

BUSINESS VALUATION BASED ON RAS AND IFRS

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Abstract: International integration of Russian airlines involves the financial statements formation both in the Russian Accounting Standards (RAS) and in the International Financial Reporting Standards (IFRS). Financial reporting is an information basis for carrying out valuation activities. The article proposes for Russian and foreign air carriers the business valuation principles, which are based on the synergistic effect of applying economic indicators of financial statements (fixed assets cost, intangible assets, financial investments, etc.) considering RAS and IFRS.

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The fair assessment of the business valuation requires a thorough organizational, financial and technological retrospective analysis of the company, as well as its development prospects. The assessment methodology requires continuous improvement due to the business conditions variability, integration and globalist trends in the world market.

The most sensitive are companies operating in international competition, including in the field of air transportation. In this regard, there is a need for the formation of unified and verified principles for business valuation, which allow obtaining isomorphic results for both Russian air carriers and their international competitors.

The results convergence can be achieved by increasing the reliability of information certainty; it is proposed for this to study the IFRS and RAS features. The transition to IFRS is mandatory in the Russian Federation for a number of Russian companies.

The financial statements availability according to international standards are considered attractive to foreign investors.

Results of calculations based on the balance sheet compiled in accordance with the RAS and IFRS requirements, thousand rubles.

Approach	PJSC "UTair Airlines"	PJSC Aeroflot - Russian Airlines	American Airlines	Spirit Airlines
Cost method	-3 008 283,00	86 677 954,00	0,00	0,00
Discounted cash flow method	-1 713 017,18	17 408 560,86	241 950 584,87	23 926 527,64
Results of calculations according to the proposed principles, thousand rubles				
By stock quotes	28 284 869,12	113 060 739,24	957 001 734,11	250 837 874,40
Cost method	6 409 858,00	239 592 982,00	1 452 093 170,70	218 631 998,86
Discounted cash flow method	24 687 448,44	131 329 047,80	1 578 093 120,16	128 750 113,40

The air carriers cost was assessed by an expensive, profitable approach based on reports compiled in accordance with RAS and IFRS in this work. Verification is carried out according to exchange copy data.

The proposed approach to valuation, which is based on a synthesis of RAS and IFRS data, showed the closest approximation of the estimates to exchange expectations, which indicates the reliability of the principles. The RAS and IFRS information combination allow you to get positive estimates for air carriers that have losses, whose financial condition is diagnosed as unsatisfactory, showing the bankruptcy signs.

The negative financial condition is not a reason for termination of activity, which is confirmed by market expectations for operations with shares of such companies and the proposed approach to the business valuation.

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Thank you for your attention!