Adapting Russian Accounting to the International Standards: Models, Algorithms, and Amendments

Abstract
The article deals with the impact of the Covid19 pandemic on accounting and financial reporting in terms of the presentation of certain items in the income statement, the assessment of accounting judgments, key sources of uncertainty, and business continuity assumptions. The research focuses on the features of amendments, algorithms, and principles for implementing the provisions of IFRS in 2020: IAS (1) The authors proposed an algorithm for transforming (adapting) financial statements from RAS to IFRS. The article, systematized the approaches representing the key areas in the adaptation of the relationships that create the accounting environment for the successful implementation of the objectives of the transition to IFRS. An integrated approach to the adaptation stages takes into account the external and internal environment of the elements of the transformation of financial statements. The stages interact and are set up for the result of a successful transition to the formation of financial statements in accordance with IFRS. The authors note that the factors affecting the efficiency, reliability and high operational effect of the stage depend on many variables. The authors have developed a model of procedures for accounting and control assessment of elements compatibility for the adapting, and unifying stage of transition from RAS to IFRS.

Keywords: IAS, consolidated financial statements, accounting, algorithm, model.

Introduction
A complex and lengthy negotiation process preceded the entry of the Russian Federation into the World Trade Organization (WTO, 2014) on August 22, 2012. This determined the peculiarities of adaptation and integration of the Russian economy into the world trade system. Major changes and new commitments were made after the Russian Federation's accession to the WTO, including the recognition in accounting practice of the use of appropriate methodologies in accordance with International Financial Reporting Standards (hereinafter, IFRS). The transformations were aimed at accessibility, clarity, transparency and reliability of organizations' reporting. Financial statements provide external and internal stakeholders with relevant information about the company's financial position and business results and form a complete accounting and analytical system necessary for making rational and effective management decisions.

The current conditions for the development of companies in the environment of active law enforcement practice of the executive branch...
are aimed at implementing measures to reduce the negative consequences of COVID-19. They lead to a revision of the approaches to assessing the completeness, availability and reliability of significant accounting judgments that affect the amounts reflected in the financial statements (including the recognition of revenue, assets, liabilities, and the characteristics of the reporting items). Significant fluctuations in macroeconomic indicators, market conditions, and consumer reactions to the generation of information space triggers create additional risks for business aimed at changing sources of uncertainty (including in assessing the value of assets and liabilities) and creating doubts about the assumption of continuity of the entity's activities (including in the event of liquidation or termination of the organization's commercial activities).

Many recent researches of practitioners and theorists in the field of assessing trends in amendments and drafts of IFRS are looking for solutions to highlight the effects in the accounting and analytical space of companies, and assess the provisions of the evolution of IFRS that transform and strengthen the place and importance of reliability, availability, and transparency of accounting and financial information for users. Scientific interest in the adaptation and completeness of the application of IFRS (over time) in Russian accounting practice of the formation of consolidated financial statements, its main features, a set of approaches, methods, techniques, and algorithms aimed at maintaining the manageability of accounting and analytical systems of companies remains. All this determines the relevance of studying the issues of adapting the application of IFRS in the Russian Federation, the formation of an accounting and analytical system for the main business processes of companies.

**Material and methods**

A review and analysis of the amendments and projects adopted by the IASB and implemented in 2020 has shown that few of them have well-established descriptive, predicative models, algorithms for interaction between regulated processes and objects defined in accounting, financial and management accounting.

The main legal analogues of IFRS in the Russian Federation are the Russian Accounting Standards (hereinafter referred to as RAS). RAS is a set of rules that govern the procedure and conduct of accounting processes in the main areas of business, including the preparation of accounting financial statements. The Accounting regulations specifies the legal features of accounting for assets, liabilities, and individual facts of the economic life of organizations.


