Consolidation in the Czech Republic and Impact of International Accounting Standards to the Czech accounting

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***Abstract*—**The paper focuses on the consolidation in the Czech Republic and the influence of the international accounting standards on the Czech accounting legislation. The aims are to notice the actual problems associated with the implementing of the accounting reform and drawing up the consolidated financial statements for the Czech Republic. One of the objectives of the reform is to provide conditions for increasing the credibility of financial statements for the Czech Republic, both towards the European Union and international entities, including foreign investors. Further aim of the reform is to approach public sector accounting to methods and procedures known from the business accounting and to use the experience of international practice. The process of consolidating the financial statements for the Czech Republic is still not completed; they are currently being prepared for their phased implementation. The problems of consolidation are currently in a stage of legislative arrangements and implementing. In the part of this paper, the research is presented which shall deal with an entity in connection with the ongoing state accounting.

***Keywords*—**Consolidation, Czech Republic, Financial statements, IFRS, IPSAS, State accounting.

I. Introduction

In the area of public finance is necessary to constantly seek ways to improve the information on the development of public sector finances. The extensive accounting reform in public finance field was initiated in the Czech Republic (CR) in 2010, aimed at creating conditions for effective provision of accurate, complete, timely and consolidated information on the economic situation of the state. The purpose of the accounting reform lies in the implementation of accounting systems for all accounting entities in the CR according to recognized and proven international experience. A specific aim consists in approaching the accounting methods and principles in the public sector to accounting rules for business entities and implementing such accounting policies that the accounting information contained in the financial statements would predicate more realistically about property and performance situation of accounting entities.

The consolidated financial statements will be prepared for the CR. The implementation of state accounting is accompanied by a number of legislative procedures, ranging from amendments to the Accounting Act, through the issuance of new decrees and continuous issuing of new Czech accounting standards which are binding for the selected accounting entities, which includes government departments (ministries and other state authorities), self-governing territorial units (municipalities and regions), and organizations established by them. State accounting does not mean specific accounting for a state; the Czech Republic has not been and will not be an independent accounting entity that would keep individual accounts. State accounting includes the accounting of selected accounting entities, through whose outputs (financial statements) are prepared final consolidated statements for the entire state by means of consolidation methods and procedures. The overall consolidation of the CR will include approximately 60 000 accounting entities and approximately 5 000 sub-consolidated groups for which the sub-consolidated financial statements will be prepared [1], [3], [4], [9].

II. The problem to be solved

During the current legislative process, the Czech Republic pursues maximum compliance with the Fourth and Seventh EU directive, so that the new national standards would accept the international rules of the IFRS (International Financial Reporting Standards), the IPSAS (International Public Sector Accounting Standards) and the European System of Accounts (ESA 95 – European statistical system). The IFAC (International Federation of Accountants) has published numerous studies dealing with the public sector and government sector accounting in various countries around the world; e.g. France, Argentina, the United Kingdom and New Zealand. Various studies have been also published on financial reporting of central governments, reporting the performance of public administration, transition to accrual accounting [10], [11]. A similar situation is currently addressed in the Czech Republic.

Manuscript received April 29, 2011. This paper was carried out with the financial support from the European Social Found OP VK "Education in Fields of Accounting and Taxes" No. CZ.1.07/2.2.00/07.0050. Authors would also like to thank to the Grant Agency of the Czech Republic (GA CR) No. 402/09/0225 "IAS/IFRS Usage in Small and Medium-sized Enterprises and its Influence on Performance Measurement" for financial support to carry out this research.

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The IFRS published by the IASB (International Accounting Standards Board) are becoming the most important financial reporting standards in the world. But institutions in the public sector have not been required to be in compliance with the IFRS. To respond to this need, a strong international reference with standards that encompass public sector has been developed. This occurred in a similar manner to that of the private sector in relation to the IFRS. The IPSAS are based on the same accrual approach as the IFRS, with the necessary adaptations to public sector specificities being made. There remain some problems regarding the accrual basis of accounting and the cash basis of budgeting in the public sector in the Czech Republic.

The application of international principles is determined in each EU country through a wide range of political, historical and cultural barriers. In terms of introduction of the state accounting in the CR, the IPSAS recommendations should be applied with regard to the historical and legal environment, technologies, methodical and control components, and the cost of the entire system with particular emphasis on user's environment. The creation of consolidated groups will not take place on the basis of shares and the typical control as in the business sector, but mainly on the basis of other links. In the case of consolidation of public sector accounting entities, the creation of consolidated groups will not take place on the basis of shares and the typical control as in the business sector, but mainly on the basis of other links.

