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### **Accounting Estimates as a Factor in the Transformation of Financial Statements Under IFRS**

**Abstract. Introduction.** Accounting estimates play an increasingly significant role in modern financial reporting under International Financial Reporting Standards (IFRS). The growing reliance on professional judgment, combined with economic uncertainty and volatility, has led to a substantial expansion of estimated values within the structure of financial statements. As a result, accounting estimates have become a critical determinant of the reliability, comparability, and decision-usefulness of financial information for users.

**Purpose.** The purpose of the article is to investigate accounting estimates as a key factor in the transformation of financial statements under IFRS and to substantiate their impact on the qualitative characteristics of financial information.

**Results.** The study reveals the economic substance of accounting estimates and determines their role within the system of professional judgment. The differences between accounting estimates, accounting policies, and accounting errors are substantiated. Particular attention is given to the influence of accounting estimates on transformation adjustments during the transition to IFRS, including the measurement of assets and liabilities, the recognition of provisions, fair value determination, and impairment testing. It is established that accounting estimates significantly affect not only the technical aspects of financial statement transformation but also the formation of financial results and the financial position of an entity. The findings demonstrate that identical economic conditions may lead to different financial outcomes depending on the assumptions, valuation techniques, and estimation models applied.

**Conclusions.** The study concludes that accounting estimates should be regarded as a substantive factor in IFRS-based financial reporting rather than a purely technical instrument. The increasing role of estimates necessitates enhanced methodological guidance for their development, improved disclosure practices, and a higher level of professional responsibility among those involved in accounting judgments. Strengthening these aspects contributes to improving the transparency and analytical value of financial statements prepared in accordance with IFRS.

**Keywords:** accounting estimates; financial statements; IFRS; financial statement transformation; professional judgment; reliability of information.

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### **Облікові оцінки як фактор трансформації фінансової звітності за МСФЗ**

**Анотація.** У статті досліджено роль облікових оцінок у процесі трансформації фінансової звітності відповідно до вимог Міжнародних стандартів фінансової звітності (МСФЗ). Актуальність теми зумовлена зростанням значення професійного судження в системі фінансового обліку та звітності, а також підвищенням

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*частки показників, сформованих на основі оцінкових значень, у структурі фінансової звітності підприємств. Умови невизначеності, притаманні сучасному економічному середовищу, посилюють вплив облікових оцінок на достовірність, порівняльність і корисність фінансової інформації для користувачів. Метою статті є дослідження облікових оцінок як ключового фактора трансформації фінансової звітності за МСФЗ та обґрунтування їх впливу на якісні характеристики фінансової інформації. У ході дослідження застосовано методи аналізу й синтезу, системний і порівняльний підходи, а також логічне узагальнення положень міжнародних стандартів фінансової звітності та наукових публікацій. У статті розкрито економічну сутність облікових оцінок, визначено їх місце в системі професійного судження та обґрунтовано відмінності між обліковими оцінками, обліковою політикою і помилками. Досліджено вплив облікових оцінок на трансформаційні коригування під час переходу на МСФЗ, зокрема щодо оцінки активів і зобов'язань, формування резервів, визначення справедливої вартості та знецінення. Обґрунтовано, що облікові оцінки виступають не лише технічним інструментом трансформації фінансової звітності, а й суттєвим фактором формування фінансових результатів і фінансового стану підприємства. Зроблено висновок, що підвищення ролі облікових оцінок у фінансовій звітності за МСФЗ потребує посилення методичного забезпечення їх формування, удосконалення розкриття інформації та підвищення рівня професійної відповідальності осіб, які приймають відповідні облікові рішення.*

**Ключові слова:** облікові оцінки; фінансова звітність; МСФЗ; трансформація фінансової звітності; професійне судження; достовірність інформації.

**JEL Classification:** Q01; Q16; Q42

**Formulation of the problem.** In the context of globalization of economic processes and Ukraine's integration into the international economic environment, the harmonization of the national accounting system with International Financial Reporting Standards (IFRS) has become increasingly significant. The implementation of IFRS entails not only changes in the format and structure of financial statements but also a fundamental transformation of methodological approaches to the measurement of accounting objects and the formation of financial indicators.

