Scientific Bulletin
of Mukachevo State University

Series
Economics

Volume 13, No. 2, 9-19
Journal homepage: https://economics-msu.com.ua/en

ISSN 2313-8114
E-ISSN 2518-1254

UDC 657.37:657.1:336.71
DOI: 10.52566/msu-econ2.2026.09

Quality of IFRS financial reporting: The role of accounting models in shaping informational usefulness

Nelia Proskurina

Doctor of Economic Sciences, Professor
Zaporizhzhia National University
69600, 66 Zhukovsky Str., Zaporizhzhia, Ukraine
https://orcid.org/0000-0001-8674-1720

Valentina Goncharova

PhD in Public Administration, Associate Professor
Zaporizhzhia National University
69600, 66 Zhukovsky Str., Zaporizhzhia, Ukraine
https://orcid.org/0000-0001-5556-7192

Anastasia Konovalova*

Chief Accountant
LLC NMC "Global Account Audit"
01033, 20V Shota Rustaveli Str., Kyiv, Ukraine
https://orcid.org/0000-0001-5036-1603

Abstract. In the context of the globalisation of financial markets and the widespread adoption of International Financial Reporting Standards, the issue of the quality of financial reporting prepared in accordance with these standards is becoming increasingly relevant. The principle-based nature of these standards implies the extensive use of various accounting models, which directly influence the formation of financial indicators and the level of their informational usefulness for users. At the same time, the absence of a single rigid algorithm for the application of accounting models creates risks of reduced comparability, increased complexity of interpretation, and ambiguity in analytical conclusions. The purpose of the article was to investigate the role of accounting models in shaping the quality of financial reporting prepared in accordance with International Financial Reporting Standards and to assess their impact on the informational usefulness of financial indicators for different groups of users. The methodological basis of the study included methods

Received: 22.12.2025, Revised: 15.04.2026, Accepted: 25.05.2026, Published: 29.05.2026

Suggested Citation: Proskurina, N., Goncharova, V., & Konovalova, A. (2026). Quality of IFRS financial reporting: The role of accounting models in shaping informational usefulness. *Scientific Bulletin of Mukachevo State University. Series "Economics"*, 13(2), 9-19. doi: 10.52566/msu-econ2.2026.09.

*Corresponding author (nastya.gn07@gmail.com)

of theoretical generalisation, comparative analysis, a systematic approach, and logical modelling, which made it possible to comprehensively analyse the relationship between the principles of International Financial Reporting Standards, accounting models, and the qualitative characteristics of financial information. The study found that the quality of financial reporting prepared in accordance with International Financial Reporting Standards is determined not only by compliance with standards, but primarily by the selection and application of specific accounting models. It was substantiated that different measurement models for assets and liabilities affect the relevance, reliability, comparability, and understandability of financial information in different ways. The presence of a conceptual trade-off between increasing the economic realism of indicators and the growing complexity of their interpretation has been identified. It was proven that the informational usefulness of financial reporting largely depends on professional judgment and the analytical capacity of users. The practical significance of the obtained results lies in the possibility of their application to improve analytical approaches to the evaluation of financial reporting prepared in accordance with International Financial Reporting Standards, enhance the quality of managerial and investment decision-making, and further develop the methodology of financial analysis in a principle-based accounting environment

Keywords: financial information; principle-based accounting; professional judgement; accounting system; financial statements

Introduction

The quality of financial reporting prepared under International Financial Reporting Standards (IFRS) has become a central issue in contemporary accounting theory and practice, particularly in the context of global capital markets integration and increasing reliance on financial information for economic decision-making. IFRS were originally designed as a principles-based system aimed at enhancing transparency, comparability, and informational usefulness of financial statements across jurisdictions. However, the growing complexity of economic transactions and the expansion of valuation-based accounting models have significantly transformed the way financial information is generated and interpreted.

