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ACCOUNTING POLICIES IN THE FUNCTION OF QUALITY ASSESSMENT OF FINANCIAL STATEMENTS

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Abstract: Financial statements represent an instrument by which relevant information about a company is passed on to its users. Based on the information presented in the financial statements, i.e. information on the financial position and performance of the company, and generated cash flows and capital, users make business decisions. Specific accounting policies serve as the basis for the preparation of quality financial statements. Management is responsible for the preparation and presentation of financial statements and selects accounting policies. Although simple, the issue of choosing the accounting policies can be extremely delicate and complex. Besides management, there are other stakeholders who may be affected by this issue. As a consequence, there are complex relationships that affect the choice of accounting policies, and thus the quality of financial statements.

Keywords: Financial statements, quality of financial statements, accounting policies.

JEL classification: M41

1. Introduction

Financial statements, as a part of the financial reporting process, are primarily intended for internal and external users, in order to make adequate business decisions. In modern business conditions, there is a need to harmonize financial reporting at the global level, in order to overcome the differences that exist between the accounting practices of different countries. The final goal of this process is to provide information that is primarily credible, relevant, comparable, convenient and understandable on the basis of which the users of financial statements would make quality business decisions.

In other words, if we keep in mind the huge importance of financial reporting and the large number of decisions that are made on the basis of information from financial statements, it becomes clear why special attention is paid to the quality of this system. High quality financial reporting is a basic prerequisite for attracting investments (domestic and foreign), which leads to an increased competitiveness of companies and the national economy as a whole.

According to IAS / IFRS, a number of issues must be resolved by selecting appropriate accounting policies, in order to meet the requirements for quality financial statements. They represent the specific principles, conventions, rules and methods adopted by management in preparing and presenting the financial statements.

The paper will discuss the importance of selected accounting policies and their impact on the quality of the content of financial statements. Their choice affects the treatment of balance sheet items, which is reflected in the financial and profitable position of the company. What is more, in this paper we have analyzed the application of selected accounting policies in companies in the Republic of Serbia, where it is possible to see how the adopted accounting policy shows the performance of specific companies.

2. Significance of quality financial reporting

Financial reporting is a process of determining, measuring and disclosing financial information about the operations of economic entities, which enables their users to make adequate business decisions.

Therefore, we define financial reporting as the process of providing quantitative (accounting) information about a company and communicating it to interested users, i.e. decision makers (Krstić, 2002). Recognition and measurement of the effects of business transactions and other events, for the purpose of inclusion in the elements of financial statements, are the essence of financial reporting (Novićević, 2016).

The final product in the financial reporting process is the financial statements. Using the financial reports, decision makers have the opportunity to see the results achieved and predict the future results, as well as to make comparisons with other companies, and thus make a conclusion about the company's operations in the future. Financial statements, as the most useful source of information, allow users to assess the company's ability to create the value for owners, assess the short-term and long-term security of a particular entity, assess the distribution of profits, willingness of the entity to pay dividends and the like. Due to the fact that they base their business decisions on the information contained in the financial statements, the users expect their reliability and relevance. In that sense, the information in the financial statements and their quality analysis contribute to

diminishing information inconsistency, reducing the risk of negative selection and the risk of abuse, as well as increasing the efficiency of capital allocation (Malinić et al., 2016b).

It is well known that financial reporting plays a significant role in providing greater security for investors, attracting foreign investment, developing capital markets and stimulating economic growth. The lack of confidence in the financial reporting process calls into question the functioning of the capital market, the stability of the financial system increases the risk and costs of capital and slows down the development of enterprises and the national economy as a whole (Malinić et al., 2016c). The examples of financial scandals in developed market economies and accounting fraud in transition countries have further called into question the importance of quality financial reporting.