The contemporary IFRS-based accounting model is grounded in principles that prioritize economic substance over legal form, emphasize future economic benefits, and require extensive use of professional judgment. Within this framework, accounting estimates emerge as one of the core instruments of financial reporting, as they are applied in the measurement of assets and liabilities, recognition of provisions and reserves, determination of fair value, impairment testing, and other procedures that have a material impact on financial performance and the financial position of an entity.

The increasing reliance on accounting estimates is further intensified by heightened economic uncertainty, market volatility, limited availability of objective information, and the growing complexity of business transactions. Under such conditions, a substantial proportion of financial statement indicators is formed on the basis of assumptions, probabilistic assessments, and forward-looking judgments. This significantly increases the degree of subjectivity embedded in financial reporting and complicates the interpretation of financial information by users.

The problem becomes particularly acute in the process of transforming financial statements in accordance with IFRS requirements. Transformation adjustments largely depend on accounting estimates, the accuracy and consistency of which directly affect the reliability, comparability, and decision-usefulness of financial information. At the same time, the absence of

unified methodological approaches to the formation and disclosure of accounting estimates, as well as differences in the level of professional competence of those responsible for accounting judgments, create additional risks of distortion in financial reporting outcomes.

As a result, accounting estimates no longer function merely as a technical component of the accounting system. Instead, they become a significant factor shaping the informational content of IFRS-based financial statements, influencing reported financial results, the financial position of entities, and the economic decisions of financial statement users. This underscores the necessity of an in-depth examination of accounting estimates specifically as a factor of financial statement transformation under IFRS and of their impact on the qualitative characteristics of financial information.

**Analysis of recent research and publications.** Recent academic research increasingly emphasizes that globalization of economic processes and the integration of national economies into international financial markets require harmonization of accounting systems with International Financial Reporting Standards (IFRS). In this context, accounting development is characterized by a gradual shift from strictly regulated, rule-based models to principles-based approaches that rely extensively on professional judgment and estimation techniques. As noted by Harkusha S., this transformation significantly changes methodological approaches to the measurement of accounting objects and the preparation of financial statements under IFRS [1].

A substantial body of Ukrainian research focuses on the challenges of forming financial reporting indicators in accordance with IFRS within national accounting systems. Bezkorovaina L. V. highlights the complexity of adapting estimation procedures to international standards and emphasizes the risks of distortion of financial information during the transformation of financial statements [2]. Similar conclusions are presented by Luchko M. and Melnyk N., who underline practical difficulties of IFRS implementation, particularly in relation to transformation adjustments and the expanded use of

accounting estimates [3]. In turn, Hetmanchenko I. V. argues that the growing scope of accounting estimates represents one of the most critical challenges for Ukrainian enterprises adopting IFRS, as it increases uncertainty and places higher demands on professional competence [4].

Another important research direction concerns the qualitative characteristics of IFRS-based financial reporting. Kuznetsova S. O. and Doromandzhy A. V. substantiate that the relevance and understandability of financial information largely depend on the appropriateness of accounting estimates and the adequacy of their disclosure in financial statements [5]. From the perspective of information transparency, Yarmoliuk O., Hubaryk O., Savanchuk T., Dmytrenko O., and Khomiak N. demonstrate that insufficient disclosure of estimation-based indicators complicates users' interpretation of financial statements and reduces their decision-usefulness [6].

Institutional and practical aspects of IFRS implementation have also been widely discussed. Tyvonchuk O. and Mykiiievych O. analyze the challenges and prospects of IFRS adoption both in Ukraine and globally, emphasizing that accounting estimates play a central role in aligning financial reporting with international requirements under conditions of economic uncertainty [7]. At the same time, issues related to the digitalization of financial reporting and the application of IFRS taxonomy, including XBRL and iXBRL formats, are addressed by Vakun O. V., Horodyskyi M. P., Hrabchuk I. L., Soloviov B. S., as well as Parokinna A. and Taran I., who point out that standardized digital reporting enhances comparability but also increases the importance of consistent and well-grounded estimation methodologies [8; 9].

Despite the diversity of existing studies, accounting estimates are predominantly examined fragmentarily – as elements of individual accounting procedures or as supporting tools for improving specific qualitative characteristics of financial reporting. A comprehensive analysis of accounting estimates as a systemic factor driving the transformation of financial statements under IFRS remains insufficiently developed.