Recent studies indicated that the informational usefulness of IFRS-based financial reporting depends not only on formal compliance with standards but also on the underlying accounting models, professional judgments, and estimation techniques applied in the reporting process. As noted by M.E. Barth *et al.* (2021), the application of IFRS involves significant managerial discretion, which directly affects the quality and comparability of financial reporting across entities. In particular, L.V. Bezkorovaina (2023) argued that the formation of financial reporting indicators under IFRS was substantially influenced by methodological choices and estimation approaches applied by reporting entities. As a result, financial reporting quality was increasingly shaped by methodological choices embedded within IFRS rather than by uniform rule application. This shift raised important questions regarding the extent to which accounting models enhance or undermine the qualitative characteristics of financial information, particularly relevance, faithful representation, comparability, and understandability.

The principles-based nature of IFRS granted significant discretion to preparers in selecting accounting policies and measurement bases, which may improve economic realism but simultaneously reduced consistency across entities and reporting periods. O. Tyvonchuk & O. Mykiievych (2023) emphasised that the transition to IFRS created both opportunities and challenges for ensuring consistency in financial reporting. At the same time, O. Yarmoliuk *et al.* (2021) demonstrated that differences in disclosure practices and valuation approaches led to variations in the presentation of financial results. Consequently, the quality of IFRS financial reporting could not be assessed solely through formal adherence to standards but had to be analysed through the lens of accounting model selection and its impact on information interpretation.

In parallel, the digitalisation of financial reporting and the introduction of structured reporting formats, such as eXtensible Business Reporting Language (XBRL) and the European Single Electronic Format (ESEF), have intensified the demand for high-quality, comparable, and analytically meaningful financial information. European Securities and Markets Authority (ESMA, 2023) highlighted the importance of structured reporting for ensuring transparency and comparability of financial data, while XBRL International (2024) emphasised the role of digital standards in improving data accessibility. While these technologies enhance data accessibility and standardisation, they did not eliminate conceptual differences arising from accounting model diversity. Instead, they further exposed inconsistencies rooted in measurement and recognition choices permitted under IFRS.

Despite extensive research on IFRS implementation and convergence processes, insufficient attention was paid to the systemic role of accounting models in shaping the informational usefulness of financial reporting. I. Shushakova *et al.* (2021) examined the convergence of accounting systems, while L.I. Lezhnenko & M.M. Kruhla (2024) analysed the historical aspects of IFRS implementation, yet these studies did not provide an integrated theoretical perspective on how accounting models influenced reporting quality as a whole. Against this background, the purpose of this study was to examine the role of accounting models within IFRS in shaping the quality and informational usefulness of financial reporting. The research aimed to conceptualise the relationship between principles-based standards, accounting model selection, and the qualitative characteristics of financial information. The study contributed to accounting theory by systematising existing approaches and proposing a structured analytical framework for assessing IFRS-based reporting quality.

Literature Review

The issue of financial reporting quality under IFRS has been widely examined in academic literature; however, existing studies demonstrated considerable fragmentation in conceptual approaches to its assessment. Most research strands focused either on regulatory convergence and implementation challenges or on isolated qualitative characteristics of financial information, without sufficiently addressing the systemic role of accounting models in shaping informational usefulness. A substantial body of literature analysed IFRS as a global harmonisation mechanism aimed at improving transparency and comparability of financial reporting. N. Melnyk (2013) analysed the historical development of the international accounting system and highlighted the evolution of financial reporting standards as a prerequisite for the emergence of modern IFRS-based approaches. O. Tyvonchuk & O. Mykiievych (2023) noted that the adoption of IFRS contributed to improved consistency of financial reporting across countries and enhanced access to global capital markets. Similarly, L.I. Lezhnenko & M.M. Kruhla (2024) examined the historical evolution of IFRS implementation and confirmed its role in strengthening international comparability. At the same time, I. Shushakova *et al.* (2021) argued that convergence at the regulatory level did not ensure uniform reporting outcomes due to institutional differences between countries.

Another stream of research focused on the qualitative characteristics of financial information as defined in the IFRS Conceptual Framework, primarily relevance and faithful representation. S.O. Kuznetsova & A.V. Doromandzhy (2019) emphasised that IFRS improved the relevance and understandability of financial reporting through enhanced disclosure practices. In turn, M. Kusano (2020) demonstrated that the recognition and measurement approaches influenced the risk relevance of reported information. However, E. Eberhartinger *et al.* (2020) showed that increased reliance on professional judgement and estimation techniques reduced comparability and complicated user interpretation.

