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DISTORTIONS AND ERRORS IN THE FINANCIAL STATEMENTS: CLASSIFICATION, DETECTION AND WARNINGS

Summary

The necessity to provide reliable financial statements to users is enshrined in the legislation of Ukraine. Thus, the financial statements should be formed according to the rules that are enshrined in regulations of both domestic and international law. The reporting is considered reliable if the information in such should not contain errors and distortions that could affect the decisions of users of reporting.

The quality of the submitted financial statements, its reliability and compliance with all requirements and, accordingly, the effectiveness and appropriateness of management decisions made on its basis are directly affected by the presence or absence of errors in the financial statements, their timely and complete correction. This emphasizes the urgency of improving the characteristics of the classification of errors, which depends on the choice of a particular algorithm for their correction.

The purpose of the article is to investigate the classification of errors in financial statements to predict all possible types and supplement it with new classification features.

The research is based on a systematic approach to the classification of errors in financial statements and the prediction of all possible types. The authors used methods of analysis and synthesis, grouping and detailing, induction and deduction and analogy. Abstract-logical method - for the implementation of theoretical generalizations and conclusions about the nature of errors in the financial statements to supplement them with new classification features.

Analysis of the opinions of scientists on the motives of distortions and errors in accounting and reporting has clarified that the latter can be very diverse, which is quite difficult to assess. We have expanded and supplemented the classification features of distortions in financial statements.

The proposed classification will determine the place and period of occurrence of the destructive factor in the documentation, accounting records and identify those responsible for carrying out specific facts of economic activity, reflected in the financial statements.

In further research, it is advisable to focus on the need to apply the basic principles and procedures of International Standards on Auditing in connection with the fact that the process of transition to IFA in our country is coming to an end.

Keywords: financial statements, distortions, errors, classification of errors, unintentional distortions, intentional errors, material and non-material errors.

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