



## БУХГАЛТЕРСЬКИЙ ОБЛІК ЯК СИСТЕМА ЗНАНЬ: ТЕОРІЯ ТА МЕТОДОЛОГІЯ

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### CONSOLIDATED ACCOUNTING AS A PECULIAR FIELD OF FINANCIAL ACCOUNTING

The peculiarity of financial system management of the consolidated holding corporate group is the accounting of financial flows circulating between the centers of financial management. These flows will be external for associated companies and they will be intra-group for the whole holding that determines the application of different methods of consolidating operations of the holding. The contour of consolidation seems to outline the structure and in this variant, the schemes of financial flows have the form as a whole.

Such approach simplifies the management of consolidated companies in the holding group. The financial management of the holding involves the development of typical accounting documents – both for individual structural units and for the company as a whole [46].

The complexity of the processes of formation of consolidated holding companies and the nature of accounting between the participants of these groups, the specificity of which is the occurrence of intra-group circulations and intra-group balances, the necessity to supply users of consolidated financial statements with reliable data. It requires a separate consolidated accounting as a specific part of financial accounting.

This step has been defined by several circumstances:

1. The consolidated accounting covers a new scope of application for accounting that is the consolidated holding group of legally independent individuals, and considers it as a single economic entity.

2. The consolidated holding corporate group is expressed only through consolidated financial statements and consolidated accounting is the instrument of reflection of financial relations in holding corporate group.

3. Consolidated accounting as each part of any science applies its specific methods and methods of accounting: elimination and transformation of accounting records using a set of generally accepted techniques.

Therefore, consolidated accounting is a specific part of financial accounting, the process of identifying, recording, measuring, storing, summarizing, keeping and disseminating information about the activity of the consolidated holding corporate group in order to provide users with complete, reliable and objective information about the financial state, the results of its activity and cash flow of consolidated holding corporate group.

Accounting, as a technological process, organizationally forms a consistent system of stages – primary, current and final accounting. Each such structural unit – a stage - is an independent object of an organization.

At the first stage of consolidated accounting, that is in the parent company, primary documents, both unified documentation systems and internal documents (certificates of accounting, memorial orders, payment documents, etc.), are drawn up and then arguments are formed for



accounting records on synthetic and analytical accounts. Primary documents are processed, filed and archived.

The second stage covers registration operations of economic facts in the system of accounts on the appropriate data mediums – accounting registers (books, cards, machine graphics, etc.), calculations of the summary data, their distribution and redistribution. This stage is called the current accounting and it is the base for reporting.

At the stage of current consolidated accounting, information is transferred from primary documents to accounting registers (work tables for consolidated financial statements, regulatory records journals, transition tables, tables for the composition of participants in the consolidated holding corporate group). Goodwill and minority interests are determined, distribution of profits (losses) of participants is made between minority interest and group interest, investment by equity method is adjusted. At this stage, specific methods of processing accounting information – elimination and transformation of accounting records are used.

The constituent of both stages of the accounting process is the control functions of the accounting department. These include prior, current and subsequent control.

The third stage is the compilation of various consolidated accounting data – the final balance sheet and report forms.

At the stage of the final consolidated accounting, consolidated financial statements are prepared: balance sheet (report about financial state), report about financial results (about aggregate income), cash flow statements (by direct and indirect methods), report about personal capital and notes to the consolidated financial statements reporting.

We should emphasize that the stages of the accounting process are deeply intertwined.

The evaluation of information about the organization of the technology of the accounting process gave the possibility to investigate the peculiarities of the phased development of the consolidated accounting, which are presented in the Table 1.

In define objects of the organization of technological process, it is necessary to consider a set of operations, which form the accounting stage. A systematic nomenclature of data is necessary for it in order to characterize economic facts, phenomena or processes. The block of such data determines various economic characteristics, which should be processed. Therefore, nomenclature is the first object of the organization of the accounting process. The list of accounting nomenclatures that is data list, according to which consolidated financial report is made should be made for consolidated accounting.

To use data in technological process, each accounting nomenclature should be recorded on a certain technical data medium about economic facts, phenomena or processes, which should be processed: on a sheet of paper, a floppy disk, etc. Data mediums depend on the means of information processing. The second object of the organization of the technology of accounting process is the storage medium about economic fact, phenomenon or process.

The specific feature of the technology of the accounting process is the registration of the data nomenclatures, which are recorded on the mediums in the system of accounting registries. This requires the regulation of the transmission of data media both in space and in time, that is, the organization of information mediums – primary documents, accounting registers, reporting forms. For the organization of consolidated accounting technology, it is important to allocate rationally duties among the accounting officers, who are responsible for the document circulation. The documents, registers and reports of the consolidated holding group should be kept in the current archive separately from the mediums of the accounting information of the parent company.

Organization of the technology of the accounting process includes the support of accounting process, which involves information (data mediums – documents, accounting registers, reporting forms, etc.), technical (means of producing documents, computers, etc.), software and other types of support.



Table 1

**Characteristics of the technology of the consolidated accounting process**

	The stage of the accounting process	Type of accounting operation	Contents of the technology of the accounting process
1	Primary accounting	Mechanical: extract, reproduction of primary documents, sorting	Preparation (occurrence) of primary documents, formation of evidence for accounts, processing of primary documents (grouping, taxing, concluding, registration), organization of document circulation, organization of storage of primary documents
2	Current accounting	Processed: reconciliation, logical calculations, distribution of sums for relevant accounts	Information conversion from primary documents to accounting registers (work tables for composing consolidated accounts, regulatory records, transition tables, tables for the composition of participants in the consolidated holding group, definition of goodwill, minority interests, distribution of profits (losses) of consolidation participants between the minority share and the group's share, adjustment of investments by equity method)
3	Total accounting	Processed, creative: complex calculations, comparison of information according to relevant articles	Preparation of consolidated financial statements: balance sheet (statement of financial position), statement of financial position (gross income), cash flow statement (direct and indirect), statement of changes in equity and notes to consolidated fiscal accounting.

It should be noted that the stated above approaches can be extended to the technology of forming consolidated accounting data.

Consolidated balance sheets of each level should be logically connected with corresponding cash flow balances (in particular, the expenses and revenues of subsidiaries connected with centralized funds on their accounts should be taken into account). Consequently, the investigation of the stated above issues emphasizes the necessity of not only making consolidated financial statements, which supports representation of the association as a single economic mechanism, but also the organization of consolidated financial accounting as a new, specific part of accounting, which requires a scientific study of its methodological support.

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