accordance with IFRS norms and principles and effective from January 1, 2015. In accordance with Standard No. 46, the consolidated statements are accounting statements prepared for a group of organizations as accounting statements of a single entity. At the same time, a group of organizations means: a holding; an economic entity and its unitary enterprises, subsidiaries and dependent economic entities; a unitary enterprise and its affiliated unitary enterprises. According to Clause 5 of Standard No. 46, consolidated statements shall be prepared by a parent company according to forms established by it. In this case, the need for preparation of consolidated statements is established either by the parent company or by the organization that is senior for the parent organization (if any). The applicable legislation does not establish any liability for non-preparation of consolidated statements. In this connection, despite the compulsory obligation stipulated by the legislation to prepare consolidated statements in accordance with Standard No. 46, the majority of economic entities, covered by the standard requirements, do not prepare consolidated statements.

Some domestic experts emphasize that the obligation to apply the National Accounting and Reporting Standards No. 46 excludes the application of IFRS (Bugayev, 2015). At its core, this indicates that, when consolidating, economic entities, that are not subject to consolidation in accordance with IFRS, shall be obliged to be guided solely by the national legislation, that, in turn, requires the normative specification of processes of such consolidation. Moreover, the use of professional judgment regarding the consolidation mechanisms on which the correctness of preparation of consolidated statements for needs of its users depends, due to the lack at accountants of experience in consolidation matters, from our point of view, is problematic. It should be noted that standard No. 46 is quite complicated for understanding. It introduces such unconventional for the national accounting system concepts as “unrealized income (loss)”, “non-controlling interest”, “goodwill”, etc. The procedure for calculation of the specified indicators is partially defined, however, it is so general, that it is almost impossible to create consolidated

statements without issue of additional explanations to this procedure. For a number of indicators, the procedure for consolidation is not defined at all. First of all, it concerns equity capital indicators, in particular, statutory fund of subsidiaries, subject during consolidation for transformation into other components of equity capital and withdrawal from the consolidated balance sheet in the amount of financial investments of the parent enterprise into the statutory fund of the subsidiary. The standard fails to specify the features of preparation of consolidated statements during their first preparation and in subsequent reporting periods. According to the standard, the sale of investment assets within the group involves the correction by the amount of unrealized income (loss) of the value of expenses for investment activities and the residual value of investment assets at the end of the reporting period. At the same time, the standard fails to determine which items of the balance sheet shall be corrected with regard to expenses on investment activities, taking into account the fact that such indicator is not shown in the balance sheet.

It should be noted that withdrawal from the consolidated statements of unrealized income, created within the group, requires detailed regulation, since in practice, economic entities have serious problems concerning this question, in particular concerning allocating the amounts of unrealized income as part of sales proceeds and in the cost of assets, transferred within the group and remained in the group at the end of the reporting period. Some experts (Eskina, 2015), in order to solve the existing problem, suggest to indicate the amount of unrealized income in the cost of each name of shipped assets, attaching a created primary document to each shipping or acceptance document. At the same time, the actual cost of finished goods, works, services is usually calculated at the end of the reporting month, and therefore it is impossible to allocate in relation of such assets the unrealized income at the date of shipment of such assets. In this situation, it is proposed to calculate the preliminary intragroup cost of assets as of the date of their shipment, that implies the possibility of settlements. Obviously, in the absence of legally established approaches, economic entities must specify the chosen option of their preliminary cost and unrealized income in a local legal act. The relevant accounting for unrealized income included in the purchase cost of assets realized within the group of assets shall be also maintained by the buyer of such assets, that assumes a separate accounting of unrealized income as part of the cost of acquired assets. Taking into account that such assets can be located at various stages of their movement (warehouse, production, finished products, etc.), the allocation of unrealized income at each subsequent stage is significantly complicated and, as a result, it is possible only by calculation.