The methodological tools of the research reflect the following results of scientific achievements:

- system and statistical analysis. They allowed us to identify the features, dynamics, and prospects of subjects of Russian law that are subject to mandatory disclosure and preparation of consolidated financial statements in accordance with international standards of IFRS. According to the Bank of Russia review for 2020, the decline in the
number of registered insurance, credit and joint-stock companies is steadily growing in the Russian Federation. This indicates a positive opportunity to start searching for new developments, methodological recommendations, approaches to the procedures for adapting and restoring the number of companies in the conditions of transition to IFRS standards;

- general scientific and special methods (including formal-logical, documentary). They identified a particular type of activity during the Covid19 period that affects the accounting and financial statements in terms of the presentation of certain items in the income statement, the assessment of accounting judgments, key sources of uncertainty, and assumptions about the continuity of operations;

- verbal and graphic methods. They were used to form and evaluate the features of amendments, algorithms and principles for implementing the provisions of IFRS in 2020;

- structural analysis and modeling methods. They allowed us to form a model of accounting and control assessment of compatibility according to the procedures of the adaptation and unifying stage of the transition from RAS to IFRS of the company.

External stakeholders (investors), especially financial statements prepared on the basis of IFRS, have great interest and need in the search of reliable and high-quality channels for monitoring financial information about the performance of companies today.

Consolidated financial statements of business entities in the Russian Federation are necessary to strengthen the processes of information and accounting diffusion of perception of processes, results of work with foreign partners, as part of the creation of a transparent business implementation environment. Articles 2, 3 and 4 of Federal Law No. 208-FZ of 27.07.2010 "On Consolidated Financial Statements" (President of Russia, 2010) define the scope, preparation, and presentation of these consolidated financial statements in accordance with IFRS (IFRS 10). These articles affect three categories of economic entities: credit organizations, insurance organizations, and organizations whose securities are traded on the securities market.

The analysis of individual economic entities whose activities will fall under the disclosure of information and the submission of consolidated financial statements was carried out with data of Bank of Russia (2021). The results showed a sharp decline in the number of companies (credit institutions by 8.7%, insurance business by 7.3, PJSC by 20.1%).

The process of adaptation to international standards begins with the formation of a package of necessary documents:

- accounting policies of IFRS (IAS 8);

- plan-of-accounts of international accounting (IFRS does not directly regulate the procedure for creating accounts, so an indirect approach is used, when the account must in any case disclose the requirements of the forms, processes and elements of international standards and, above all, the "Statement of Financial Position" (IAS 1)).

- maps of synchronization (transformation) of RAS and IFRS: for accounting accounts and for sub-accounts;

- guidelines for accounting (recognition) of assets and liabilities.

The authors have systematized the approaches representing the key areas in the adaptation of the relationships that create the accounting environment for the successful implementation of the objectives of the transition to IFRS in Figure 1. In our opinion, the adaptation may include several stages related to the specifics of the elements of the accounting method in RAS and IFRS.

Figure 1 shows the graphical process of adapting the preparation from RAS to IFRS.
So, it is clearly possible to distinguish the preparatory, process, functional, adaptation-unifying stages and the final stage, on the basis of which the transformation of the stages of assessing investment opportunities arose.

Figure 1 – The algorithm of transformation (adaptation) of financial statements from RAS to IFRS (compiled by authors based on Ageeva O., 2020, Safwan A., & Muhammad M., 2020)

Figure 2 shows the integrated approach to the micro - and macro-content of the stages of adaptation (transformation) of financial statements from RAS to IFRS.
Figure 2 – The integrated approach to the micro- and macro-content of the stages of adaptation (transformation) of financial statements from RAS to IFR (compiled by authors)

Figure 2 illustrates that all stages interact and are set up for the result of a successful transition to the formation of financial statements in accordance with IFRS. The authors note that the factors affecting the efficiency, reliability and high operational effect of the stage depend on many variables.

We will try to create a mathematical model of the dependence, the weight of the essence of the investment of factors in the process of creating not just a unified transition to international standards, but to assess their situational risks that affect shifts in the expected results of such a transformation in our future research.

