

Table 1 – Differences between the three accounting systems: Continues

Third balance sheet	Not required.	A third balance sheet is required as of the beginning of the earliest comparative period when there is a retrospective application of a new accounting policy, or a retrospective restatement or reclassifications that have a material effect on the balances of the third balance sheet. Related notes to the third balance sheet are not required.	Not required.
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Source: author's research.

References

1. Regulation No.111, The Accounting Reports of an Organization, approved by the Ministry of Finance of the Republic of Belarus of 31.10.2011 № 111. <http://www.minfin.gov.by/ru/accounting/methodology/acts/df90ff240c4dcadf.html?ve>.

JEL Classifications: M41

COMPARISON OF FOREIGN CURRENCY MATTERS ACCOUNTING AND REPORTING UNDER IFRS, US GAAP AND BELARUS GAAP

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Key words: accounting, reporting, foreign exchange rate, IFRS, US GAAP, Belarus GAAP.

Abstract. In this paper we will discuss where the accounting standards (IFRS, US GAAP and Belarus GAAP comparison) are similar and where differences exist in connection with foreign currency exchange rate accounting and its presentation in financial reporting. We want to underline the fact that the three sets of standards are generally more alike than different for commonly encountered transactions in foreign currency. This is connected with such fact that IFRS being largely, but not entirely, grounded in the same basic principles as US GAAP, and Belarus GAAP began to be largely grounded in the same basic principles as IFRS.

First of all we want to underline the fact that the three sets of standards are generally more alike than different for commonly encountered transactions. This is connected with such fact that IFRS being largely, but not entirely, grounded in the same basic principles as US GAAP, and Belarus GAAP began to be largely grounded in the same basic principles as IFRS. The general principles and conceptual framework are often the same or similar in all mentioned sets of standards, but not leading to similar accounting results in Belarus companies' financial reporting in comparison with the results under IFRS and US GAAP. The existence of such differences does not depend on the nature of the entity or the details of the transactions, but only on the interpretation version of the more general IFRS and US GAAP principles in Belarus GAAP by Ministry of finance.

There is no any concept of functional or presentation currency or hyperinflationary currency in Belarus GAAP. In accordance with National standards of accounting and reporting, "Effect of changes in foreign exchange rates", approved by the Ministry of Finance of the Republic of Belarus of 29.10.2014 No. 69, the reporting currency for all entities is the Belarus ruble. In accordance with Regulation No.69 "Effect of changes in foreign exchange rates" foreign currency transactions of an entity must be recalculation in Belarus rubles, with the amounts resulting from changes in the exchange rates being reported in profit or losses. All monetary assets and liabilities denominated in currencies other than the ruble should be recalculated in rubles using the official exchange rate of the National Bank of Belarus at the reporting date. Non-monetary assets (fixed assets, intangibles, inventory, prepayments and advances) and liabilities, as well as share capital, denominated in currencies other than the ruble should be accounted for in rubles, being recalculated by using the official exchange rate of the Bank of Belarus at the date of the transaction. When the law or agreement between the parties envisages another exchange rate for the recalculation of assets and liabilities denominated in foreign currencies and subject to settlement in rubles, that rate is used for recalculation. Consolidated financial statements prepared in accordance with Belarus GAAP should also be presented in Belarus rubles.

ASC 830, *Foreign Currency Matters*, and IAS 21, *The Effects of Changes in Foreign Exchange Rates*, are similar in their approach to foreign currency translation. By the way, the criteria to determine an entity's functional currency are different under US GAAP and IFRS. But both ASC 830 and IAS 21 generally result in the same determination. In addition, although there are differences in accounting for foreign currency translation in hyperinflationary economies under ASC 830 and IAS 29, *Financial Reporting in Hyperinflationary Economies*, both reporting systems require the identification of hyperinflationary economies and generally consider the same economies to be hyperinflationary.

US GAAP and IFRS require foreign currency transactions to be recalculated into an entity's functional currency with sums resulting from changes in exchange rates reported in income. The method used to translate financial statements from the functional currency to the reporting currency is the same under US GAAP and IFRS. Exception is the translation of financial statements in hyperinflationary economies.

Before executing the translation procedure into the reporting currency US GAAP and IFRS require recalculation into the functional currency. Assets and liabilities are translated at the period-end rate and income statement sums generally are translated at the average rate, with the exchange differences reported in equity. Certain foreign exchange effects related to net investments in foreign operations to be accumulated in shareholders' equity. These sums are reflected in income when there is a sale, complete liquidation or abandonment of the foreign operation.

Table 1 – Differences in accounting of foreign currency matters

	Belarus GAAP	US GAAP	IFRS
Translation/ functional currency of foreign operations in a hyperinflationary economy	There is no relevant regulation for a hyperinflationary economy in Belarus GAAP.	Local functional currency financial statements are recalculated as if the functional currency was the reporting currency (US dollar in the case of a US parent) with resulting exchange differences recognized in income (gains).	The functional currency must be maintained. But local functional currency financial statement amounts not already measured at the current rate at the end of the reporting period (current and prior period) are indexed using a general price index, and are then recalculated in the reporting currency at the current rate.
Consolidation of foreign operations	There is no relevant regulation in Belarus GAAP.	A "bottom-up" approach is used in order to reflect the appropriate foreign currency effects and hedges in place. An entity should be consolidated by the enterprise that controls the entity. In this case, it is used the "step-by-step" method of consolidation, whereby each entity is consolidated into its immediate parent until the ultimate parent has consolidated the financial statements of all the entities below it.	The consolidation method is not specified and, as a result, it is used either the "direct" or the "step-by-step" method of consolidation. Under the "direct" method, each entity within the consolidated group is directly translated into the functional currency of the ultimate parent and then consolidated into the ultimate parent without regard to any intermediate parent. The use of method of consolidation could affect the cumulative translation adjustments deferred within equity at intermediate levels, and therefore the recycling of such exchange rate differences upon disposal of an intermediate foreign operation.

Source: author's research.

References

1. National standards of accounting and reporting, "Effect of changes in foreign exchange rates", approved by the Ministry of Finance of the Republic of Belarus of 29.10.2014 No. 69. Available at: <http://www.gb.by/izdaniya/glavnyi-bukhgalter/postanovlenie-minfina-rb-ot-29102014-69>.
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**METHODS OF RUSSIAN AUTHORS FOR
ASSESSING THE FINANCIAL STABILITY OF
COMMERCIAL BANKS: COMPARATIVE
CHARACTERIZATION**

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Key words: financial stability, commercial bank, liquid assets, statutory fund, equity, total liabilities.

Abstract. The article describes the most common methods for assessing the financial stability of commercial banks of the Russian authors. The article provides a comparative description of these methods, as well as indicates their advantages and disadvantages.

The most common methods of assessing the financial stability of commercial banks are as follows:

1. Analysis of the financial stability of a credit institution by the method of V. Kromonov.

The initial information for calculation of stability is held in balance sheets of banks, which data are grouped into economically homogeneous groups: statutory fund, equity, demand liabilities, total liabilities, the required reserves fund, liquid assets, working assets, capital protection.

On the basis of these parameters the system of coefficients is made and the current index of reliability is calculated.

For the construction of the current index of reliability normalization system is applied to the resulting set of coefficients. Its essence lies in the fact that each bank's coefficients are divided into respective coefficients of a hypothetical bank, called optimally reliable. The term "optimally reliable bank" means a bank, a reliable