III. The Methods Used

To obtain the information necessary for complex processing of the issue some of the basic methods of scientific research were used. The methods usually complement each other and, in consequence, overlap. We used methods of qualitative research predominantly based on the exploration of relationships between individual facts which affect the range of accounting, especially the methods of induction and deduction, analysis and subsequent synthesis.

IV. Significant Differences Between Czech Accounting Legislation and IFRS

"Czech national standards," can be considered "an accounting system" and, to a limited extent, follow the IFRS. Currently, Czech national standards are comprised only of minimally required basic account classification and financial statements organization. These standards may expand into accounting procedures which can be adapted to meet Czech accounting legislation (CAL).

Unlike the IFRS, the CAL is a national, rule-based accounting system, which is not subject to the requirements of the regulations of the EU. As a result, entities in the Czech Republic were and are faced with obstacles in implementing these regulations into Czech legislation and therefore Czech accounting). The Act on Accounting, which is the cornerstone of the CAL, provides the legal rules for all country-wide entities and therefore determines the accounting methods and financial reporting for all the accounting entities located in the country. Such entities, including small, large and multinational companies, regardless of different activities and purposes must use the CAL [1], [7], [12].

Due to the different principles and priorities on which both of the systems, the CAL and the IFRS, are based, there is a range of conceptual and specific differences [5], [6], [7], [15], [17]. Factors that influence the current differences are:

- The CAL is rules based while IFRS is principle based.
- Czech taxes base remain based on the CAL. Consequently, many decisions and assumptions made by management during the preparation of financial statements are made after considering the potential tax consequences of potential accounting treatments. This often results tax-driven decision making in accounting. This thinking is not always consistent with what would be considered an accurate view under IFRS.
- Czech accounting legislation is based upon the premise that standalone financial statements are primary statements of accounting. The goal of IFRS as a general accounting mechanism directed at listed companies is based on the assumption that consolidated financial statements are the primary source of information about the economic entity/group, while a standalone financial statement of the parent or the subsidiary may be appended if necessary.
- The CAL, due to its nature, does not have a thorough conceptual framework to describe the individual elements of the financial statement and their definitions. A hierarchy referring to other legislations or accounting literature in cases where relevant the CAL rules do not exist.

The financial statements according to IPSAS or the IFRS differ from the Czech financial statement in its purpose. The statements also differ in the way of them are prepared. In order to comply with the IFRS, statement preparation cannot do without professional estimates and references in an effort to respect fundamental accounting principles. It also requires consistent recording of transactions according to their economics and the compliance with the rule of law, if different. The difference in accounting procedures and the reporting of some items according to the Czech accounting standards, IPSAS, and the IFRS results is different in accounting reporting. According to one reporting framework, a company can reach a profit, while according to the other, it can show a loss. Another difference can be found in total balance sums, asset values, and the value of other items of property or liability. The IFRS and IPSAS applications influence the way assets and liabilities are reported and priced and also how the trading income is reported [7], [8], [15], [16].

A. Using IFRS in the Czech Republic

In the Czech Republic only listed entities are required to prepare consolidated financial statements according to IFRS (Act on Accounting, 1991). For statutory fillings the preparation of financial statements according to IFRS is not permitted and companies who prepare financial statements according to IFRS prepare them voluntarily and in addition to the financial statements under CZ GAAP. Two research projects that focus on voluntary adoption of IFRS in Czech companies were performed at the Faculty of Management and Economics, Tomas Bata University in Zlín. First research with the sample of 177 Czech companies was held in 2007. The second research with the sample of 89 Czech companies was held in 2009 as part of an ongoing GA CR project. Usage of IFRS was stated by 2 % of companies in 2007 and 6 % of companies in 2009 [13], [14].

The usage of IFRS has slightly increased in the Czech Republic, mainly due to the fact, that Czech companies are becoming important parts of foreign groups and their owners require them to report its financial statements according to group accounting rules based on IFRS. IFRS financial statements are also more frequently required during mergers and acquisitions. On the other hand most of the Czech Companies do not see the opportunities that IFRS could bring them and if the opportunities are seen, the fact that financial statements prepared according to IFRS have to be prepared in addition to Czech financial statements discourages the companies to use IFRS [18].