We believe that the procedure for allocation of unrealized income in the cost of assets acquired within the group at various stages of their processing shall also be specified in a local legal act. Otherwise, control bodies may present serious claims against the entity that prepares the consolidated statements and participants of such process. For individual additional or corrected indicators, determined by summing indicators of individual statements of the parent enterprise and individual statements of the subsidiary enterprise, their reflection or non-reflection in equity shall not be indicated. For example, this relates to

amounts of net income (loss), as well as amounts of other total income attributable to non-controlling interest (paragraph 13 of Standard No. 46).

In accordance with the national legislation, in case of disposal of assets for which their revaluation was carried out with inclusion of revaluation amounts into the additional capital, the amount of the seller's additional capital shall be decreased and the amount of its retained earnings shall be increased by the revaluation amount of the asset disposed. If such asset is disposed within the group, that implies consolidation corrections for unrealized income, we believe that the additional capital of the seller enterprise must be added with the amount transferred to its retained earnings.

The need to correct expenses for investment activities and the residual value of investment assets at the end of the reporting period for investment assets disposed within the group (Paragraph 5 of clause 12 of NARS No.46) by the amount of unrealized income determines the need to recalculate of the amount of depreciation allocated by the buyer to expenses. Accordingly, the correction of expenses determines the need for correction of net and undistributed income of the buyer, as well as appearance of a deferred tax liability in connection with increase of the income tax base. The result is additional labor-based calculations requiring formalization and the relevant training of specialists.

The document has no explanations for formation of unrealized income, treated as temporary difference, deferred tax assets and their presentation in consolidated statements.

In general, for transactions related to intra-group disposal and the need to withdraw unrealized income from statements with all that it implies (correction of the asset cost, recalculation of depreciation amounts, calculation of deferred tax assets and liabilities for arising temporary differences, etc.), it is necessary to recognize that with a significant number of such operations it is practically impossible (with the manual version of corrections) to return to the starting position - as if there was no such disposal. Obviously that such consolidation correction is possible only with the use of a computer, which, first of all, determines the need to unify consolidation processes and, secondly, of development of the relevant computer programs. Without unification of consolidation processes and computer programs, it is impossible to achieve an adequate assessment of the financial state of group and assessment of correctness of the consolidation conducted. In our opinion, preparation of consolidated statements shall be a reasonably required process, which is necessary either for the owner itself, or for a potential investor.

When it comes to the owner, it is possible, or more accurately - feasible, to speak about a simplified form of consolidation of indicators of parent and subsidiary companies, allowing large-scale settlements and avoiding of a number of consolidation corrections that do not have a significant impact on the assessment of the group's financial condition. When it comes to a potential investor, the necessary conditions for consolidation shall, from our point of view, be set by the investor, who can make a decision on preparation of consolidated statements taking into account international approaches.

It should be noted that IFRS does not exclude the possibility to apply the simplified consolidation procedure. Thus, in accordance with paragraph 8 of IAS 8 "Accounting

Policies, Change in Accounting Valuations and Errors”, application of IFRS specific requirements, in particular of provisions of accounting policies, is not mandatory when the effect of their application is insignificant and such non-material deviations are not intended to achieve a certain presentation of a financial position, financial results or cash flows of the organization. In this connection, we believe that if consolidation requires the need for consolidation corrections that require considerable efforts, but do not affect the presentation of the overall financial position, financial results or cash flows of the parent enterprise and its subsidiaries, a simplified procedure for consolidation of individual reporting indicators is possible, that in our opinion shall be discussed in notes to consolidated statements.

In some cases, there are significant contradictions between the norms of NARS No. 46. For example, in accordance with clause 12 of the standard, the consolidated statements do not include, in particular, the cost of long-term financial investments of the parent company in the statutory fund of the subsidiary company and the cost of ownership interest of this subsidiary company owned by the parent enterprise. However, in accordance with clause 13 of the standard, the amount in excess of the cost of equity share of the subsidiary owned by the parent company over the cost of long-term financial investments of the parent enterprise in the authorized capital of the subsidiary company shall be included in consolidated statements. That is, in one case the whole share price is not included in the consolidated statements, in other one - part of the share price shall be included in statements. It is logical to assume that in clause 12 of NARS No. 46, it refers to the nominal value of the share of the parent enterprise in the statutory fund of the subsidiary company, corresponding to the amount of financial investments of the parent enterprise into the statutory fund of the subsidiary enterprise, however, the common terminology used in clause 12 and clause 13 of the standard, causes the existing contradiction.