This research gap is also confirmed by international studies. Eberhartinger E., Genest N., and Lee S. provide empirical evidence that users' judgments are significantly influenced by estimation-based disclosures, affecting both risk perception and economic decision-making [10]. Similarly, Kusano M. demonstrates that recognition choices grounded in accounting estimates materially alter the risk relevance and interpretative value of financial information for users, particularly in environments characterized by heightened uncertainty [11].

Thus, although prior research has made a substantial contribution to understanding IFRS implementation and financial reporting quality, the role of accounting estimates as a key factor in the transformation of

financial statements under IFRS has not been sufficiently systematized. This substantiates the relevance of further research aimed at examining accounting estimates not merely as technical instruments, but as fundamental drivers shaping financial reporting outcomes and users' interpretation of financial information.

**Formulation of research goals.** The purpose of this article is to examine accounting estimates as a key factor in transforming financial statements in accordance with International Financial Reporting Standards (IFRS) and to substantiate their influence on the formation of reporting indicators, as well as on the reliability, comparability, and decision-usefulness of financial information. The study clarifies the economic substance of accounting estimates within the logic of professional judgment and delineates them from accounting policies and accounting errors, which is critical for transformation procedures. Particular attention is paid to estimate-driven transformation adjustments related to the measurement of assets and liabilities, the recognition of provisions, fair value measurement, impairment testing, and the revision of depreciation parameters, as well as to the disclosure implications that determine how users interpret transformed financial statements.

**Presentation of the main research material.** In the process of transforming financial statements in accordance with International Financial Reporting Standards (IFRS), accounting estimates acquire a fundamentally different substantive role compared to national accounting systems. While under National Accounting Standards (NAS) estimation primarily performs a technical measurement function, within the IFRS framework it is transformed into a methodological instrument for shaping financial information. As a result, accounting estimates directly affect financial performance, the structure of assets and liabilities, as well as the scope and nature of disclosures in financial statements.

The author's position is that accounting estimates under IFRS should not be viewed as a derivative of accounting policy or a set of calculation procedures, but rather as an independent economic category that performs an adaptive function between uncertain economic reality and the formalized requirements of financial reporting. It is precisely through accounting estimates that the principle of substance over form – fundamental to IFRS – is effectively implemented [1].

For the purposes of this study, an accounting estimate is defined as a quantitative representation of a financial reporting object, formed through the selection of a measurement model and its application parameters based on professional judgment, with the aim of ensuring the relevance and comparability of financial information. Such an interpretation allows accounting estimates to be clearly distinguished from accounting policy (as a set of formal rules) and from errors (as a consequence of incorrect application of methods), which

is of critical importance in the process of financial statement transformation.

Within the transformation of financial statements, accounting estimates perform a dual function. On the one hand, they adjust balance sheet indicators in accordance with IFRS requirements (e.g., impairment of assets, provisions, fair value measurement). On the other hand, they shape a new informational logic of reporting by altering not only numerical values but also the interpretation of an entity's financial position and performance. Therefore, transformation-related estimates cannot be reduced to mechanical recalculations; rather, they represent the outcome of a conceptual reassessment of economic indicators.

Empirical and theoretical studies by Ukrainian scholars confirm that the transition to IFRS is accompanied by an increase in the proportion of estimation-based indicators in corporate financial statements. In particular, Bezkorovaina L. V. demonstrates that problems in forming IFRS-based financial reporting indicators in Ukraine are largely associated with estimation judgments that determine the final values of assets and financial results [2]. Similar

conclusions are presented in the works of Luchko M. and Melnyk N., who emphasize the complexity of applying accounting estimates during the financial statement transformation process [3].

At the same time, the author argues that the key issue lies not in the existence of accounting estimates themselves, but in the lack of a systematic approach to their formation and coordination across individual reporting items. Inconsistencies in assumptions used for different estimates lead to internal contradictions in financial information, even when formal compliance with IFRS requirements is maintained. This circumstance often becomes a source of transformation distortions, reducing the analytical usefulness of financial statements.

Thus, within the IFRS system, accounting estimates should be regarded as an active factor in the transformation of financial statements that integrates methodological, informational, and managerial dimensions. Their economic substance extends beyond the measurement of accounting objects and encompasses the formation of a coherent financial representation of an entity's activities that is relevant for economic decision-making (Table 1).

