

APPLIED ASPECTS OF THE ANALYSIS OF FINANCIAL STATEMENTS IN THE CONTEXT OF THE CONCEPT “GOING CONCERN”

Chief Assist. Prof. Dr Daniela Georgieva

Abstract

The going concern assumption is a fundamental concept in the preparation of financial statements. The present study presents the normative base on the issue both in Bulgaria, and in countries complying with the International Accounting Standards. There are revealed some discrepancies in the normative system in this country, concerning the point in time, in which there should be suspended the use of “going concern” as the appropriate accounting basis. There is presented a method for the evaluation of the going concern, consisting of two stages. The first stage is prior to the making of the financial statement, the aim being estimation on the part of the management of the capability of the enterprise to continue its activity on the basis of analysis of information on the organizational, administrative and market environment. The second stage is an analysis of significant indicators and coefficients for estimation, based on information from the already prepared financial statement on the part of the external consumers. The proposed method for evaluation of the going concern is illustrated with the example of a public enterprise from the tobacco industry, which is declared in liquidation towards the end of the analyzed period.