Accounting model selection has emerged as a critical but underexplored determinant of reporting quality. H.B. Nazarova *et al.* (2020) identified that different accounting procedures significantly influenced the formation of financial results. Similarly, L.V. Bezkorovaina (2023) argued that methodological choices in IFRS application directly affected the structure and quality of financial reporting indicators. V. Müller *et al.* (2021) considered accounting and auditing in accordance with international standards as an important management tool that influences decision-making processes and the overall effectiveness of financial management. These findings suggested that alternative models permitted under IFRS-such as historical cost versus fair value or amortised cost versus revaluation-led to materially different financial results without corresponding changes in underlying economic performance.

The literature also highlighted the growing importance of disclosure quality in mitigating limitations associated with accounting model diversity. O. Yarmoliuk *et al.* (2021) demonstrated that expanded disclosure practices improved the completeness and interpretability of financial reporting information. At the same time, earlier studies, such as S.B. Shypina (2016), analysed international experience in disclosure of financial results and confirmed the importance of detailed explanatory information. Nevertheless, disclosure practices remained uneven, and users' ability to process complex information varied significantly.

Recent contributions further examined the impact of digital reporting technologies, such as XBRL and ESEF, on financial reporting quality. ESMA (2023) emphasised that structured reporting formats enhanced comparability and transparency of financial data, while XBRL International (2024) highlighted the role of digital standards in improving accessibility and analytical usability of financial information. In addition, O.V. Vakun *et al.* (2020) investigated the implementation of XBRL in Ukraine and identified challenges related to standardisation and data comparability. However, these technologies did not resolve conceptual inconsistencies arising from accounting model heterogeneity.

At the institutional level, O. Antoniuk *et al.* (2021) analysed the development of accounting and auditing services in Ukraine and identified discrepancies between regulatory frameworks and practical implementation. Similarly, T. Shepel (2021) examined the problems of IFRS implementation in Ukraine and highlighted methodological and organisational challenges. It was confirmed that IFRS integration into the national accounting system influenced both reporting practices and institutional development. In addition, M. Dziamulych *et al.* (2021) explored the impact of regulatory indicators on financial institutions and demonstrated the increasing role of standardisation in financial reporting processes. Further research also addressed the relationship between IFRS compliance and reporting quality. M. Kabwe (2023) found that compliance with IFRS significantly improved the quality of financial reporting in developing economies. At the same time, N. Kuzyk *et al.* (2025) analysed the application of IFRS in asset revaluation and impairment and demonstrated that accounting model selection directly influenced financial reporting outcomes.

Despite the breadth of existing research, a conceptual gap persisted in understanding how accounting models function as an intermediary mechanism between IFRS principles and the resulting informational usefulness of financial reporting. Prior studies tended to analyse standards, qualitative characteristics, or disclosures in isolation, leaving insufficient theoretical integration of these elements. Consequently, the role of accounting models as a systemic determinant of financial reporting quality remained inadequately conceptualised. This study addressed the identified gap by developing an integrated analytical perspective that links principles-based IFRS, accounting model selection, and the qualitative attributes of financial information. By shifting the focus from compliance-oriented evaluation to model-based analysis, the research contributed to a deeper theoretical understanding of financial reporting quality in a principles-based accounting environment.

Materials and Methods

This study adopted an analytical-conceptual research design aimed at examining the role of accounting models in shaping the informational usefulness of IFRS-based financial reporting. Given the theoretical nature of the research, the methodology was grounded in qualitative analysis rather than empirical testing and focused on the systematic interpretation of accounting principles, measurement models, and reporting outcomes. The methodological framework was based on a structured analysis of IFRS as a principles-based accounting system, with particular attention to the interaction between accounting standards, professional judgement, and financial reporting quality. The research drew on authoritative international standards, including the IFRS Conceptual Framework and IAS 1 Presentation of Financial Statements (Supreme Council of Ukraine, 2012), as well as on recent academic literature addressing financial reporting quality, accounting policy choices, and comparability issues.