Separate explanations of the Ministry of Finance, specialists of the Ministry of Finance for application of the standard (Rybak, 2014), devoted to consideration of the procedure for preparation of consolidated statements, have a general nature, touch upon the simplest aspects of consolidation, and do not give concrete answers to a number of issues that arise at economic entities.

As a result, despite the fact that the standard has been operating for more than 2 years and, as a matter of fact, is mandatory for holdings, parent and subsidiary companies, consolidated accounting statements in accordance with this standard, as previously noted, is practically not prepared. As a rule, in relation to economic entities within the group, parent organizations prepare only summary statements that fail to correspond to the approaches used in preparation of consolidated statements.

If for preparation of consolidated statements you involve external organizations with experience in preparing such statements in accordance with IFRS norms and principles, consolidation expenses will be so significant, that many enterprises prefer not to perform such works at all, especially that they shall not pay any economic sanctions for it.

In general, it should be acknowledged that Standard No. 46, prepared as part of measures to harmonize the national accounting and reporting system with IFRS norms and

principles, is too general, requiring significant corrections, additions and explanations. It should be noted that the abovementioned shortcomings in preparation of consolidated statements do not relate to the banking sector, where the preparation of consolidated statements of banking groups and banking holdings has been regulated for many years by the relevant normative legal acts.

The absence of specific detailed consolidation methods is characteristic not only for Belarus, but also for other countries of the former Soviet Union, in particular for the Russian Federation. For example, a number of Russian scientists (Plaskova, 2007, p. 4, Moderov, 2013, p. 7) point to the insufficient theoretical and methodological development of approaches to preparation of consolidated statements, to inadequacy of existing methods and tools for preparation of consolidated statements. At the same time, it is noted that uncertainties and shortcomings in the methodology and methodological approaches underlying the preparation of consolidated statements are often “a convenient tool in hands of scammers whose purpose is to deceive users of statements” (Moderov, 2013, p. 30). Ukrainian specialists (Ovcharenko, 2015) also indicate in their works the lack of a clear toolkit for accountants regarding the practical application of IFRS requirements, as well as national standards governing issues concerning consolidation of statements.

Distinctive features of preparation of consolidated statements in Belarus, Russia and Ukraine are given in Table 1.

TABLE 1. Distinctive features of preparation of consolidated statements in Belarus, Russia and Ukraine

Ser. No.	Compared parameters	Belarus	Russia	Ukraine
1	Presence of national normative legal acts regulating issues concerning consolidation of statements	The National Accounting and Reporting Standard „Consolidated Accounting Statements“ (NARS No. 46). P. 7 of the Law of the Republic of Belarus „Concerning Accounting and Reporting“. Consolidated statements (hereinafter in the table referred to as CS) are prepared in accordance with NARS No. 46.	Federal Law No. 208-Ф3 dated 27.07.2010 Concerning Consolidated Statements“. According to Part 1 of Art. 3 of Law No. 208-Ф3 CS are prepared in accordance with IFRS, in particular in accordance with IFRS 10 „Consolidated Financial Statements“ and IFRS 1 „Presentation of Financial Statements“.	National accounting regulations (standards): <ul style="list-style-type: none"> • NAR (S) 2 “Consolidated Financial Statements” approved by the Order of the Ministry of Finance No. 628 dated August 23, 2013; • NAR (S) «General Requirements For Financial Statements» approved by the Order of the Ministry of Finance No. 73 dated 07.02.2013; • NAR (S) 19 «Consolidation of Enterprises», approved by the Order of the Ministry of Finance No. 163 dated 07.07.1999.