The issue of the quality of financial reporting and financial statements, which come from the environment itself, is especially relevant today for several reasons. Some of the noticeable phenomena and trends in this environment are reflected in the following:

- the number of companies whose shares are listed on the stock exchanges is growing;
- the processes of standardization and harmonization of financial reporting at the international level are in progress;
- the occurrence of financial and accounting scandals is more frequent than before;
- there is an increase in the number of users of financial statements;
- the information needs of users increase;
- the structure and form of financial statements are more adapted to the information needs of its users than before;
- Investors base their capital investment decisions on information from the financial statements (Dmitrović-Šaponja, & Milutinović, 2011).

By creating quality financial statements, a favorable environment for foreign capital inflows is created, as well as investor confidence, their investment activity and economic activity in general is increased.

3. Accounting regulations in the function of creating accounting policies

In modern business conditions, financial reporting and financial statements are becoming a universal means of communication. In this way, financial reports, as a single "business language", enable "successful communication only if all participants speak the same language" or if they apply the same accounting rules" (Todorović, 2012, p. 97).

In order to satisfy the qualitative characteristics of the information contained in the financial statements, it is necessary to prescribe the normative basis in the institutional regulatory framework that will be in line with the best domestic and international accounting practice (Mitrović, 2013). The need to provide reliable and comparable information to shareholders, creditors and other stakeholders on the international level, raises the question of how to prepare and present the accounting reports, which means reviewing the equivalence of the application of the accounting principles, accounting standards and differences which are present in legislative solutions (Malinić, 2006).

Based on the above-mentioned facts, we come to the conclusion that there is a number of reasons for the existence of accounting regulations:

- protection of the interests of creditors and owners of capital,
- protection of the interests of stakeholders,
- normal functioning of stock exchanges and markets (money, capital, securities, etc.),
- providing data for the calculation of national income and social product (needs of state statistical bodies),
- prevention of "dramatic" economic events (collapse of the London Stock Exchange, the case of Enron, WorldCom, Tyco, etc.) (Enron Scandal, n.d.),
- harmonization of accounting within the national economy and beyond.

The financial scandals that astonished the world at the beginning of the 21st century and shaken investor confidence in capital markets around the world have further intensified the need to regulate the financial reporting. Capital markets today, more than ever before, require full transparency and relevance of financial reporting, allowing companies to present their performance to investors around the world in an understandable way. That is why quality global financial standards are extremely important, as well as their consistent application and adequate control of implementation. Global standards could "significantly improve the efficiency of global capital markets: costs would decrease, comparability increase, and corporate governance improve" (Kothari & Barone, 2012).

Defining and developing accounting regulations can be viewed as a process at the national or supranational (international) level. At the national level, the financial reporting of business entities is performed in accordance with legal, professional and internal regulations. Accounting regulations can be defined at the supranational or international level by one of two approaches: a) laws (e.g. accounting law, company law or commercial law), as well as regulations similar to laws (e.g. directives), and b) the principles or standards of the accounting profession (national or international accounting standards). The content of accounting regulations, therefore, consists of legal regulations (laws, regulations, decisions, ordinances or directives) and / or accounting standards (US GAAP and international accounting standards).

The regulators of financial reporting are professional organizations and bodies, but also a large number of non-professional organizations and bodies interested in the standardization of financial reporting. These regulators exist globally and nationally and, with financial reporting instruments, form inseparable categories. When we talk about the global instruments of financial reporting, we can say that it is a set of international accounting, technical, ethical and educational standards and quality standards, in the function of standardization and unification of accounting information. Global regulatory bodies adopt and promote global professional instruments through which professional organizations and bodies, at the global and national level, build a unique, unified financial reporting system, necessary for the global market and measuring the results of that market (Todorović, 2012). Global and national professional organizations and bodies have a common goal which means creating conditions for easier work and measuring the results of economies in the global market, precisely with the help of regulations adopted by countries in order to improve the quality of financial reporting.

3. Basic characteristics of accounting policies and their significance for the preparation of financial statements

Financial statements are the final product of the accounting information system, and different methods and procedures are included in their preparation, which have different effects on the values stated in the financial statements. It is the choice of these methods and procedures that is the domain of accounting policies. The quality of financial statements depends on the chosen accounting policies. Accounting policies are defined by an internal act of the management of the business entity and are applied for the preparation of financial statements for external users.

