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## **PROSPECTS FOR APPLYING IFRS OR SMALL AND MEDIUM-SIZED BUSINESSES**

### **Перспективы применения МСФО для малого и среднего бизнеса**

Small and medium-sized businesses play a significant role in the development of the economy of any country. According to the National Statistical Committee of the Republic of Belarus, the volume of industrial production of small and medium-sized enterprises for the period from 2013 to 2019 increased by 2.5 times in terms of value and in 2019 amounted to 18.4% of the national indicator.

To attract foreign investment and develop small and medium-sized businesses, as well as assess all possible risks, it is necessary to prepare financial statements that comply with IFRS. On the other hand, thorough preparation of these detailed reports in full for this type of companies is a very time-consuming. Therefore, a separate IFRS standard was developed to simplify this task [1].

As the objective of the standard, the IASB planned to provide a simplified and autonomous set of accounting principles based on full IFRS and suitable for smaller companies, which allows to:

- 1) improve the quality of reporting;
- 2) take into account the capabilities of small companies;
- 3) take into account the needs of creditors and lenders;
- 4) ensure transparency of the information;
- 5) get the necessary capital;
- 6) improve the efficiency of the economy in which the company operates.

But despite the obvious advantages of the simplified form of IFRS, it has a number of disadvantages, too.

1. Initially, IFRS was intended for owners and for those who make decisions, including investment choices. Thus, business owners who do not have publicly traded securities are not interested in applying these standards.

2. Simplified IFRS articles put small business owners in a "narrow framework", thereby limiting them in the use of certain accounting methods.

3. There is an acute shortage of skilled workers in the field of IFRS.

4. The high cost of work associated with the transition to IFRS (the cost of the services of a qualified employee for the preparation of reports in accordance with international standards or payment for advanced staff training expenses).

Having considered all the pros and cons, we can conclude that, despite the above disadvantages, it is profitable for small and medium-sized businesses in the

Republic of Belarus which actively cooperate with international companies and foreign investors, to apply IFRS, since the reporting methodology is significantly simplified, i.e. it makes up only 10% of the requirements for preparing financial statements in accordance with IFRS requirements set for public companies.

### **Reference**

1. МСФО для предприятий малого и среднего бизнеса [Электронный ресурс] // HOCK international. – Mode of access: [https://by.hockinternational.com/download/br\\_DipIFR\\_theory\\_sample.pdf](https://by.hockinternational.com/download/br_DipIFR_theory_sample.pdf). – Date of access: 06.11.2020.

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## **FEATURES OF DOING BUSINESS IN CHINA**

### **Особенности ведения бизнеса в Китае**

Goal: Since for many European and Russian entrepreneurs China is an obscure country, the mentality of the Chinese is a mystery for most. In this work we will get acquainted with the characteristic features of the business sector for China and find significant models that can be applied for successful business in our domestic market. We will answer the question – «What can be borrowed from China by our businesses?».

China is one of the rapidly developing promising markets with cheap labor and a large number of resources. It is not surprising that business in China is attractive for foreign investors and entrepreneurs, since the country's legislation and policy allow them to open and successfully develop their business here.

The convenient geographical location of the country is one of the main factors of successful business. The most important role in the Chinese economy is played by Special Economic Zones: there are four of them on the territory of the country. Thanks to the SEZ, China's production of textile, pharmaceutical and electronic products is one of the largest in the world. By the way, it is on the territory of Special Economic Zones that Chinese business is most actively developing.

It is quite difficult to find a good partner in China. The people of this country are very distrustful of business. Any offer from a foreigner is perceived with a trick, which they try to turn in their own direction. Special attention is paid to two things: collecting information that relates to the subject of conversation, and creating a so-called "spirit of friendship".