Ser. No.	Compared parameters	Belarus	Russia	Ukraine
2	Consolidation participants and consolidation obligation	<p>Group of organizations (economic group, holding, economic company and its unitary enterprises, subsidiary and affiliated companies, unitary enterprise and its subsidiary unitary enterprises).</p> <p>The decision on preparation of CS in accordance with the national legislation is taken by the owner (unless obligation for audit of CS and its preparation is stipulated by the legislation, in particular, Article 17 of the Law of the Republic of Belarus No. 56-3 dated July 12, 2013 „Concerning Auditing Activities“).</p>	<p>An organization that together with other organizations and (or) foreign organizations in accordance with IFRS, is defined as a group. Law No. 208-Ф3 cover:</p> <ol style="list-style-type: none"> 1) credit organizations; 2) insurance organizations (save in respect of insurance medical organizations that carry out activities exclusively in the field of compulsory medical insurance); 3) non-state pension funds; 4) management companies of investment funds, mutual investment funds and non-state pension funds; 5) clearing organizations; 6) federal state unitary enterprises, the list of which is approved by the Government of the Russian Federation; 7) joint stock companies where shares are owned by the state and the list of which is approved by the Government of the Russian Federation; 8) other organizations, securities of which are admitted to on-exchange trading by including them in the quotation list. 	<p>A group of legal entities that consists of a parent (holding) enterprise and subsidiary enterprises (except for a group of enterprises which in accordance with the legislation prepare financial statements in accordance with IFRS or a group of enterprises where a parent (holding) enterprise prepares financial statements in accordance with IFRS).</p>
3	Consolidation procedure regulation	<p>Consolidation procedure is regulated by NARS No. 64, which includes:</p> <ul style="list-style-type: none"> • the list of indicators determined by intra-group transactions not included in CS; • the list of additional (corrected) indicators, determined during preparation of CS, as well as procedure for calculation and reflection of such individual indicators in CS. 	<p>The general procedure for preparation of CS is regulated by Art. 3 of Law No. 208-Ф3. The detailed consolidation procedure with calculation of the relevant consolidation corrections is not established. In this regard, the consolidation of statements of organizations, belonging to the group, is carried out taking into account IFRS norms and principles. When solving separate issues relating to preparation of CS, it is possible to follow the established practice of applying IFRS within the territory of the Russian Federation, summarized in the documents of the Inter-agency Working Group on IFRS Application, established by the Ministry of Finance of Russia.</p>	<p>The general procedure for preparation of consolidated financial statements is regulated in Section 2 of National Accounting Regulations (Standards): 2. Detailed consolidation procedure with calculation of the relevant consolidation corrections is not established (Linnik, Artemenko, 2014).</p>

Source: Customer development

In this regard, detalization and unification of approaches to preparation of consolidated statements, including statements prepared in accordance with the national legislation, correlation of these approaches with the practice requirements, as well as with IFRS norms and principles, is one of priority tasks to be realized for harmonization of the national accounting and reporting system with IFRS.

3. Audit of consolidated accounting statements

3.1. Audit of statements prepared in accordance with the national legislation

Organizations that prepare consolidated accounting statements are subject to annual mandatory audit taking into account the norms of Art. 17 of the Law of the Republic of Belarus No. 56-3 dated July 12, 2013 “Concerning Auditing Activities” (hereinafter referred to as Law No. 56-3). According to this article, mandatory audit of annual individual and consolidated (if prepared) accounting (financial) statements, prepared in accordance with the legislation of the Republic of Belarus, shall be carried out in relation to:

- joint stock companies that according to the legislation of the Republic of Belarus are obliged to disclose information on a joint stock company in accordance with the legislation of the Republic of Belarus on securities;
- the National Bank of the Republic of Belarus;
- banks, banking groups, bank holdings;
- exchanges; insurance organizations, insurance brokers;
- residents of the High-Tech Park;
- an organization that performs guaranteed repayment of bank deposits of individuals;
- professional participants of the security market;
- other organizations with the volume of proceeds from sales of goods (works, services) for the previous fiscal year exceeds the equivalent of 5,000,000 euros at the official exchange rate of the Belarusian ruble against the euro established by the National Bank of the Republic of Belarus as of December 31 of the previous reporting year.