According to IAS 8 - *Accounting Policies, Changes in Accounting Estimates and Errors*, accounting policies are defined as “specific principles, bases, conventions, rules and practices that an entity applies in preparing and presenting financial statements” (IFRS, 2017). Also, accounting policies can be defined as “specific accounting bases assessed by economic entities as the most appropriate for their circumstances, and adopted with the aim of preparing and presenting financial statements” (Britton & Waterston, 2006, p. 50).

The standard is needed to improve the relevance and reliability of entity's financial statements and the comparability of entity's own financial statements with those of prior periods, as well as their comparability with the financial statements of other entities (IAS 8, 2010). The standard is applied (Petrović, 2011):

- in selecting and applying accounting policies,
- in accounting for the effects of changes in accounting policies,

- in accounting for the effects of changes in accounting estimates,
- when correcting errors from the previous period.

The choice of accounting policies should always be based on the higher goals of the company's business policy. Practically, accounting policies should be complemented by business policy and enable the achievement of its goals, and the basic goal of any business policy is to maximize profits while providing liquidity and business continuity in the long run (Todorović, 2012).

Accounting policy selection is a team effort involving an accountant, a finance manager, a procurement manager, a sales manager, a production manager, as well as the representatives of other entity functions (Todorović, 2012). The objectives to be achieved by accounting policies may be different, but are mainly related to the impact on the financial result and financial position of the company.

Accounting policies are disclosed in the Notes to the financial statements and relate to the selection of different methods and procedures related to balance sheet items. There are two basic questions:

1. Recognition of balance sheet items and
2. Valuation of balance sheet items.

Recognition policies are reduced to the question of when an item (transaction) is recognized as an asset, liability, expense or income. The recognition of an asset or liability item is based on the assumption that economic benefits will inflow or outflow from that item and that its value is reliably measurable.

Valuation policies under IAS and IFRS provide a much greater choice. They are used to determine the amount to be allocated to a position in the financial statements.

Accounting policies are a key tool by which management shapes accounting information. Selected accounting policies should be applied over a longer period, in order to compare financial statements, and their change may be conditioned by the requirements of amended international standards, changes in legislation or management assessment, so that a different accounting policy contributes to a more objective presentation of a balance sheet position (Todorović, 2012).

If companies apply IFRS / IAS, they are required to be consistent in applying accounting policies. Once chosen, the accounting policy is obligatory for the company and can be changed only under the prescribed conditions.

The issue of changing accounting policies is very important, because if there are differences in the applied accounting policies of the two observed comparative reporting periods, the information obtained from that analysis will not be reliable and relevant, i.e., the comparability of financial statements of a given entity will be compromised.

According to IAS 8- *Accounting Policies, Changes in Accounting Estimates and Errors* (2010), an entity changes its accounting policy only if:

- Change is prescribed by standard, or
- The change results in the financial statements providing reliable and more relevant information about the effects of transactions, other events or circumstances on the financial position, financial performance or cash flows of the entities.

4. Accounting policies and their impact on the financial position of enterprises in the corporate management system

In this paper, we performed an analysis of applied accounting policies in companies in the Republic of Serbia in the field of intangible assets, real estate, business units and equipment, depreciation, long-term financial investments, short-term financial investments and receivables, inventories, financial instruments, provisions, capital, income tax, etc. Also, the analysis included two groups of companies, i.e. those that consolidate or have subsidiaries, and a group of companies that do not consolidate. This analysis includes the differences between these two groups of companies in terms of applied accounting policies, as shown in Table 1.

The collection of primary data was performed using the test method, the questionnaire technique, which was sent by an e-mail. The research was conducted during January and February 2019. The respondents were informed that the research results would be used exclusively for scientific research purposes. The questionnaire was sent to 120 addresses of companies in the Republic of Serbia and the surrounding area. The answer came from 49 companies, which represent the sample on which this analysis was performed. For the needs of statistical analysis, the software SPSS version 2017 was used (Sheskin, 2004, Tenjević, 2002, Pallant, 2011).