**Table 1 Interpretation of the Economic Substance of Accounting Estimates in the IFRS System**

Dimension of Analysis	Content of Accounting Estimate (Author's Interpretation)	Significance for Financial Statement Transformation
Economic	Instrument for quantitative representation of economic reality under uncertainty	Ensures adaptation of indicators to actual economic conditions
Methodological	Independent accounting category combining measurement models and application parameters	Forms the basis for transformation adjustments between NAS and IFRS
Informational	Source of relevant but potentially subjective financial information	Alters interpretation of financial position and performance
Managerial	Result of managerial choice and professional judgment	Influences strategic indicators used by information users
Analytical	Basis for financial analysis and forecasting	Determines the quality of analytical conclusions
Control	Object of internal control and audit verification	Increases the risk of remarks in case of inconsistent assumptions
Transformational	Mechanism for transition from national accounting logic to IFRS principles	Directly affects adjustments to assets, liabilities, and equity
Communication	Element of explanation and disclosure in notes to financial statements	Ensures transparency and verifiability of estimates
Risk-related	Potential source of distortions due to subjective assumptions	Requires consistency and methodological control
Regulatory	Object of compliance with IFRS and regulatory requirements	Determines the degree of conformity with international standards

Source: developed by the authors

The multidimensional interpretation of accounting estimates presented in Table 1 demonstrates that, within the IFRS framework, estimates cannot be reduced to a purely technical or auxiliary accounting tool. Instead, they constitute an integrated methodological construct that simultaneously performs economic, informational, managerial, and regulatory functions. This comprehensive nature distinguishes IFRS-based

accounting estimates from those applied under national accounting systems and explains their decisive role in the transformation of financial statements.

The analysis confirms that accounting estimates serve as a connecting mechanism between economic uncertainty and the formal requirements of financial reporting. Through the selection of measurement models, assumptions, and disclosure approaches,

estimates influence not only quantitative indicators but also the qualitative characteristics of financial information, including relevance, comparability, transparency, and analytical usefulness.

At the same time, the identified risk-related and control dimensions indicate that the growing importance of accounting estimates inevitably increases the vulnerability of financial statements to inconsistencies and subjective distortions. This underscores the necessity of a structured and internally consistent approach to the formation of accounting estimates, particularly in the context of IFRS-based financial statement transformation.

In the process of transforming financial statements in accordance with International Financial Reporting Standards (IFRS), accounting estimates acquire a decisive role as a direct outcome of the exercise of professional judgment. This shift is consistent with the broader evolution of accounting from a rule-driven to a principle-oriented model, where judgment becomes a core mechanism of measurement and reporting decisions. At the level of practical IFRS implementation in Ukraine, the growing reliance on estimates is repeatedly associated with methodological complexity and the risk of inconsistencies in transformation procedures [3].

Unlike the traditional approach, where estimation is often treated as an auxiliary technical procedure, within the IFRS framework it functions as a mechanism for interpreting economic reality, enabling financial indicators to be aligned with the principles of relevance and faithful representation. This logic is especially important for estimates that affect the structure of assets and liabilities and, consequently, the interpretation of financial position and performance by users [6]. International empirical evidence also supports the view that judgment-based disclosures and measurement choices influence users' perception of financial information and risk relevance [11].

The author argues that professional judgment in the formation of accounting estimates should be interpreted as a structured decision-making process rather than a set of intuitive or situational actions. In the context of financial statement transformation, such judgment performs the role of a "methodological filter" through which national accounting data are reinterpreted in accordance with IFRS logic, which helps explain why transformation estimates are not merely numerical recalculations but economically substantiated reassessments.

Professional judgment is primarily realized across three interrelated dimensions: methodological, parametric, and informational. At the methodological

level, the choice of measurement model is made (e.g., historical cost or fair value, impairment models, provisioning), which defines the overall direction of transformation adjustments. At the parametric level, key assumptions are formed regarding asset useful lives, risk levels, expected cash flows, and probabilities of future events. The informational level involves decisions concerning the scope and depth of disclosure of estimation judgments in the notes to the financial statements. Collectively, these decisions determine not only the magnitude of individual reporting items but also the analytical usefulness and interpretability of IFRS-based reporting.

