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## **APPLICATION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS IN UKRAINE**

Selection of previously unexplained parts of the general problem. The regulatory framework for the implementation of international standards is very important for Ukrainian companies switching to IFRS. The main problem in Ukraine is the lack of coordination between government regulators in the area of implementation of IFRS.

National Bank of Ukraine, State Commission for Securities and Stock Markets of Ukraine, the Accounting Chamber of Ukraine, the National Commission for Financial Services has its own rules that interpret events other than single son. According to the amendments to the Law of Ukraine «On Accounting and Financial Reporting in Ukraine», financial statements prepared in accordance with national standards must be translated into IFRS financial statements. This procedure means the transition from a system of norms, principles and methods of calculation in a completely different system, the implementation of which requires a change in the accounting method under IFRS 1 «Adoption of the first International Financial Reporting Standards».

Financial statements are a structured illustration of the net assets, financial position and results of operations of a company. The purpose of the financial statements is to provide information about the net worth, financial position and results of operations of the Company that are useful to a wide range of users in making business decisions. Financial reports also show the results of how management rules its trusted resources. To provide such information, the financial statements should include the following information about the company: assets, liabilities; equity; income and expenses including gains and losses; deposits and payments to owners and cash flows. Conceptual foundations for preparing and presenting the financial statements define five elements of the financial statements: assets, liabilities, income, expenses, assets that must not only meet the definition, but the criteria for their recognition.

There are two criteria for accounting for assets and liabilities: 1) there is a likelihood that any future economic benefits associated with a particular reporting element will be maintained or lost; 2) the ability to reliably measure or measure the element of financial reporting. And the IFRSs do not give any quantitative criteria for the probability estimation, therefore we should orient ourselves here to the evaluation of the nature of the phenomena.

EU efforts to streamline corporate accounting and reporting have led to the adoption of guidelines that are binding for all participating countries. The first

directive contains provisions for the registration and publication of basic information on companies. The second directive governs the creation of limited liability companies, the support and operation of their capital. It contains provisions governing the increase or decrease in authorized capital, the issue of shares, the receipt of dividends, and so on. Third Directive Regulation merges aspects of EU Member States and defines guarantees for creditors, employees, shareholders, considered relevant financial information. The fourth directive is the basis of EU company law. It contains provisions on the form of annual reports, the principles of accounting, auditing, requires the disclosure of information for those whose welfare is influenced by the work of the company. The fifth directive contains the main directions of the annual audit, the question of the appointment and payment of the auditors who guarantee their independence. The Sixth Directive lays down the rules to be observed when distributing from a subsidiary and issuing shares and redistributing them to the shareholders of the parent company. Other directives establish common rules for the preparation, presentation, disclosure and auditing of consolidated financial statements in the Member States of the European Union.

When preparing international financial statements for the first time, business leaders and accounting services may face a number of issues, the most important of which are: lack of qualified professionals who understand and can apply IFRSs. In addition, it is not just about reporting, but also about their use and understanding. The most effective method for training IFRS is learning to implement standards in a particular company; the incurring of additional costs due to the need to buy new software, which made the creation of reports much easier for employees and reduced the possibility of errors; the need to gather additional information required under IFRS and the inclusion of additional functions in the responsibilities of the business unit staff.

Essentially, there are two approaches to translating financial statements to international standards: accounting transition, which has been prepared in accordance with national accounting standards in IFRS standards; Conversion or management in parallel with national management accounting standards in accordance with IFRS. Ways to Implement IFRS: Transformation, Conversion.

A company has the right to choose the most appropriate method for it. Some companies choose the first option if they need to receive periodic, quarterly or annual reports in accordance with IFRS. Others follow the path that allows you to get into two reporting standards quickly and thus use the reports in enterprise management, development plans, and more budgeting. When using parallel accounting, it has to be understood that simultaneous accounting in several models will pose an important problem – double input of information.

If the company has automated accounting, the problem can be solved technically easily. A considerable number of companies preparing the financial statements data transfer systems such as Excel, manually convert statements in accordance with international standards, but it should be noted that when a large number of operations to convert billing data is problematic because large companies are forced to use to broadcast. Financial reporting in Ukraine is a financial statement that includes information about the Company's financial position, performance and cash flows during the period.

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The purpose of financial reporting as a primary source of financial information is to meet the needs of internal and external users for the adoption of unbiased management decisions.

Domestic financial statements include: the Balance Sheet, Income Statement (Statement of Comprehensive Income), Cash Flow Statement, Statement of Changes in Equity and Notes to the Financial Statements. In comparison accounting and financial reporting according to international standards and Ukrainian legislation, we can conclude that the Ukrainian legislation uses the same assumptions as defined in IFRS. In Ukrainian legislation, the requirements for the qualitative characteristics of financial statements are given in less detail than in IFRS. In the national regulations there is no such requirement for the information shown in the financial statements as neutrality, there is no limit to the relationship between costs and benefits. Also the concept of balance of qualitative characteristics is not used. In Ukrainian practice, there is no way to use professional assessments by accountants to determine the likelihood of receiving or losing economic benefits. Another difference is the structure of the coverage of accounting standards in national and international standards, which leads to some confusion.

Disadvantages include the lack of detailed interpretations and examples of application standards for specific situations. In addition, reluctance to cede the implementation of standards in Ukraine and world disabling factors such as differences in the level of development and traditions, as well as national institutions their priority and regulation and accounting policies. But even if Ukraine fully implements the International Financial Reporting Standards, there should be no strong capital inflows from abroad. However, this is an important step in building mutual trust between Ukraine and the international community. Increasing transparency makes investments less risky for investors and therefore cheaper.

With the establishment of market relations in Ukraine, national business enterprises have faced the need to raise capital through market mechanisms. To meet this challenge, companies have begun to voluntarily prepare and submit IFRS

financial statements. This created conditions to attract investment not only on the national but also on the international capital markets.

The application of IFRS has considerable advantages over P (c) BO for a large number of companies and financial statements. The process of applying IFRS should be gradual and focused. It is necessary to develop such legal frameworks and methodological approaches that will enable you to eliminate the shortcomings of the National Accounts and to improve and modernize the basic aspects of accounting and financial reporting in Ukraine.

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## UKRAINE ON THE MARKET OF GLOBAL ARMAMENT

The situation in the defense industry of Ukraine is complex now. Ukraine inherited from the collapse of the Soviet Union almost a third of the enterprises that produced defense products. At the time, the basis of the defense industrial complex (OPK) was 205 industrial associations and enterprises, 139 research and design organizations. At that time, Ukraine produced 17% of all defense products of the Union. The leading industries in the OPK then were rocket and space technology, shipbuilding, transport aviation, armored and engineering, production of special radio systems. In addition, such important components of armaments as fighter, assault and bomber aircraft, anti-aircraft missile systems, artillery weapons, etc. were not produced in Ukraine.

After proclaiming its independence, Ukraine became the legal possessor of large stocks of weapons, the size of which far exceeds the country's defense capability. On its territory there were 6475 tanks left (in Russia – 10333 units), 7153 armored personnel carriers (16389 units), 3392 artillery units (7719 units), 1431 aircrafts (4161 units), 285 helicopters (1035 units) [1, p. 26].

The defense and industrial complex has survived the industry, whose production still corresponds to the world level. These include the rocket and space industry.