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CONVERGENCE OF FINANCIAL REPORTING IN THE EUROPEAN UNION (EU)

Summary

In the conditions of European integration processes, the convergence of enterprises' financial reporting of EU member states is one of the priority strategic directions, the implementation of which is aimed at forming a single set of standards that could be used by the international community. European integration is a rather time-consuming socio-economic process and involves close cooperation of European states, in which investment activity is provided with a quite significant place. However, the differences in the national legislation regarding the preparation and submission of financial and consolidated statements between EU member states restrain positive developments in the context of increasing the level of their investment attractiveness. The convergence process itself is aimed at eliminating differences in the display of the European enterprises' results in the financial reporting system, which will encourage an increase in its comparability, accessibility and comprehensibility for external real and potential investors. Accordingly, the elimination of differences in financial reporting standards in EU member states is a significant factor of effective cooperation in the active capital market in today's conditions. This, in turn, determines the relevance of the research.

The purpose of the article is to research and substantiate peculiarities of the financial reporting convergence in the European Union and to disclose the content and characteristics of the Directive 2013/34/EU, requirements for the list of articles of the horizontal and vertical balance sheet, the structure of the profit and loss statement, as well as the management report for EU member states.

In the process of carrying out the research, general scientific theoretical methods of cognition were used, namely: the system analysis - to clarify the main categories of the research; the abstract-logical method - to make theoretical generalizations and

conclusions about the current level of financial reporting convergence in the EU, the tabular method - for visual presentation of the list of articles (horizontal and vertical) of the micro-enterprises balance sheet; as well as the forming the profit and loss statement structure.

The article attempts to theoretically substantiate the concept "convergence", in the process of which convergence is considered as a synonym for the concept "integration". The main provisions of sections and annexes of the Directive 2013/34/EU, the structure of horizontal and vertical balance sheets, the statement of profits and losses by function and by nature of expenses are considered. The characteristics of the options for the list of articles of the micro-enterprises horizontal and vertical balance sheet are presented and their comparative analysis with the requirements of the Directive 2013/34/EU is carried out. The authors revealed the composition of the annual financial statements and specific features of the unified management forms of reports using the example of the EU member states. It has been proven that convergence is the absence of differences in financial reporting standards between EU member states, therefore the need for further convergence of financial reporting standards is a strategic priority for establishing active cooperation between European states in the long term.

The peculiarities of financial reporting convergence in the European Union (EU) were comprehensively and thoroughly substantiated, which made it possible to objectively assess the content and characterize the Directive 2013/34/EU, as well as follow the reporting forms structure of the member states: horizontal and vertical balance sheet, report on profit and loss, with an emphasis on micro-enterprises. Examples of approaches to assessment of assets and liabilities on the balance sheet of EU companies are given. The composition of annual financial statements in the EU member states is considered.

Prospects for further research lie in the implementation of theoretical and practical substantiation of the need for financial reporting convergence in the European Union, as the main mechanism of convergence and comparability of information in financial reporting of EU member states; directing efforts to increase the image of the investment attractiveness of enterprises through the prism of integrated financial and management reporting; justification of peculiarities of content and structure of the articles of actuarial management reporting compiled in the context of the Conceptual basis of financial reporting, aimed at assessing the increase (reduction) in the enterprise value in the conditions of the business sale as a complete property complex.

Keywords: convergence, financial reporting, management, European integration, balance sheet, profit and loss statement, management report.

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