

## **International System of Financial Accounting – is a well known instrument of increasing the investment attraction of a company.**

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There are many points of view in relation to expedience of attraction of foreign investments in Russia. The official investment policy of Russia is the following: the use of foreign investments is objective necessity, and investments should be actively attracted, creating favorable investment climate. World economic science in the 60-ye years convincingly proved, that any developing country, striving for rapid increase of national income, face with difficulties, if it tries to carry out the program of capital investments, limited only with its national facilities. Foreign capital attraction in Russia is referred to strategic tasks of Russia economy development.

Potential investors must get reliable information about a company for a decision-making about its crediting. Such information, potential foreign investor, can extract from the financial reporting, that is formed by the organization. Overwhelming majority of the Russian companies, including Far East companies, forms its accounting according Russian standards (principals) of a book – keeping (RSBK).

Today differences between Russian and international standards are very substantial. Accounting, made according Russian standards, does not give the quite faithful picture of the real position of business in a company. Russian standards first of all are oriented on tax inspection. But for tax calculation there are tax returns, and accounting control has another value. A book – keeper makes accounting according international standards for foreign investor of company, who invests its money, and having taken balance in hands, wants to understand, if he was right to acquire stocks of this company and if it was more profitable to put these money in a bank under low, but faithful percents. Whether accounting, made on the Russian standards will be able, to answer on it? Probably, not. It is more comfortable to use it only for the calculation of taxable base. And MSFO, unlike RSBK, is oriented to the real and reliable estimation of assets and obligations of company.

For a public company, with serious investment intentions, accounting, presented in accordance with the Russian standards turns around serious problems. First of all, difficulties arise with foreign investors. In fact in foreign practice an account is interpreted as a total sum of registration processes, in the number of which an important place is occupied by preparation of the financial accounting for potential investors and creditors.

If the Russian companies begin to make the financial reporting in accordance with the requirements of international standards, divergences in accounting will be far fewer. As the same information will be used for financial and administrative accounting, but it will be processed differently for managers and external users. Therefore a task – to influence all system of account and planning on the receipt of the qualified accounting, acceptable for investors, arises before the Russian companies.

Thus, international system of financial accounting is a reliable information generator, it is an international language which enables businessmen from different countries to understand each other. An international system of financial accounting is a universally recognized instrument of increasing the investment attraction of a company.

International system of financial accounting are another part of image of Russia. An economy becomes more clear for all users of the information about financial and economic position of enterprises and banks, if it is described in terms of international standards — this esperanto of business. When all managing subjects speak in one language and understand each other, a trust increases. And a trust is basis of stability and growth in any economic and financial

system. Trust of banks to each other, customers to the banks, banks to the state and vice versa allows avoiding serious and small crises.

Of course, accounting presentation according international standards does not mean the automatic attraction of additional investment resources. However, if a company also follows other terms it can count on the foreign financing. Many foreign financial companies even now give credits only after granting them an accounting, made according international standards. For example, the European bank of reconstruction and development at the decision of question about credit delivery requires to give annual financial accounting, certified by auditor and prepared in accordance with international system of financial accounting.

Secondly, an informative openness and transparency of accounting also shows a company prestige. An accounting presence according international system promotes a trust to the bank within country and positively tells on his image.

Finally, efficiency of acceptance administrative decisions rises, including decisions, accepted by internal users, as standards were initially developed for acceptance of management decisions. Thus, accounting, prepared according international system of financial accounting, is examined as one of major corporate management.

A necessity to make the financial accounting according international system arises at those enterprises, which works with foreign banks and investors. Companies, that make accounting according international system, can count on interest rate decline as an investor in this case is able to estimate risks objectively. While Russian standards declare superiority forms above content, the main goal of International System of Financial Accounting is getting the most truthful information about the company's condition, which is important for investors for truthful evaluation and making reliable forecasts.

Another reason why enterprises make its accounting according international standards is a requirement of business proprietor. A business owner always aims to create such instrument which would allow him to understand the real position of businesses of an enterprise enable to estimate financial position of a company objectively.

Another advantage of International system of financial accounting is the use of received information for management aims. Deciding how management accounting should be organized, the decision is usually made to compile it according international system. It was considered for long time, that accounting, made according international standards is needed by Russian banks and companies only for external users. But many business owners realize now, that financial reporting according international system is necessary for more effective management.

The state should initiate process of transition on international system of financial accounting. Russian government is interested in investments attraction into Russian economy, but for this purpose transparency of Russian business should be increased, including inculcating standards that would be clear for western investors. If this process is not controlled at a state level, enterprises will pass to the new standards of accounting only in the case of absolute necessity. It will substantially slow down money attraction into Russian economy.

**Basic problems** of the Russian companies transition on international system of financial accounting.

Not all enterprises positively regard transition on international system of financial accounting. Today the overwhelming majority of Russian companies are not ready for transition on international standards of financial accounting.

One of the main problems will be a problem of **personnel**. International system of financial accounting is much more difficult than Russian rules of book-keeping and requires more professional knowledge. "Nowadays most Russian banks and companies do not have specialists qualified in international system of financial accounting and practice in accounting compiling. Such specialists are expensive enough. And not every company can afford to hire them. It should motivate a company to teach specialists itself.

Other important problem – linguistic. Official language of international standards of financial accounting is English. Unfortunately, it's impossible to teach Russian book – keepers'

English language quickly, that is why official translation of international system of financial accounting is important.

One of requirements, produced to the financial accounting, is energy in information presentation. Unfortunately, now it takes a lot of time to prepare an accounting according international system of financial accounting and informational becomes not actual. Most Russian companies, publishing accounting for 2006 according financial standards exposed this information more than in six months after completion of fiscal year. It is difficult to name information, acting with such delay actual. "A problem of operating accounting preparation according International System of financial accounting can be solved by accounting automation. Lots of time will be saved if informational system, which will allow keeping Russian and international accounting, is applied into the enterprises.

In reply to a growing requirement in specialists' preparation on international standard of financial accounting, the world acknowledged Association of the Chartered Certified Accountants (ASSA) presented recently new qualification - Diploma of International Financial Accounting (DipIFR). Today ACCA is the only one organization of professional accountants, which was able to develop and offer such qualification, taking into account globalization of world economy, and constantly growing trend of distribution of International System of financial accounting in "accounting world".

ACCA (Association of Chartered Certified Accountants) – non commercial international organization of professional book - keepers, carrying out certification of financial workers, was formed in 1904. Presently ACCA counts 300 000 students and members of Association in 160 countries. Program of ACCA is acknowledged by UNO as basis for creation single international qualification of boor – keepers and financiers.