During the transformation of financial statements, professional judgment becomes particularly significant because transformation adjustments are often driven by revisions of estimation parameters rather than mechanical restatements. Practical transition studies underline that a substantial share of differences between national and IFRS-based reporting emerges exactly at the stage of developing and aligning assumptions across reporting items [2]. In this context, the quality of professional judgment directly affects the internal consistency of financial indicators and the comparability of financial statements over time and across entities. [5]

At the same time, the increasing role of professional judgment objectively raises the risks of subjectivity and potential distortion of financial information. The key problem lies not in the use of accounting estimates per se, but in the lack of systemic consistency of judgments across different reporting items: inconsistent discount rates, horizon assumptions, or risk parameters may generate internal contradictions even under formal IFRS compliance. Such effects are also reflected in international evidence regarding the sensitivity of users' judgments to the structure and granularity of disclosures.

An additional factor influencing the nature of professional judgment is the digitalization of financial reporting. The implementation of XBRL and iXBRL increases the requirements for formalizing valuation logic and ensuring consistency of estimation parameters, while reducing the ability to compensate weak estimation logic through purely narrative explanations. Therefore, professional judgment must be not only economically substantiated but also structurally reproducible in a digital reporting environment. [8]

Taking these considerations into account, the author proposes a model of the manifestation of professional judgment in accounting estimates, which systematizes its impact on the transformation of financial statements (Table 2).

**Table 2 Model of Professional Judgment in Accounting Estimates during Financial Statement Transformation**

Level of Manifestation	Content of Professional Judgment	Impact on Transformation Adjustments
1	2	3
Conceptual	Interpretation of the economic substance of transactions in accordance with IFRS principles	Determines the overall direction of indicator transformation
Methodological	Selection of measurement models for accounting objects	Forms the methodology for transforming individual reporting items
1	2	3
Parametric	Establishment of key assumptions and estimation parameters	Directly affects the values of assets, liabilities, and financial results
Informational	Determination of the scope and method of disclosure of estimation judgments	Ensures transparency and verifiability of financial reporting
Control	Assessment of the consistency and justification of judgments	Reduces the risk of distortion of financial information

Source: compiled by the authors based on the synthesis of methodological approaches to IFRS implementation and reporting digitalization. [1-3; 8-9]

Table 2 demonstrates that professional judgment in the IFRS environment is multi-level and operationally structured: it integrates conceptual interpretation, methodological choice, parameter setting, disclosure design, and control procedures. This confirms that professional judgment cannot be treated as an auxiliary element of accounting practice; instead, it is the core mechanism through which accounting estimates are formed and validated during transformation.

The model also clarifies why the main source of transformation risk is not the existence of estimates but the inconsistency of assumptions across different items and disclosures. This conclusion aligns with both Ukrainian practice-oriented research on IFRS transition and international evidence on the role of judgment-sensitive disclosure structures in shaping users' decisions. [2; 3; 10; 11] Finally, the growing use of structured electronic reporting (XBRL/iXBRL) strengthens the requirement that professional judgment be not only economically reasoned but also formalized and internally consistent to ensure digital comparability and auditability.

In the process of transforming financial statements from national accounting standards to International Financial Reporting Standards (IFRS), accounting estimates act as the key mechanism for generating transformation adjustments. Unlike formal differences in the structure of financial statements, it is estimation approaches that determine the most significant quantitative changes in an entity's financial indicators. In this context, transformation adjustments should be viewed not as a technical stage of transition, but as the result of reinterpreting the economic substance of accounting objects through the lens of professional judgment.

In the vast majority of cases, IFRS-based transformation adjustments are inherently estimation-driven. This implies that their magnitude is determined not merely by differences in accounting rules, but primarily by changes in the underlying measurement

logic embedded in international standards. Accordingly, identifying the areas in which accounting estimates exert the greatest influence is critical for ensuring the internal consistency and reliability of transformed financial statements [4].

Within this study, a classification of transformation adjustment directions is proposed based on the nature of accounting estimates rather than on the formal structure of financial statements. Such an approach makes it possible to move beyond a fragmented analysis of individual adjustments toward a systemic understanding of their impact on financial results, assets, liabilities, and equity. This perspective is consistent with empirical findings emphasizing the dominant role of estimation choices in shaping IFRS-based reporting outcomes.

First, a substantial impact on financial statement transformation arises from estimates related to asset impairment. In national accounting practice, impairment is often applied in a formalized or episodic manner, whereas under IFRS it is grounded in forward-looking assessments of future cash flows and risk levels. Revisions of these assumptions lead to adjustments in the carrying amounts of assets and, consequently, in reported financial results for the period.