Based on version of Art. 17 of Law No. 56-3, determining conditions for mandatory audit of consolidated statements are, firstly, the fact of preparation of such statements and, secondly, referring the entity to those organizations for which this Law establishes the need for mandatory audit of annual consolidated statements. In this regard, economic entities that are members of the group for which consolidated statements can be prepared, have the opportunity not to audit consolidated statements, if they do not prepare such statements initially.

This circumstance means that organizations, that are members of the group, prepare not consolidated, but summary statements.

This approach is quite understandable: firstly, entities do not have to deal with those innovations that are due to consolidation (especially since these innovations, as previously noted, have not been worked out in many cases and require additional explanations), and, secondly, entities do not incur additional costs associated with the external audit of consolidated statements prepared in accordance with the national legislation.

In this regard, the audit of consolidated statements prepared in accordance with the national legislation, is quite rare in Belarus and takes place mainly in relation to large joint stock companies with a branching network of subsidiary and dependent business entities. Such audit is carried out either by forces of individual national companies or by efforts of international audit organizations having experience in preparing consolidated statements in accordance with IFRS and audit of such statements.

3.2. Audit of statements prepared in accordance with IFRS

In accordance with Art. 17 of the Law “On Accounting and Reporting” dated July 12, 2013 № 57-3, starting from statements for 2016, socially significant organizations shall be obliged to prepare annual consolidated statements in accordance with IFRS. Socially significant organizations are: open joint stock companies that are founders of unitary enterprises and (or) main economic companies in relation to subsidiaries, banks and non-bank financial institutions, insurance organizations.

As practice shows, annual consolidated statements in accordance with IFRS shall be prepared and audited in Belarus mainly by forces of international audit companies. National audit companies incurring a lack of specially trained specialists that are able to perform such works, as a rule, do not deal with consolidation and audit of statements prepared in accordance with IFRS.

Due to the fact that the audit of statements, including consolidated statements, requires high professional skills, the cost of such works is significantly higher than the cost of works on audit of statements in accordance with the national legislation. Particular attention should be paid to the fact that audit of statements prepared in IFRS format exempts from the audit of statements prepared in accordance with the norms of the national legislation (Article 17 of Law No. 56-3).

In this regard, it is clear that unconfirmed national statements transformed into IFRS format contain all risks caused by failure to audit statements for compliance with the national legislation. Accordingly, statements prepared in accordance with IFRS on the basis of unaudited national statements also have significant risks. Basically, the audit of such statements is more to check the correctness of transformation corrections, rather than to verify the correctness of formation of indicator values, on the basis of which the accounting statements are formed, subsequently transformed into IFRS format. It should also be noted that transformation corrections of national statements into IFRS format is not regulated by the national legislation, it is, in fact, know-how of those companies that

