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FINANCIAL STATEMENT INFORMATION AND REASONS FOR ITS DISCLOSURE IN UKRAINE AND ABROAD

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Introductions. Detecting fraudulent activities in financial statements has always been an important, but difficult and time-consuming task for users of financial statements. The main regulatory and legal documents on which they are usually oriented are the National accounting regulation (standard) № 1 «General requirements for financial reporting» [1] for Ukraine and the IFRS 1 «Financial reporting presentation» [2] in the world. That's why quality control of accounting data in organizations is becoming more and more necessary. For the purpose of effective, competent and timely detection of fraudulent actions, in our opinion, it is necessary to distinguish their nature.

Aim. Show the importance of the formation of financial information, the reasons for its distortion and the negative effects of the formation of public opinion

about the enterprise in such cases.

Materials and methods. The historical features of the development and formation of accounting standards, national concepts, paradigms of world accounting schools and recognized auditing organizations specializing in the verification of financial statements became the basis of this research.

Results and discussion. For this purpose, the literature on this subject was studied and the following classification of fraud types with financial swelling was found: According to Chenash V. [3] Financial reporting fraud can include the following schemes:

- falsification, alteration or manipulation of financial statements, with changes to documents or operations carried out;

- intentional distortion, failure to reflect the facts of economic life on accounting accounts or other data, on the basis of which financial statements were prepared;

- intentional and incorrect interpretation and illegal implementation of accounting standards, principles and methods used to measure, recognize and reflect the facts of economic life in accounting;

- use of aggressive accounting methods based on illegal management methods;

- manipulation of the possible methods of accounting in accordance with the existing rules and requirements of normative documents, which allow companies to hide the real indicators of their financial and economic activity.

Plikus I. [4] identifies the following main types of violations:

- insider trading in the securities market (including fraud schemes using information technologies and databases);

- prosecuting audit firms and consultants who confirmed unreliable financial statements;

- illegal activity of investment companies and consultants;

- fraud using complex financial instruments;

- corruption schemes.

According to the financial magazine «Talking of money», there are five main types of fraud in financial reporting: fictitious sales; improper recognition of costs; incorrect assessment of assets; hidden liabilities; and inappropriate disclosures [5].

After analyzing the foreign and domestic market, we singled out the most «high-profile» court cases on falsification of accounting statements regarding types of financial fraud, court cases and their consequences:

1) Type of financial fraud: „Insider trading in the securities market”. The court case that erupted in Ukraine in 2011 surrounding the «Boyk tower block» case. A month before the company entered into an agreement with the British company Highway Investments Processing, insiders artificially inflated the share price and raised it by 24 %, and only after that did information about the merger appear in the media. As a result of the fraud, according to experts' estimates, insiders earned more than 60 million dollars this month.

2) The next type of financial fraud is «Prosecution of audit firms and consultants who have confirmed unreliable financial statements». The Enron case became the biggest scandal of the 21st century. The main charge against Enron was falsification of financial statements that misled investors. As a result of an independent financial investigation, the use of various financial and offshore schemes was discovered. The facts of participation in the falsification of reporting by experts of the audit company «Arthur Andersen», which gave positive conclusions about the company's reporting, turned out to be significant for the Enron case. One of the verdicts of «Enron» was the adoption by American legislators of the Sarbeys-Oxley Act, which strengthened the requirements for financial reporting, as well as the collapse of the auditing company «Arthur Andersen», which was one of the Big Five auditing companies in the world.

3) Another type of financial fraud is «Corruption Schemes». The court case of the US Department of Justice, which announced the disclosure of a large-scale international corruption scheme, in which the French company «Alstom» was involved, which for more than ten years paid bribes to government officials in a number of countries. According to official information, the French transport and

energy company «Alstom» pleaded guilty to violating the American Foreign Corrupt Practices Act. The company participated in a corruption scheme between 2000 and 2011. In total, «Alstom» paid tens of millions of dollars in bribes, thanks to which contracts totaling 4 billion \$ were awarded. The company's profit was approximately 300 million \$. As a result of the fraud, «Alstom» was charged and the organization agreed to plead guilty to violating anti-corruption laws and pay a fine of more than 772 million \$. This fine was approved by a federal court, and became the largest fine in the history of the United States for committing such crimes.

4) Another type of financial fraud is «Fraud using financial instruments». A scandalous example was the court case of «PrivatBank». In the activities of this bank, there were signs of dishonest behavior of the management and owners, which were expressed in the withdrawal of assets to the detriment of the interests of creditors and depositors, as well as in the preparation of unreliable financial statements. «PrivatBank» used a standard scheme – issuing loans to self-created legal entities. As a result of the fraud, on December 18, 2016, the National Bank of Ukraine nationalized this bank.

Conclusions. So, based on the studied material, it can be noted that all types of fraudulent actions with financial reporting lead to a number of consequences affecting the organization's activities. The main ones are: a decrease in the quality and unity of the process of preparing financial statements; decrease in investors' confidence in the credibility and reliability of financial information; decrease in capital market efficiency; increase in economic losses of the organization; decrease in the functionality of the organization.

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