Second, provisions and reserves constitute a significant source of transformation adjustments. Under IFRS, they are recognized based on the probability of future obligations and the best estimate of their amount. During transformation, changes in estimation parameters—such as probabilities, time horizons, and discount rates—generate differences between national and IFRS-based reporting. In this case, accounting estimates directly affect not only liabilities, but also expense recognition and profit dynamics. [3]

Third, transformation adjustments frequently arise from the application of fair value measurement, which is inherently an estimation category. The transition from historical cost to fair value requires the use of valuation models and professional judgment regarding market-based parameters. As a result, the structure of assets,

the amount of equity, and comprehensive income indicators may change significantly. [10]

Fourth, depreciation-related estimates—particularly useful lives and residual values—have a pronounced impact on financial statement transformation. Their reassessment during the IFRS transition alters future expense patterns and leads to a temporal redistribution of financial results. Despite their cumulative effect,

depreciation estimates often receive insufficient analytical attention in practice, which may distort the assessment of long-term financial performance. [2]

Based on the above, a map of the impact of accounting estimates on IFRS transformation adjustments is proposed, systematizing the main directions of such influence (Table 3).

**Table 3 Map of the Impact of Accounting Estimates on IFRS-Based Financial Statement Transformation Adjustments**

Direction of Accounting Estimate	Object of Transformation	Nature of Estimation Changes	Main Impact on Financial Statements
Asset impairment	Non-current and current assets	Revision of future cash flows and risk assumptions	Changes in asset carrying amounts and financial results
Provisions and reserves	Liabilities	Assessment of probability and magnitude of future outflows	Increase/decrease in expenses and liabilities
Fair value measurement	Financial and non-financial assets	Application of market-based valuation models	Changes in asset structure and equity
Depreciation parameters	Property, plant and equipment; intangible assets	Revision of useful lives and residual values	Redistribution of expenses across reporting periods
Measurement of financial results	Income and expenses	Changes in recognition timing and amounts	Impact on net financial results

*Source: compiled by the authors based on the synthesis of IFRS transition practices and empirical research findings. [2-3; 5-6; 10]*

Table 3 demonstrates that IFRS transformation adjustments are predominantly estimation-driven and affect virtually all key components of financial statements. The results confirm that the scale and direction of transformation adjustments depend primarily on the quality and consistency of professional judgment embedded in accounting estimates, rather than on formal differences between national and international reporting formats.

The proposed impact map allows transformation adjustments to be analyzed as an integrated system rather than as a set of isolated technical recalculations. This systemic view enhances the analytical value of transformed financial statements and provides a clearer basis for assessing financial position, performance, and risk. Moreover, it underscores the necessity of methodological coherence in estimation processes as a prerequisite for achieving reliable and comparable IFRS-based financial reporting.

The expansion of the role of accounting estimates in the process of transforming financial statements under International Financial Reporting Standards (IFRS) is objectively accompanied by an increased risk of financial information misstatement. However, the key issue does not lie in the estimation-based nature of IFRS itself, but rather in the lack of a structured approach to forming professional judgments underlying such estimates. The author argues that risks associated with the use of accounting estimates are systemic in nature and arise at the intersection of methodology, management, and financial information communication [6].

The first group comprises methodological risks, which manifest in the incorrect selection of measurement

models during transformation. The formal transfer of national valuation approaches into the IFRS environment without reinterpreting the economic substance of accounting objects leads to distorted transformation adjustments. In such cases, financial statements may formally comply with IFRS structural requirements, while failing to reflect the entity's actual financial position [4].

The second significant group includes parametric risks associated with unjustified or internally inconsistent assumptions used in accounting estimates. In particular, the application of different discount rates, useful lives, or risk levels to economically related assets and liabilities results in a loss of logical coherence in financial information. Consequently, financial indicators become difficult to interpret and compare, undermining the analytical value of IFRS-based reporting.

The third group consists of information and communication risks arising from insufficient disclosure of estimation assumptions in the notes to financial statements. The author emphasizes that even a technically correct accounting estimate loses its analytical usefulness if users are unable to understand the logic behind its formation. This limitation represents one of the key reasons for declining trust in transformed financial statements among users.

Special attention should also be paid to digital environment risks related to the implementation of XBRL and iXBRL reporting formats. In a structured electronic environment, the role of narrative explanations is reduced, while the importance of formalized estimation parameters increases. This constrains the ability to compensate for weak professional judgments through descriptive disclosures and raises the requirements for

internal consistency and reproducibility of accounting estimates [9].