The conceptual model of accounting and control assessment of the compatibility of the procedures of the adaptation and unifying stage during the transition from RAS to IFR in companies (Table 1) is based on the described processes.
Table 1 – The model of accounting and control assessment of the compatibility of the procedures of the adaptation and unifying stage during the transition from RAS to IFRS

<table>
<thead>
<tr>
<th>Procedure weight (J)</th>
<th>Adjustment factor (Environmental Factor) (Kf)</th>
<th>Procedures</th>
<th>Identifier</th>
<th>Accounting and control assessment</th>
<th>Forms of reporting that comply with IFRS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>RSA Chart of accounts</td>
<td>Mapping of IFRS accounts</td>
<td>Maps of IFRS adjustments</td>
<td>Methodological compatibility assurance</td>
</tr>
<tr>
<td></td>
<td></td>
<td>A1</td>
<td>A2</td>
<td>A3</td>
<td>A4</td>
</tr>
<tr>
<td>0.2</td>
<td>0.8</td>
<td>Verification of the company's current accounting data according to RAS</td>
<td>B1</td>
<td>Assessment A1.B1</td>
<td></td>
</tr>
<tr>
<td>0.2</td>
<td></td>
<td>IFRS reclassification transactions</td>
<td>B3</td>
<td>Assessment A2.B3</td>
<td>Assessment A4.B3</td>
</tr>
<tr>
<td>0.2</td>
<td>0.2</td>
<td>IFRS adjustment transactions</td>
<td>B4</td>
<td>Assessment A3.B4</td>
<td>Assessment A4.B4</td>
</tr>
<tr>
<td>0.2</td>
<td></td>
<td>Filling out reporting forms and notes on international standards</td>
<td>B5</td>
<td>Assessment A5.B5</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>-</td>
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<td>max</td>
<td>10</td>
<td>10</td>
</tr>
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</table>

According to the results in Table 1, we made an assumption about the procedure of the adaptation-unifying stage as a step-by-step, sequential process in which the dependencies on different uncertainty factors and situations of adaptation of business entities that are different in complexity and probability arise. We will consider the adaptive potential of the transition, in which some of the elements of adaptation will be evaluated in an integrated model of the dependence of the influences of different directions, including losses (income) in the organizational, economic and managerial environments of companies associated with the such transition in further research.

Results and discussion

The scientific community has been concerned about the problem of finding the best ways to provide business with reliable and accessible information for a long time. We will consider the concepts of the three 2021 standards and form a discussion platform on the following issues: what and how will make it possible to perceive the essence of an effective transition to international standards. O. Ageeva (2020) states that the development and formation of the transition to reporting according to the requirements of IFRS will take place as financial risks arise, the globalization of puffiness. We will add to this statement that the availability of information on companies should be closely aligned with the risks and uncertainties of development in the economy.
The general requirements of IAS 1 allow us to conclude that it is necessary to disclose only those judgments that provide for such conditions, and the most complex and subjective judgments should be able to change the amounts recognized in the financial statements, determine the characteristics of items in the financial statements. The standard forms a cycle of procedures presented in Figure 3.

![Figure 3 – Features of the IFRS (IAS) 1 judgment cycle (compiled by authors)](image)

Finding and evaluating of the use of adaptive techniques requires a detailed consideration of the going concern assumption in IAS 1 (Figure 4). The figure shows that the changes in the economies under the influence of the negative factors of the pandemic increase the attention to the processes that accelerate the consideration of the second draft of the concept on the cycle of validity of business continuity assumptions.

![Figure 4 – The concept of the cycle of validity of assumptions about the continuity of activities (compiled by authors)](image)

Thus, there are different present positions on the transition and perception of international standards. The problem of finding for most businesses is complicated by the stagnation of the global economy. The transition to IFRS has a positive impact on the development of domestic enterprises by increasing the transparency and information
content of their financial statements, improving the comparability of reporting indicators.

We will consider the scientific potential of building an adaptation transition, in which some of the elements of adaptation will be evaluated in a complex model of the dependence of the influences of different directions, including those that form losses (income) in the organizational, economic, and managerial environments of companies associated with such a transition, in further research.

Conclusions

Specific retraining of accountants in IFRS is necessary to solve the main problems of implementing international standards in the accounting of Russian organizations. Significant importance belongs not only to a high-quality theoretical base, but also to the practice of specialists.

Educational organizations should pay close attention to the training of future specialists in IFRS in English, so that they do not have difficulties with translating and understanding the provisions of the standard. The productive work of accountants requires good software. It should be more affordable and cost-effective, so that as many organizations as possible can use it. Russian specialists need to be guided not only by the requirements of the tax authorities, but also by the opinion of experts in the field of IFRS to maintain competent accounting according to international standards.

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