Organizations in the public sector have not been required to be in compliance with the IFRS. However, the IFRS are still of great importance. There remain some problems regarding the accrual basis of accounting and the cash basis of budgeting in the public sector in the Czech Republic. Adoption of the accrual basis of accounting would enhance the accountability and transparency of the financial statements of governments and government agencies, and would provide better information for planning and management purposes.

V. THE CURRENT ACCOUNTING REFORM IN THE CZECH REPUBLIC

The basic objective of the accounting reform is to create conditions for information searching for the whole CR and to improve information for each selected accounting entity, which includes government departments (ministries and other state authorities), self-governing territorial units (municipalities and regions), and organizations established by them. The ongoing reform of state accounting in the Czech Republic thus includes a large number of organizations within the public budgets. The transform to the application of state accounting on the accrual principle to the full extent will also require a change in national strategy promoting further reduction of the impact of tax system on accounting.

The consolidated financial statements will be prepared for the CR. The implementation of state accounting is accompanied by a number of legislative procedures, ranging from amendments to the Accounting Act, through the issuance of new decrees and continuous issuing of new Czech accounting standards which are binding for the selected accounting entities. State accounting is part of a broader public finance reform project, so-called Treasury. State accounting does not mean specific accounting for a state; the Czech Republic has not been and will not be an independent accounting entity that would keep individual accounts. State accounting includes the accounting of selected accounting entities, through whose outputs (financial statements) are prepared final consolidated statements for the entire state by means of consolidation methods and procedures. The overall consolidation of the CR will include approximately 60 thousand accounting entities and approximately 5 000 sub-consolidated groups for which the sub-consolidated financial statements will be prepared [9].

The challenges for those moving to an accrual basis form of accounting of Czech entities needs to include the establishment of institutional arrangements and mechanisms to manage and assist the movement. The impact of international accounting on Czech companies will continue to increase and a timely solution to the problems will offer a competitive advantage to companies in the future. The introduction of the IPSAS and the IFRS to Czech accounting should be a turning point in financial reporting. It calls for the collection and classification of financial data in several different dimensions (Fig. 1).

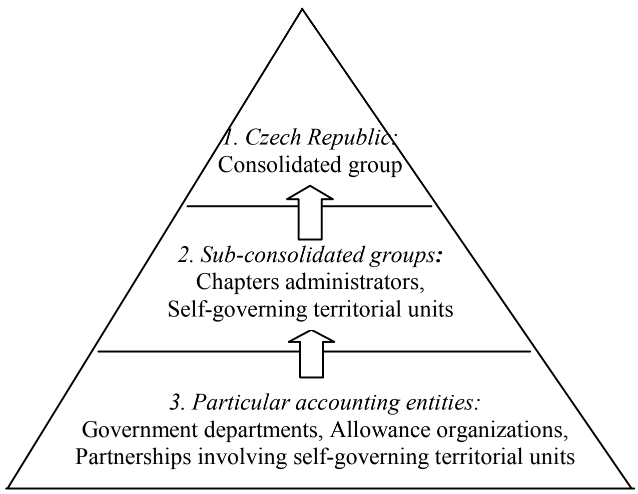

Fig. 1 – Chart illustrating stages of the consolidation of the Czech Republic [own processing].

The term consolidated financial statements has been used for business entities only and consists of the financial statements prepared on behalf of a group of accounting entities as if this group was a single organization. The state accounting involves consolidation of financial statements of public sector and municipalities. The subject of consolidation will include property participation of the state or local governments in business entities, including banks. The consolidated financial statements will be prepared on the basis of the accounting of included individual entities and their financial statements. Some consolidation methods and procedures known from the business sector will be applied just for this preparation. In some cases, however, certain simplification will be used, particularly because of the complexity of consolidation with regard to the importance of information. The preparation of consolidated financial statements plays an important role in elimination of mutual relations between different entities, especially in the relation between the founder and organizations established by him, banks and business entities.

The result of the accounting reform should comprise aggregated data for the public sector. Accounting information of public as well as local allowance organizations will enter the consolidated groups, which will be the founders and all the organizations established by them. The aim is to provide users (councilors, citizens, banks, government and others) qualified information about the financial situation of the relevant group [7], [10].