The study employed the following methodological approaches: (1) conceptual analysis, which was used to examine the theoretical foundations of financial reporting quality and to clarify the role of accounting models as a mediating mechanism between IFRS principles and reported financial information; (2) comparative analysis, which was applied to identify differences between alternative accounting models permitted under IFRS (e.g., historical cost versus fair value) and to assess their implications for relevance, faithful representation, and comparability; (3) systematisation and synthesis, which were utilised to integrate fragmented findings from prior studies into a coherent analytical framework linking accounting model selection with informational usefulness; (4) critical interpretation, which was aimed at evaluating the limitations of existing approaches to assessing reporting quality and at formulating theoretically grounded conclusions. The analytical focus was placed on accounting models as structured sets of recognition, measurement, and presentation choices that directly influence the formation of financial reporting indicators. Rather than assessing compliance with IFRS requirements, the study examined how different accounting models affected users' ability to interpret financial information and make informed economic decisions.

The research did not involve primary data collection or statistical sampling. Instead, the empirical base of the study consisted of secondary sources, including peer-reviewed journal articles, regulatory documents, and methodological guidelines published within the last decade. Selection of sources was guided by their relevance to IFRS application, financial reporting quality, and accounting model analysis. To enhance transparency and reproducibility, the methodological logic of the study was explicitly articulated, allowing other researchers to replicate the analytical approach using the same standards and conceptual criteria. No AI systems were used for generating scientific content, formulating theoretical conclusions, or interpreting research results. The authors bore full responsibility for the accuracy, originality, and academic integrity of the study.

Results and Discussion

The transition to IFRS represented not merely a change in accounting regulation but a fundamental transformation of the logic underlying financial reporting. Unlike rule-based systems, IFRS were constructed as a principles-based framework that deliberately limited detailed prescriptions and instead relied on professional judgement to reflect the economic substance of transactions. Prior studies emphasised that the principles-based nature of IFRS aimed to enhance relevance and faithful representation by allowing entities to adapt accounting treatments to complex and evolving economic realities. L.I. Lezhnenko & M.M. Kruhla (2024) examined the historical development of IFRS and highlighted their role in improving comparability across jurisdictions, while O. Tyvonchuk & O. Mykiievych (2023) noted that IFRS adoption contributed to the integration of financial reporting into global capital markets. However, this flexibility simultaneously shifted the focus of standardisation away from uniform numerical outcomes toward standardised reasoning processes. As a result, IFRS did not ensure comparability through identical accounting solutions but through a shared conceptual approach to financial reporting.

The Conceptual Framework for Financial Reporting (Supreme Council of Ukraine, 2010) explicitly acknowledged that judgement, estimation, and model-based measurement were inherent components of high-quality financial information. International Accounting Standards Board (IFRS Foundation, 2012) defined the Conceptual Framework as a basis for ensuring relevance and faithful representation of financial information, while Supreme Council of Ukraine (2010) adapted these principles within the national regulatory environment. Consequently, accounting under IFRS became inseparable from the selection and application of accounting models that translate economic phenomena into reported figures. These models incorporate valuation techniques, assumptions about future cash flows, risk assessments, and discount rates, which collectively shape reported performance and financial position.

Empirical and analytical research indicated that this shift had ambiguous implications for reporting quality. On the one hand, S.O. Kuznetsova & A.V. Doromandzhy (2019) emphasised that IFRS improved the relevance and understandability of financial reporting, while M. Kusano (2020) demonstrated that valuation approaches influenced the risk relevance of financial information. On the other hand, L.V. Bezkorovaina (2023) argued that methodological flexibility led to variations in financial reporting indicators, and E. Eberhartinger *et al.* (2020) showed that reliance on professional judgement increased heterogeneity in reported outcomes, thereby complicating comparability. Importantly, this heterogeneity did not arise from inconsistent application of standards but from the legitimate diversity of accounting models permitted within the IFRS framework. Thus, comparability under IFRS was no longer a purely technical attribute embedded in reporting formats; it became an analytical challenge that depends on users' ability to identify, understand, and adjust for differences in underlying accounting models.