5. Analysis: Differences in accounting policies

Table 1. Differences in accounting policy depending on whether the company has subsidiaries or it belongs to the group that performs consolidation or belongs to a group which does not perform consolidation

Question		Does the company have subsidiaries or does it belong to a group that performs consolidation?				In total		χ^2	df	p	ϕ/V
		Yes		No		f	%				
		f	%	f	%						
In accordance with which financial reporting framework are the financial statements of your company prepared?	IFRS	9	69,2	10	27,8	19	38,8			0,140	
	IFRS for SMEs	3	23,1	14	38,9	17	34,7				
	Regulations	1	7,7	12	33,3	13	26,5				
Are there any divergence in the application of accounting policies in relation to the accounting policies defined by the internal act of the company?	Yes	3	23,1	4	11,1	7	14,3			0,266	
	No	10	76,9	32	88,9	42	85,7				
Are the accounting estimates and judgments, disclosed by management, reasonable for the circumstances and in accordance with the conclusions of the audit working papers?	Yes	12	92,3	26	72,2	38	77,6			0,134	
	No	1	7,7	10	27,8	11	22,4				

Which models of the subsequent valuation of the real estate, business units and equipment are applied in your company?	Cost model	12	92,3	30	83,3	42	85,7			
	Revaluation model	1	7,7	6	16,7	7	14,3		0,392	
By determining the value of investment property, your company uses:	Fair value method	2	15,4	3	8,3	5	10,2			
	Cost value method	8	61,5	17	47,2	25	51,0	1,873	1	0,175
	There are no investment properties	3	23,1	16	44,4	19	38,8			
In accordance with the selected accounting policies in your company, depreciation of property, business units and equipment are calculated by applying:	Functional methods	0	0,0	2	5,6	2	4,1			
	Proportional methods	13	100,0	34	94,4	47	95,9		0,536	
In accordance with the selected accounting policies in your company, the valuation of inventories is performed by:	At cost value	10	76,9	33	91,7	43	87,8			
	At net realizable value if it is lower than the purchase value	3	23,1	3	8,3	6	12,2		0,182	

According to the adopted accounting policies in your company, the calculation of production, i.e. the inventory is used as follows:	FIFO	0	0,0	14	38,9	14	28,6				
	Average weighted prices	13	100,0	22	61,1	35	71,4			0,008	
How does your company implement impairment, considering the adopted accounting policies?	Direct write-off	1	7,7	5	13,9	6	12,2				
	Value adjustment (indirect write-off)	4	30,8	12	33,3	16	32,7	0,296	1	0,586	-0,078
	A combination of both methods	8	61,5	19	52,8	27	55,1				
Are borrowing costs recognized as:	It is directly attributable to the acquisition, construction or production of a qualifying asset and is capitalized as part of the cost of the asset.	0	0,0	4	11,1	4	8,2			0,562	
	Expense of the period in which they were incurred regardless of the method of borrowing	13	100,0	32	88,9	45	91,8				

	Annually	8	61,5	19	52,8	27	55,1					0,733
When an entity verifies the presence of an indication that an asset is impaired:	Impairment test is not performed	0	0,0	6	16,7	6	12,2					
	At a time when there are indications that there is impairment	5	38,5	11	30,6	16	32,7					
Does the entity change any accounting policy if it turns out that the adopted accounting policy does not contribute to the truthfulness, objectivity and fair presentation of the financial statements?	Yes	13	100,0	32	88,9	45	91,8					
	No	0	0,0	4	11,1	4	8,2					0,562
Does the entity disclose information for events occurring after the balance sheet date?	Yes	11	84,6	24	66,7	35	71,4					
	No	2	15,4	12	33,3	14	28,6					0,297
Does the legal entity recognize deferred taxes on the basis of depreciable assets?	Yes	11	84,6	18	50,0	29	59,2					
	No	2	15,4	18	50,0	20	40,8	4,738	1	0,030	0,311	