The application of international principles is determined in each EU country through a wide range of political, historical and cultural barriers. In terms of introduction of the state accounting in the CR, the IPSAS recommendations should be applied with regard to the historical and legal environment, technologies, methodical and control components, and the cost of the entire system with particular emphasis on user's environment. As apparent from the above, one of the objectives of the reform is the effective gathering of relevant information for the needs of the state in the central system of state accounting information to prepare consolidated financial statements for the CR. In the case of consolidation of public sector accounting entities, the creation of consolidated groups will not take place on the basis of shares and the typical control as in the business sector, but mainly on the basis of other links. In the case of consolidation of public sector accounting entities, the creation of consolidated groups will not take place on the basis of shares and the typical control as in the business sector, but mainly on the basis of other links. The consolidation decree shall include process including accounting entities in the consolidated group and methods of consolidation of financial statements and definition of the consolidated group and sub-consolidated groups of the state.

A. Consolidation under the Czech regulations and IFRS

Consolidated financial statements are the financial statements of a group of entities, which merges the assets, liabilities and financial results achieved by a consolidation accounting entity with their interests in other entities (or foreign enterprises) that are a controlled, jointly controlled or controlling person or entities having significant influence. The consolidated financial statements are to inform shareholders and partners of the accounting entity which controls or exercises significant influence on the business activities of other accounting entities. It is not aimed at tax purposes or for purposes of allocating the financial results.

The obligation to prepare consolidated financial statements for the consolidated group in the Czech Republic has an accounting entity that is a trading company and the controlling person or person in charge of company's operations. An accounting entity that has a duty to prepare consolidated financial statements is a consolidation entity.

The controlling person is a person who de facto or legally exercises, directly or indirectly, a decisive influence on the control or operation of another person's (party's) enterprise (hereinafter referred to as a "controlled person").

If the controlling person is a company, it is referred to as a "parent" ("parent company") and a partnership controlled by it is referred to as a "subsidiary". "Indirect influence" means influence exercised through another person or persons. If one or more persons are subject to control (subsidiary) by another person (parent), they form together a holding. Unless proven otherwise, it is considered that the parent and its subsidiaries form a holding. A person may be submitted to the control in terms of a contract (control agreement). The control agreement can be concluded even between the parent and its subsidiaries. From this follows that if the terms of existing parent and subsidiary form a holding, the parent is in the position of the controlling person and the subsidiary is in the position of the controlled person [9].

Significant influence in the CR means a significant influence on the management or operation of the company which is not decisive, unless the contrary is proved, the significant influence is considered if holding at least 20% of the voting rights.

The obligation to prepare consolidated financial statements in the CR has an entity which is a partnership and has subsidiaries. Exemption from consolidation is possible in cases where, at the end of the balancing day of the reporting period for which the consolidated financial statements are prepared, at least two of the following three criteria are not exceeded:

1) gross asset value is greater than CZK 350 million (without accumulated depreciation, adjusting items and other adjustments),
2) annual turnover exceeds CZK 700 million,
3) average number of employees during the period is greater than 250 [1].

This exemption does not apply to companies that are issuers of securities traded in the public market, and for banks and insurance companies which act upon special regulations. In addition, the duty to prepare consolidated financial statements does not involve the parent, which is at the same time a subsidiary included in the consolidated group of another parent within the European Union and does not have publicly issued traded securities.

A consolidation entity determines and releases the consolidation rules under which consolidation entities adjust the data submitted for the preparation of consolidated financial statements. Consolidation rules include especially:

- valuation of assets and liabilities,
- data requirements for consolidation submitted by consolidated companies,
- deadlines for data submission, deadlines for submission of consolidated financial statements of lower-level consolidated groups, and deadlines for preparation of consolidated financial statements of the consolidated group if preparing the consolidation of the particular levels.

A consolidation accounting entity is required to apply in preparing consolidated financial statements the full consolidation, proportionate consolidation or equity method. Consolidation is carried out according to the relevant method of consolidation either as direct consolidation or the consolidation of the particular levels. Direct consolidation involves consolidating all accounting entities of a consolidated group at once, without the use of consolidated financial statements or those prepared for other consolidated groups. The consolidation entity thus consolidates all participating accounting entities at once. Consolidation of the particular levels means that consolidated financial statements are prepared for the lower-level groups (sub-consolidated groups), which then enter the consolidated financial statements of higher-level consolidated groups. This signifies that consolidation shall be done gradually at different levels and consolidated financial statements of consolidation accounting entity are already entered by the consolidated financial statements for another consolidated group.

