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REQUIREMENTS FOR THE COMPOSITION OF CONSOLIDATED FINANCIAL STATEMENTS UNDER NAS: IMPLICATIONS FOR INVESTMENT ATTRACTIVENESS

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Abstract. In the period of Ukraine's post-war economic recovery and the intensification of European integration processes, the consolidation of enterprises acquires particular importance. This process expands the range of stakeholders, including both internal and external users of financial statements. At the same time, the importance of objectivity, reliability, and high quality of accounting data summarized in the reporting of joint enterprises, particularly in consolidated financial statements – increases. Such information is crucial for enhancing the country's investment attractiveness, even under the challenging conditions of martial law.

Consolidated financial statements are prepared based on the financial statements of all group companies, with the unification of accounting policies for similar transactions and events. If a group company applies a different accounting policy, its financial statements are adjusted to align with the consolidated practice.

The purpose of this study is to comprehensively examine the theoretical aspects of preparing and presenting consolidated financial statements by corporate enterprises in accordance with the National Accounting Standards (NAS), which form the basis for enhancing the investment attractiveness of business even under martial law conditions.

The research methodology is based on a qualitative analytical assessment of the existing regulatory framework defined in the NAS regarding the composition and presentation of consolidated financial statements. Consolidated financial statements are compiled by systematically summing up the indicators of subsidiaries' financial statements with the corresponding indicators of the parent company. In this process, the financial statements of both parent and subsidiaries are prepared for the same reporting period and as of the same balance sheet date. For example, according to NAS 1 «General Requirements for Financial Statements» and NAS 2 «Consolidated Financial Statements», the consolidated financial statements include: Consolidated balance sheet (Statement of Financial Position), Form No. 1-K; Consolidated statement of financial results (Statement of Comprehensive Income), Form No. 2-K; Consolidated cash flow statement, Form No. 3-K; Consolidated statement of changes in equity, Form No. 4-K; Notes to the consolidated financial statements.

Additionally, the accounting and reporting of enterprise consolidations, including goodwill, are regulated by NAS 19 «Business Combinations» and NAS 12 «Financial Investments». Article 3 of Section 1 of NAS 1 defines consolidated financial statements as the financial statements of a parent company and its controlled subsidiaries, considered as a single economic entity.

According to Section II of NAS 2, preparing consolidated financial statements requires eliminating the carrying amount of the parent company's investments in subsidiaries, intra-group transactions and balances, and unrealized intra-group profits

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and losses (except non-recoverable losses). The parent company then determines the non-controlling interest in the equity, net profit, and comprehensive income of subsidiaries, calculated as the ownership percentage not held by the parent multiplied by the relevant indicators, considering unrealized intra-group gains and losses. If a subsidiary issues preferred shares as equity instruments held by external investors, the parent accounts for its share of profit or loss, including dividends, regardless of declaration. Goodwill and non-controlling interest in business combinations are determined according to NAS 19. Exchange differences from translating foreign subsidiaries' financials are governed by NAS 21. These principles ensure accurate reflection of the financial position and performance of the entire group. Consolidated financial statements provide a complete picture of the financial health of the enterprise group for investors and stakeholders.

In conclusion, consolidated financial statements include all indicators of the parent and subsidiaries. If the parent seeks exemption from consolidation, written consent from non-controlling interest holders is required. A subsidiary is controlled if the parent has power over it, its results affect the parent's assets, liabilities, and equity, and the parent can exercise its power; mere protective rights are insufficient. Consolidated reporting improves transparency and accountability within the group and supports strategic decision-making. According to NAS 1, consolidated statements are formed based on uniform accounting policies; differing policies are adjusted for consistency. Investing in corporate enterprises is strategically important for Ukraine's post-war recovery, ensuring sustainable development and enhancing the economy under martial law and reconstruction conditions. Such reporting boosts investor confidence in the country's financial system.

Keywords: consolidated financial statements; goodwill; business combinations; investments; economic reconstruction.

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