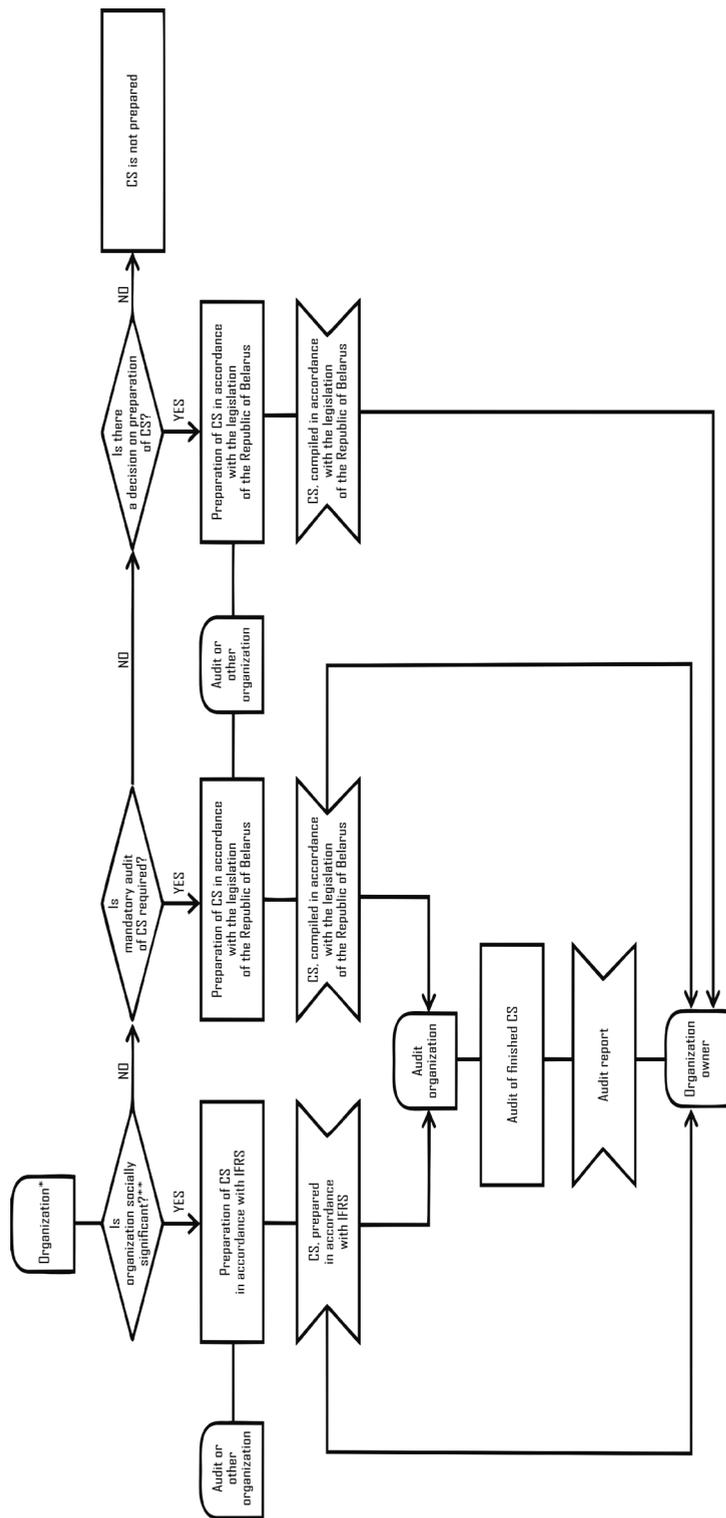


FIG. 1. Structural and logical scheme of preparation of consolidated statements (CS) in accordance with IFRS and the national legislation and its annual mandatory audit

Source: Customer development

* - holding; economic entity (EE) and its subsidiary unitary enterprises (UE), subsidiaries and affiliates; UE and its subsidiary UEs.

** - OJSC - founder of UE and (or) basic EE in relation to subsidiary EE; banks, insurance organizations.

transform statements into IFRS. In this regard, no one can guarantee that the corrections used take into account all specifics and differences between the national accounting and accounting in accordance with IFRS. As a result, upon audit of statements prepared in accordance with IFRS, there is no guarantee that auditors' opinions on reliability of such statements are correct.

There are similar problems when auditing consolidated statements prepared in accordance with IFRS. At the same time, there are additional difficulties arising from the lack of unified formalized mechanisms of consolidation. In our opinion, audit of consolidated statements shall be preceded by the following stages, each of which shall be evaluated on correctness of its implementation:

- formation of individual statements by organizations of the group and its audit for reliability;
- preparation of consolidated statements and verification of correctness of consolidation (consolidation corrections);
- transformation of consolidated statements into IFRS format;
- audit of consolidated statements prepared in IFRS format with verification of correctness of transformation corrections.