Does the legal entity recognize deferred tax assets on the basis of an unused tax credit?	Yes	7	53,8	16	44,4	23	46,9	0,339	1	0,560	0,083																																																				
	No	6	46,2	20	55,6	26	53,1					Does the legal entity disclose the inconsistency of receivables and liabilities in the notes to the financial statements?	Yes	9	69,2	20	55,6	29	59,2	0,739	1	0,390	0,123	No	4	30,8	16	44,4	20	40,8	When recognizing a write-off of receivables in the regular income statement, do you apply the conditions for recognizing that write-off prescribed by the Law on Corporate Income Tax (Article 16, paragraph 1)?	Yes	13	100,0	35	97,2	48	98,0			0,735		No	0	0,0	1	2,8	1	2,0	Does your company use the possibility of forming long-term provisions?	Yes	7	53,8	11	30,6	18	36,7			0,184		No	6
Does the legal entity disclose the inconsistency of receivables and liabilities in the notes to the financial statements?	Yes	9	69,2	20	55,6	29	59,2	0,739	1	0,390	0,123																																																				
	No	4	30,8	16	44,4	20	40,8					When recognizing a write-off of receivables in the regular income statement, do you apply the conditions for recognizing that write-off prescribed by the Law on Corporate Income Tax (Article 16, paragraph 1)?	Yes	13	100,0	35	97,2	48	98,0			0,735		No	0	0,0	1	2,8	1	2,0	Does your company use the possibility of forming long-term provisions?	Yes	7	53,8	11	30,6	18	36,7			0,184		No	6	46,2	25	69,4	31	63,3														
When recognizing a write-off of receivables in the regular income statement, do you apply the conditions for recognizing that write-off prescribed by the Law on Corporate Income Tax (Article 16, paragraph 1)?	Yes	13	100,0	35	97,2	48	98,0			0,735																																																					
	No	0	0,0	1	2,8	1	2,0					Does your company use the possibility of forming long-term provisions?	Yes	7	53,8	11	30,6	18	36,7			0,184		No	6	46,2	25	69,4	31	63,3																																	
Does your company use the possibility of forming long-term provisions?	Yes	7	53,8	11	30,6	18	36,7			0,184																																																					
	No	6	46,2	25	69,4	31	63,3																																																								

The results of data processing indicate that there are no significant deviations if there are differences in accounting policies depending on whether the surveyed companies have subsidiaries or belong to the group that performs consolidation in relation to companies that do not belong to that group or do not have subsidiaries. In other words, starting from the answers to the questions shown in Table 1, and using the Fisher test, we concluded that regardless of whether there are subsidiaries or not, the most companies use the same methods or procedures when assessing individual balance sheet items.

For example, according to the result of the Fisher test, in relation to the question "Which model of subsequent valuation of real estate, business unit and equipment is applied in your company?", $p = 0.39$. 42 (85.7%) out of 49 companies use the cost model, out of which 12 (92.3%) companies that perform consolidation and 30 (83.3%) companies that do not perform consolidation.

Also, in relation to the statement "In accordance with the selected accounting policies in your company, the depreciation of property, business unit and equipment is calculated by applying": $p = 0.54$. 47 (95.9%) out of 49 companies use proportional methods, out of which 13 (100%) companies that perform consolidation and 34 (94.4%) companies that do not perform consolidation.

The result of the Fisher test indicates that the companies that have subsidiaries or belong to the group that performs consolidation do not differ significantly from the companies that do not belong to the group or do not have subsidiaries by answering the question "In accordance with selected accounting policies in your company, inventory valuation is performed": $p = 0.18$. 43 (87.8%) out of 49 companies value inventories at cost, out of which 10 (76.9%) companies that perform consolidation and 33 (91.7%) companies that do not perform consolidation.