Accordingly, the first substantive result of this study was the conceptualisation of principles-based IFRS as a system that transforms financial reporting from a rule-driven mechanism into a model-dependent interpretative process. In this process, accounting models functioned as the critical link between economic reality and the informational usefulness of financial statements. The principles-based architecture of IFRS inevitably led to the centralisation of accounting models as a core determinant of financial reporting quality. While standards defined recognition criteria and general measurement bases, they deliberately left significant discretion in the choice and design of accounting models that operationalise these principles in practice.

Prior research demonstrated that accounting models under IFRS extend far beyond technical calculation tools and should be interpreted as structured frameworks that combine valuation techniques, assumptions, and professional judgement. H.B. Nazarova *et al.* (2020) identified that accounting procedures significantly influenced financial results, while L.V. Bezkorovaina (2023) confirmed the role of methodological choices in shaping reporting indicators. Consequently, the informational usefulness of IFRS-based financial statements depended not only on compliance with standards but also on the conceptual soundness and consistency of the underlying models.

From a qualitative perspective, accounting models influenced all fundamental qualitative characteristics of financial information. M. Kusano (2020) showed that fair value measurement enhanced relevance but reduced verifiability, while S.B. Shypina (2016) demonstrated that historical cost approaches improved understandability but limited relevance in dynamic economic environments. This trade-off highlighted that reporting quality under IFRS was not absolute but conditional upon the analytical objectives of users and the economic context in which reporting occurs.

Empirical evidence further suggested that differences in accounting models contributed significantly to cross-entity variation in reported performance indicators. E. Eberhartinger *et al.* (2020) identified that judgement-based reporting increased variability, while O. Yarmoliuk *et al.* (2021) demonstrated that disclosure practices influenced the comparability of financial results. Such variation was not indicative of reporting deficiencies but reflects the pluralistic design of IFRS, which prioritises faithful representation over mechanical uniformity. To systematise the role of accounting models in shaping financial reporting quality, it was appropriate to summarise their key characteristics and analytical implications in a comparative format (Table 1).

Table 1. Accounting models under IFRS and their impact on financial reporting quality

Accounting model	Measurement basis	Key assumptions	Impact on qualitative characteristics	Analytical implications
Historical cost model	Acquisition cost	Stability of prices; realisation principle	High verifiability and understandability; lower relevance	Facilitates trend analysis; limited reflection of current economic value
Fair value model	Market-based valuation	Market efficiency; availability of inputs	High relevance; reduced verifiability	Requires sensitivity analysis and disclosure assessment
Value-in-use model	Discounted cash flows	Forecasted cash flows; discount rates	Relevance dependent on assumptions; high subjectivity	Demands evaluation of assumptions and scenario testing
Expected credit loss model	Probability-weighted estimates	Credit risk dynamics; macroeconomic forecasts	Forward-looking relevance; complexity	Necessitates analytical adjustment and risk interpretation

Source: developed by the authors based on IFRS Foundation (2012), M. Kusano (2020), E. Eberhartinger *et al.* (2020), H.B. Nazarova *et al.* (2020)

The comparative analysis demonstrated that accounting models functioned as embedded analytical lenses through which financial information was constructed. Their selection directly affected the balance between relevance and reliability, as well as the extent to which financial statements supported predictive versus confirmatory analysis. These findings were consistent with the conclusions of IFRS Foundation (2012), which emphasised the role of measurement approaches in ensuring the qualitative characteristics of financial information.

In order to complement the tabular synthesis and to clarify the systemic role of accounting models within the IFRS environment, it was necessary to visualise their position in the broader architecture of financial reporting. This allowed for a more coherent understanding of how principles-based standards were translated into informational outcomes. In particular, IFRS Foundation (2023) highlighted the importance of structured representation of financial data for improving analytical interpretation. Accordingly, a conceptual illustration was proposed (Fig. 1).