The structural and logical scheme for preparation of consolidated statements (CS) in accordance with IFRS and the national legislation and its annual mandatory audit is given in Fig. 1.

Conclusions

The analysis made it possible to identify the following principal shortcomings in measures taken to harmonize the national accounting system with IFRS norms and principles, in particular in matters related to preparation of consolidated statements:

- developed normative documents regulating consolidation issues, namely standard No. 46, effective from January 1, 2015, is too general and does not allow to use it in preparation of consolidated statements;
- certain norms of Standard No. 46 have a contradictory nature, in some cases the standard fails to regulate the procedure for consolidation and reflection in statements of a whole group of national accounting indicators, as well as fails to take into account national accounting features that require the relevant regulation during consolidation;
- the standard does not specify the specifics for preparation of consolidated statements during its first preparation and in subsequent reporting periods.

The presence of the abovementioned shortcomings has led to the fact that many economic entities in Belarus often prepare summary statements instead of consolidated statements on the basis of IFRS norms and principles. In this regard, it is clear that the methodology for preparation of consolidated statements in Belarus requires serious

improvement. It requires some regulation and a number of organizational issues. In particular, development of systematic training of national accountants to IFRS foundations and principles is required, so that when preparing consolidated statements in cases not regulated by the national legislation, they may be guided by their professional judgment, taking into account international approaches.

In future, in order to eliminate the deficiencies identified by us, further streamlining of works related to consolidation of statements and its audit, the following activities, in our opinion, shall be implemented:

- 1) Improve the standard No. 46 in order it allows economic entities to consolidate statements of organizations, being members of the group.

By analogy with the banking sector, it seems advisable to develop and approve the Instruction on preparation of consolidated statements of holdings, parent enterprise and its subsidiary organizations, which would detail the procedure for calculation of indicators of consolidated statements and their correction.

- 2) It is in particular proposed to determine in the Instruction for preparation of consolidated statements - taking into account the national specifics of accounting and preparation of reporting, that:

- a) consolidated statements show the authorized capital only of the parent company, since a part of the authorized capital of the subsidiary enterprise, formed by the parent company, is cancelled out during excluding from statements of financial investments made by the parent enterprise into the authorized capital of the subsidiary enterprise, and the remaining part is considered as part of equity of the subsidiary enterprise, not owned by the parent enterprise;

- b) during consolidation, financial investments of the parent enterprise into the authorized capital of the subsidiary enterprise and the equivalent part of the subsidiary's equity owned by the parent enterprise shall be excluded (not the cost of equity share of the subsidiary enterprise owned by the parent enterprise, as defined in standard No. 46);

- c) correction of income and expenses for investment activities by the amount of unrealized income, carried out when selling an investment asset within the group of organizations for which consolidated statements are prepared, shall be carried out in the consolidated balance sheet in terms of net and retained income.

- 3) Develop and approve in the form of an annex to the Instruction for preparation of consolidated statements a Table of consolidation corrections of the relevant financial indicators, that will facilitate the normalization (unification) of consolidation processes, increase of reliability of consolidated statements. It is necessary to include the specifics of formation of consolidated financial indicators during the first preparation of consolidated statements, as well as in subsequent reporting periods, in the table of consolidation corrections.

- 4) Establish that prior to development and approval of the Instruction on consolidated statements, economic entities may be guided by local legal acts that determine the specific procedure for calculation and documentation of the relevant indicators for implementation of consolidation corrections both by sellers and buyers of intragroup assets.
- 5) In the event consolidated statements are prepared in the owner's interests, authorize the formation of such statements in accordance with the simplified procedure (unless non-implementation of the relevant consolidation corrections influence the presentation of the overall financial position, financial results or cash flows of group organizations).
- 6) Cancel the norm of Art. 17 of Law No. 56-3, according to which organizations that have passed the audit of financial statements prepared in accordance with IFRS, shall not audit annual individual and consolidated statements prepared in accordance with the legislation of the Republic of Belarus.

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