In relation to the question "According to the adopted accounting policies in your company, the calculation of output, or inventory is used by the following method": $p = 0.01$. Out of 49 companies, 35 (71.4%) calculate the output at weighted average prices. All the companies that have subsidiaries or belong to the group that performs consolidation, 13 of them, calculate the output at weighted average prices, and almost two thirds, 22 of them, (61.1%) of the companies that do not have subsidiaries or do not belong to the group that performs consolidation also use this method.

When it comes to the recognition of borrowing costs, 45 (91.8%) out of 49 companies recognize borrowing costs as an expense of the period in which they were incurred regardless of the method of borrowing, namely 13 (100%) companies that perform consolidation and 32 (88.9%) companies that do not perform consolidation.

The result of the Fisher test indicates that these two groups of companies do not differ significantly in relation to the question "When an entity checks whether there are indicators that specify that an asset is impaired": $p = 0.73$. Out of 49 companies, 27 (55.1%) annually check whether there are indicators that specify that an asset is impaired, 16 (32.7%) at a time when there are indications that there is impairment.

Also, the result of the Fisher test indicates that there are no significant differences between the companies in relation to the questions "Does the entity change its accounting policy if it turns out that the adopted accounting policy does not contribute to the truthfulness, objectivity and fair presentation of the financial statement?" and "Does the entity disclose information for events occurring after the balance sheet date?" Out of 49 companies, 45 (91.8%) change their accounting policy if it turns out that the adopted accounting policy does not contribute to the truthfulness, objectivity and fair presentation of the financial report, out of which 13 (100%) companies that perform consolidation and 32 (88.9%) companies that do not perform consolidation. The disclosure of information for events occurring after the balance sheet date is 35 (71, 4%) out of 49 companies, namely 11 (84.6%) companies that perform consolidation and 24 (66.7%) that do not perform consolidation.

In relation to the questions:

1. When recognizing a write-off of receivables in the regular income statement, do you apply the conditions for recognition of that write-off prescribed by the Law on Corporate Income Tax (Article 16, paragraph 1)? and
2. Does your company use the possibility of forming long-term provisions?

The result of the Fisher test indicates that there are no significant differences between the two groups of companies. Out of 49 companies, 48 (98.0%) apply the conditions for recognition of this write-off prescribed by the Law on Corporate Income Tax when recognizing write-offs of receivables in the regular income statement, out of which 13 (100%) companies that consolidate and 35 (97.2%) companies that do not consolidate. Out of 49 companies, 31 (63.30%) do not use the possibility of forming long-term provisions, namely 6 (46.2%) that perform consolidation and 25 (69.4%) companies that do not perform consolidation.

The result of the Chi-square test indicates that the two groups of companies do not differ significantly in relation to the questions:

1. What methods of investment property valuation does the company use?
2. How does your company implement the reduction of the value of receivables, or impairment, considering the adopted accounting policies?

Based on the results, it was concluded that out of 49 companies, 25 (51.0%) use the cost method, out of which 8 (61.5%) companies that consolidate and 17 (47.2%) companies that do not consolidate. Regarding the method of reducing the

value of receivables, out of 49 companies, 27 (55.1%) use a combination of both methods as a method of reducing the value of receivables, out of which 8 (61.5%) companies that consolidate and 19 (52.8%) companies that do not consolidate.

In relation to the question: "Does a legal entity recognize deferred taxes on the basis of depreciable assets?", $\chi^2(1) = 4.74$; $p = 0.03$; $\phi = 0.31$. Out of 49 companies, 29 (59.2%) recognize deferred taxes on the basis of depreciable assets. The companies that do not have subsidiaries or do not belong to the group that performs consolidation are divided upon recognition of deferred taxes on the basis of assets subject to depreciation, while from the companies that have subsidiaries or belong to the group that performs consolidation majority, 11 (84.6%) recognize deferred taxes on the basis of depreciable assets.