General consolidation procedure is as follows:

1) adjustment of content of financial statements of individual enterprises in a consolidated group;
2) consolidation (aggregation) of items of financial statements of individual enterprises within the group;
3) elimination and replacement of certain items of financial statements of enterprises within the group (e.g., exclusion of investments of the parent and the corresponding part of the equity of subsidiaries, exclusion of mutual receivables, liabilities, expenses and revenues);
4) creation of new items (e.g., consolidation difference, investment in associates, minority interests);
5) the final inclusion in the consolidated statements.

Consolidation difference is the difference between the purchase price of shares of a consolidated enterprise and their valuation upon interest participation of the consolidation entity in the amount of equity expressed at fair value, which shows the difference between the fair value of assets and the fair value of foreign capital at the date of acquisition or the date of a further increase in participation (another acquisition of securities or shares). The acquisition date is the date when a controlling and managing person begins effectively applying its influence over the consolidated enterprise. The consolidation difference is depreciated in the CR within 20 years through even depreciation, if there are no grounds for a shorter period of depreciation. The chosen period of depreciation must be proven reliable and shall not violate the principle of true and fair view of the accounting and financial position of the accounting entity. A positive consolidation difference is charged to expenses and a negative consolidation difference credits revenues from ordinary activities. Depreciation of consolidation difference is recorded as a separate item of the consolidated profit and loss statement [3], [4], [9], [15].

B. Differences between the Czech accounting regulations and IFRS in the area of consolidation

International Financial Reporting Standards (IFRS) are engaged primarily in the consolidation under IFRS 3 (Business Combinations), which defines the rules for initial capturing the business combination and calculation of goodwill. Other standards that deal with consolidated financial statements include IAS 27 (Consolidated and Separate Financial Statements), IAS 28 (Investments in Associates) and IAS 31 (Interests in Joint Ventures) [8], [10].

Under IFRS, the consolidated financial statements shall be presented by the parent and shall include all subsidiaries. A parent is not obliged to present consolidated financial statements if the parent is itself a wholly-owned subsidiary, or is a partially-owned subsidiary of another entity and its other owners have been informed about, and do not object to, and the parent's securities are not traded in a public market, nor the parent is in the process of entering the public market. Another necessary requirement is that the parent is consolidated within another entity under IFRS.

IFRS define control as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. A parent is an entity that has one or more subsidiaries. Control is presumed to exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting rights of an entity unless, in exceptional circumstances, it can be clearly demonstrated that such ownership does not constitute control. Control also exists when the parent owns half or less of the voting power of an entity when there is power over more than half of the voting rights by virtue of an agreement with other investors; power to govern the financial and operating policies of the entity under a statute or an agreement; power to appoint or remove the majority of the members of the board of directors.

Under IFRS, the non-controlling (minority) interest is such a portion of the net results of operations of the subsidiary's net assets that is assignable to interests which are not directly or indirectly owned by the parent through other subsidiaries. IFRS 3 defines two methods of valuation of non-controlling interests that influence the amount of goodwill as well:

1) non-controlling interests are valued at proportionate share of non-controlling interest in the fair value of identifiable net assets of the acquired company $\Rightarrow$ goodwill is the difference between the purchase price and share in the fair value of acquired assets and liabilities;
2) non-controlling interest is valued at its fair value $\Rightarrow$ goodwill is the difference between the purchase price, which is increased by the fair value of non-controlling interests, and share in the fair value of acquired assets and liabilities.

The main differences between Czech accounting legislation and the IFRS show the following table 1.

Table 1 – The main differences in business combinations [7], [10], [15].