Summarizing the above, the author concludes that effective risk management of accounting estimates is possible only through the institutionalization of professional judgment—that is, through the establishment of unified principles, approaches, and

procedures for its application in the process of financial statement transformation. Such an approach enables a shift from reactive error correction toward preventive quality management of financial information.

To systematize the identified risks and limitations associated with accounting estimates in IFRS-based transformation, a summary table is proposed (Table 4).

**Table 4 Systematization of Risks and Limitations in the Use of Accounting Estimates during IFRS-Based Financial Statement Transformation**

Risk Group	Nature of Risk	Causes	Potential Consequences for Financial Statements
1	2	3	4
Methodological	Incorrect selection of measurement models	Formal transfer of national approaches	Misstatement of assets, liabilities, and results
Parametric	Inconsistent or unjustified assumptions	Lack of unified estimation logic	Loss of comparability and analytical value
Informational	Insufficient disclosure of estimation judgments	Focus on formal compliance	Decline in user confidence
Organizational	Absence of internal regulations	Unsystematic application of judgments	Accumulation of transformation errors
Digital	Limitations of XBRL/iXBRL formats	High requirements for parameter formalization	Increased risk of electronic reporting errors
Control	Weak internal control mechanisms	Lack of verification procedures	Higher audit and regulatory risks

*Source: compiled by the authors based on the synthesis of IFRS transition practices*

Table 4 demonstrates that risks associated with accounting estimates in IFRS-based financial statement transformation are multidimensional and interrelated. The findings confirm that methodological and parametric risks form the core of potential misstatements, while informational, organizational, and digital risks amplify their effects in practice.

The proposed systematization highlights that ignoring these risks leads to formal compliance with IFRS requirements without achieving their fundamental objective—namely, the provision of reliable, relevant, and comparable financial information. Accordingly, the management of accounting estimate risks should be treated as an integral component of the overall financial reporting quality assurance system under IFRS.

**Conclusions and Prospects for Further Research.** As a result of the conducted research, it is substantiated that accounting estimates within the system of International Financial Reporting Standards (IFRS) are not an auxiliary element of accounting, but a key factor in the transformation of financial statements that determines the content, structure, and analytical value of financial information. Unlike national accounting approaches, under IFRS accounting estimates perform methodological, informational, and managerial functions, ensuring the adaptation of accounting indicators to the economic substance of business transactions.

The study proves that the economic essence of accounting estimates lies in their ability to transform uncertain economic processes into quantitatively measurable indicators of financial reporting. The proposed author’s interpretation of accounting estimates

makes it possible to consider them as an independent economic category that serves as a methodological “bridge” between the national accounting system and the principles-based IFRS model.

It is established that professional judgment is the determining factor in the formation of accounting estimates during the transformation of financial statements. The expediency of treating professional judgment as a structured decision-making process implemented at the conceptual, methodological, parametric, informational, and control levels is substantiated. The author’s model of professional judgment allows for the systematization of its impact on transformation adjustments and contributes to greater consistency of financial indicators. The research confirms that transformation adjustments of financial statements under IFRS are predominantly estimation-based in nature. The most significant impact of accounting estimates is observed in the areas of asset impairment, recognition of provisions and reserves, application of fair value measurement, and determination of depreciation parameters. The proposed author’s impact map of accounting estimates enables transformation adjustments to be viewed as an integrated system rather than as a set of isolated technical operations.

It is revealed that the expansion of the role of accounting estimates is accompanied by an increase in the risk of financial information misstatement, which manifests in methodological, parametric, informational, organizational, and digital dimensions. The study substantiates that the key problem lies not in the estimation-based nature of IFRS itself, but in the lack of

systemic consistency of professional judgments in the process of financial statement transformation. In this regard, the necessity of institutionalizing professional judgment through the development of internal methodological regulations, control procedures, and unified approaches to the formation of accounting estimates is justified.

The practical significance of the obtained results lies in the possibility of applying the proposed author's models and classifications in the preparation and

transformation of financial statements under IFRS, as well as in internal control, audit, and analytical assessment of the financial position of enterprises.

Prospects for further research should be associated with an in-depth analysis of the impact of digital financial reporting formats (XBRL, iXBRL) on the formation and disclosure of accounting estimates, as well as with the development of methodological approaches to the quantitative assessment of professional judgment risks in transformation processes.

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