Based on the results of the Chi-square test, we conclude that companies do not differ significantly in answering the questions: "Does a legal entity recognize deferred tax assets on the basis of unused tax credit?" and "Does the legal entity disclose the inconsistency of receivables and liabilities in the notes to the financial statements?" Out of 49 companies, 26 (53.1%) recognize deferred tax assets on the basis of unused tax credit, of which 6 (46.2%) companies that consolidate and 20 (55.6%) companies that do not consolidate. Disclosure of non-compliance of receivables and liabilities in the notes to the financial statements of 49 companies is performed by 29 (59.2%), namely 9 (69.2%) companies that perform consolidation and 20 (55.6%) companies that do not perform consolidation.

6. Conclusion

Quality financial reporting, as well as the quality of financial information presented in the financial statements of the entities are the basis for the stability of the financial system of a national economy. They also contribute to attracting investors, to economic efficiency and effectiveness and general social well-being. In order to use the information for making adequate business decisions by the users, it is necessary to define financial reporting rules at the global level. Thus, there was a need for a convergence of the accounting systems, or the development of quality global financial reporting standards. These standards will harmonize the accounting practices around the world, simplify operations beyond national borders, and meet the needs of both national and international markets.

The management of the company, in accordance with the set business objectives, decides on the method of assessing the materially significant balance sheet items. Also, when it comes to management decisions, the quality of financial reporting is determined by the accounting treatment of certain events and transactions, as well as the chosen disclosure policy. Management has the task of satisfying the interests of various stakeholders, primarily capital owners, investors, creditors and other stakeholders. The significance of the motives, goals and

consequences of the choice of certain accounting policies lies in the fact that they affect the image of the company in public, and thus the behavior and decisions of stakeholders. Proper choice of accounting policies by managers can greatly affect the financial position and business performance of the company.

The subject of this research was related to accounting policies as a part of managerial decisions, but also as an instrument of presenting the achieved performance of the company. Based on the analysis, we concluded that, for example, a significantly larger number of companies use the cost model in the valuation of the real estate, business units and equipment. Also, by analyzing the applied depreciation methods, we concluded that a larger number of companies apply the proportional depreciation method. When it comes to the method of stock valuation, the method of purchase value prevails, and when calculating the output of stocks, the method of weighted average price is more present.

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RAČUNOVODSTVENE POLITIKE U FUNKCIJI PROCENE KVALITETA FINANSIJSKIH IZVEŠTAJA

Rezime: Finansijski izveštaji predstavljaju sredstvo putem koga se relevantne informacije o preduzeću prenose do njihovih korisnika. Na osnovu informacija prezentovanih u finansijskim izveštajima, tj. informacija o finansijskom položaju i uspešnosti preduzeća, generisanim tokovima gotovine i kapitalu, korisnici donose poslovne odluke. Kao osnova za oblikovanje kvalitetnih finansijskih izveštaja služe specifične računovodstvene politike. Menadžment je odgovoran za pripremanje i prezentaciju finansijskih izveštaja pa on i vrši odabir računovodstvenih politika. Iako, naizgled jednostavno, pitanje izbora računovodstvenih politika može biti izuzetno delikatno i složeno. Osim menadžmenta, postoji još zainteresovanih strana ili stejkholdera kojih se ovo pitanje može ticati. Shodno tome javljaju se složeni odnosi koji utiču na odabir računovodstvenih politika, pa samim tim i na kvalitet finansijskih izveštaja.

Ključne reči: finansijski izveštaji, kvalitet finansijskih izveštaja, računovodstvene politike.

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Jelena Raičević is PhD candidate in the field of accounting and financial reporting at the Faculty of Economics in Niš. In 2009, she started working at the Blace Business School of Vocational Studies, today's Academy of Southern Serbia, in the position of assistant for the subjects Business Analysis, Company Information Systems in Accounting and Trade Accounting. Also, in 2015, Jelena Raičević was hired on the basis of a contract for additional work in the company "Planinka" from Kuršumljia, as a finance and investment officer.