Subject	IFRS	Czech accounting legislation
Business combinations	Business combination shall be accounted for under the Purchase Method. Business combinations of companies under joint control or joint ventures are not addressed in IFRS.	Business combinations are not dealt with as a whole. There are different arrangements for consolidation, purchase and investment; the term “transformation of company” in the case of division and merger of businesses is used. The various types of transactions are accounted for by legal status.
Date of acquisition	A date when the buyer took control over the purchased enterprise.	Often on the basis of legal form, i.e., at the time of transfer of ownership.
Fair value	The purchase price, assets, liabilities of the purchased enterprise is valued at fair value.	Assets and liabilities of the purchased enterprise are revalue in accordance with the requirements of specific laws in accordance with the legal form of transactions (in some cases there is the possibility not to revalue).
Minority shares	Reported in the net fair value of acquired assets and liabilities or as a minority interest in the fair value of acquired business.	Valuation of these shares is not precisely regulated. They are often valued at fair value of acquired assets and liabilities. Shall be divided between the items of equity (share capital, capital contributions and retained earnings).
Goodwill	Is not depreciated, but should be tested for impairment annually.	According to Czech legislation, the consolidation difference should be depreciated evenly over the period of 20 years.
Negative goodwill	Shall be recorded in the income statement when arises.	It is showed as a negative asset and depreciated to revenues evenly over the period of 20 years.
Publication	Publication involves the names and descriptions of combined enterprises, the acquisition date, an overview of the fair values of assets and liabilities, the impact on the results and financial position of acquirer.	Specific publication is not required, only the names of combined enterprises, the acquisition date and size of the so-called consolidation difference.

VI. Discussion

According to the above we can ask the following question: Are accounting entities in the Czech Republic prepared for the implementation of the government's accounting? In 2009, before the adoption of the Act, which started a comprehensive reform of public sector accounting in the Czech Republic, research at FaME, TBU in Zlín (Faculty of Management and Economics, Tomas Bata University in Zlín) was carried out on the preparedness of the entities for the fulfilment of reform objectives, thus the full acceptance of the fundamental principles of conceptual framework, which are summarized below (Fig. 2).

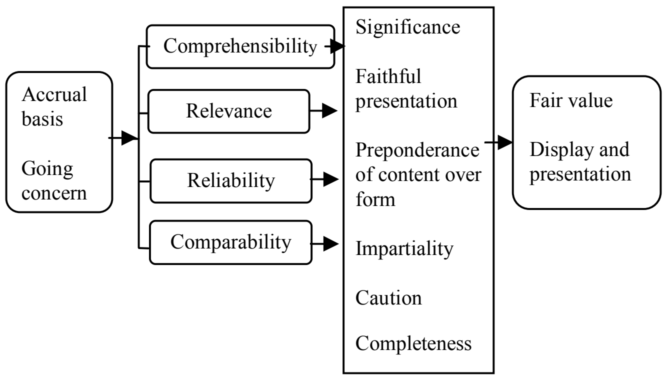

Fig. 2 – Chart illustrating fundamental principles of conceptual framework [own processing].

The reform mostly regards government organizational departments (which are, in particular the ministries), self-governing territorial units (i.e. municipalities – municipalities and regions) and allowance organizations. Allowance organizations operate mostly in education, health, culture and wealth management. The basis was given by the following facts of the fundamental principles of accrual accounting in 2010 for selected entities.

Table 2 (a) – Accounting methods and principles in the selected entities [own processing].

Accounting methods and principles	Income statement	Depreciation	Accruals
Government organizational departments	No	No	No
Self-governing territorial units	No	No	No
Allowance organizations	Yes	Yes	Yes

Table 2 (b) – Accounting methods and principles in the selected entities [own processing].

Accounting methods and principles	Provisions	Impairment of assets	Fair value
Government organizational departments	No	No	No
Self-governing territorial units	No	No	No
Allowance organizations	No	No	No

As shown in table 2, accounting methods based on the accrual principle were legislatively modified for allowance organizations only, therefore, the following questionnaire was focused only on the area of allowance organizations, amounting to approximately 11 000 in the CR and representing about 2.2 % of all legal persons in the Czech Republic [2]. Within the research was evaluated a total of 182 interviewees of economic workers.

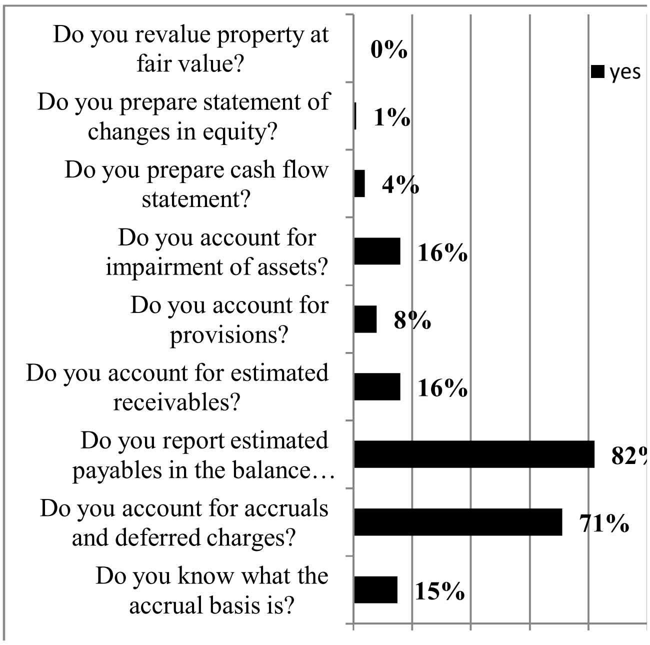

Fig. 3 – Questions asked respondents [own processing].

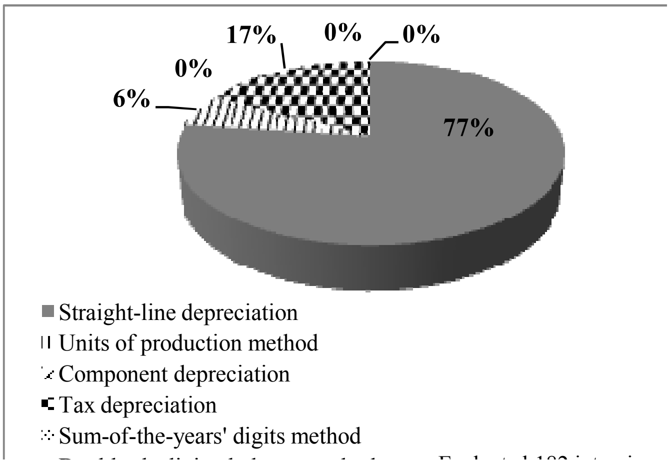

Fig. 4 – Which depreciation method is used respondents [own processing].

In response to the need for the introduction of depreciation to all accounting entities in the CR is required to legislatively resolve the area of depreciation in relation to the reporting of investment subsidies. Specifically, how to account for depreciation of assets purchased with grant? There are three possible procedures:

1) A subsidy reduces a purchase price of the acquired assets by the subsidy received; the property is recorded in assets at cost less subsidy and depreciations are recognized from the reduced price only.
2) The property is recorded in assets at full amount; the subsidy does not reduce the value of the property. The subsidy is recognized in liabilities, the full amount is depreciated and the received subsidy is reported aliquot to revenues, or depreciations are decreased. The same economic result is reported from this operation as in option a, but in a more realistic view of property values and resources.
3) The value of assets is recognized in full. The subsidy is recognized in liabilities and is not dissolved into revenues, but remains in liabilities, when it is transferred in the amount of depreciation to the account of investment fund. So only the expense in the form of depreciation will be reflected in the profit/loss.

In terms of meeting the basic principles of management in the public sector, the best option is second, when there is no distortion of assets and profit/loss, the depreciation is covered by own sources.

VII. Conclusion

At present, significant differences in the preparation of consolidated financial statements under the Czech legislation and in accordance with IFRS still remain. The term Consolidated financial statements has been used for business entities only and consists of the financial statements prepared on behalf of a group of accounting entities as if this group was a single organization. One of the objectives of ongoing reform is to provide conditions for increasing the credibility of financial statements for the Czech Republic, both towards the European Union and international entities, including foreign investors. This reform of state accounting in the Czech Republic thus includes a large number of organizations within the public budgets. The result of the accounting reform should comprise aggregated data for the public sector. Accounting information of public as well as local allowance organizations will enter the consolidated groups, which will be the founders and all the organizations established by them. The subject of consolidation will include property participation of the state, public sector, municipalities or local governments in business entities, including banks.

The preparation of consolidation decree is accompanied by many problems associated with the gradual introduction of the reform, when the accounting entities concerned gradually adopt new methods of accounting and prepare financial statements in the new structure. The Czech Republic is considered a certain pioneer in preparing the consolidated financial statements for the entire state, having almost zero experience from abroad. The new consolidation decree shall include process including accounting entities in the consolidated group and methods of consolidation of financial statements and definition of the consolidated group and sub-consolidated groups of the state. The whole transfer to the accounts of the state is very difficult and lengthy. Not yet enacted legislation which is necessary to complete the consolidation and implementation of reforms at the state of the Czech Republic. It should be legislatively resolved all changes in registration and management of all public administration institutions. The reform should be completed until 2014.

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