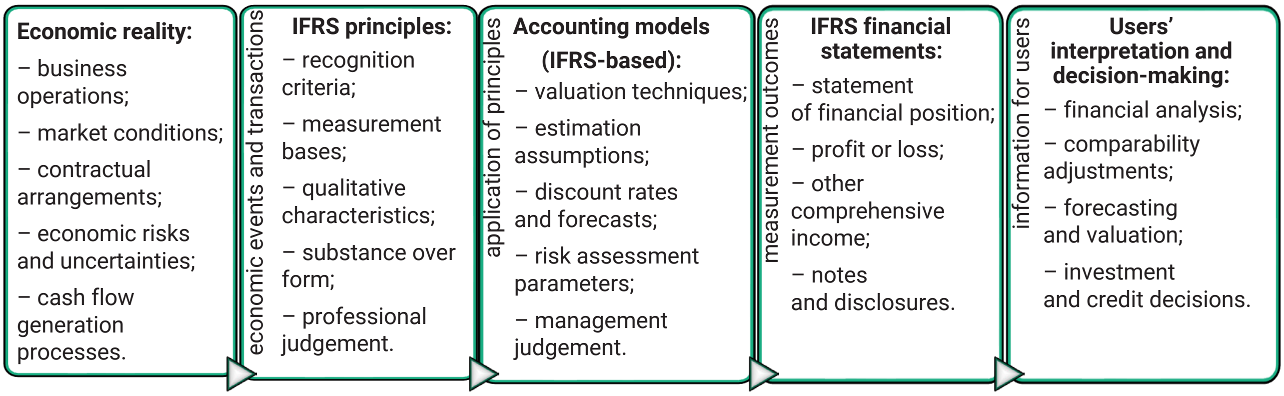

Figure 1. Conceptual positioning of accounting models within IFRS-based financial reporting
Source: developed by the authors

The conceptual model underscored that accounting models occupied a pivotal intermediary position within IFRS-based reporting. They operationalised abstract principles into measurable outcomes and, at the same time, conditioned how users interpreted financial performance and position. Thus, reporting quality could not be assessed independently of the models employed to generate financial information. This led to the second key result of the study: under IFRS, informational usefulness was not solely a function of standard compliance but emerged from the interaction between accounting principles, model selection, and analytical interpretation.

One of the most critical consequences of principles-based financial reporting under IFRS was the transformation of comparability from an inherent reporting attribute into an analytically constructed characteristic. Unlike rule-based accounting systems, where uniform application of detailed prescriptions could mechanically enhance numerical similarity, IFRS comparability emerged only through interpretative and analytical processes performed by users of financial statements. Recent academic research emphasised that the adoption of IFRS did not automatically guarantee comparability across firms or jurisdictions, even when identical standards were formally applied. S.O. Kuznetsova & A.V. Doromandzhy (2019) argued that IFRS-based reporting improved relevance but required additional interpretation, while M. Kusano (2020) demonstrated that recognition and measurement approaches influenced the comparability of financial information. Instead, comparability depended on how accounting principles were operationalised through valuation models, estimation techniques, and disclosure practices. As a result, financial statements prepared under IFRS often reflected economically justified diversity, which had to be analytically decoded rather than eliminated.

From an analytical perspective, IFRS-based comparability required a shift from direct indicator comparison toward contextualised interpretation. Analysts had to reconstruct comparability by adjusting reported figures for differences in accounting models, risk assumptions, and managerial judgments embedded in measurement processes. E. Eberhartinger *et al.* (2020) showed that users' judgement played a key role in interpreting disaggregated financial information. This reconstruction process acknowledged that two entities with similar economic performance could report substantially different financial outcomes due to divergent valuation approaches rather than underlying inefficiencies or performance gaps.

Importantly, comparability under IFRS operated at multiple analytical levels. At the statement level, users had to distinguish between profit or loss and other comprehensive income to identify the sources of volatility and transitory valuation effects. At the disclosure level, notes to the financial statements played a decisive role by revealing key assumptions, sensitivity analyses, and measurement hierarchies, without which meaningful comparison became impossible. In particular, S.B. Shypina (2016) analysed international practices of disclosure, while O. Yarmoliuk *et al.* (2021) demonstrated that disclosure quality significantly influenced the interpretability of financial reporting. Consequently, analytical reconstruction extended beyond numerical data and incorporated narrative and qualitative information.

The necessity of analytical reconstruction also varied across user groups. Professional investors, auditors, and financial analysts typically possessed the expertise required to adjust for model-driven differences and to interpret IFRS-based figures within an economic framework. M. Kusano (2020) confirmed that professional users were better able to interpret measurement-based information. In contrast, non-professional users often perceived reduced comparability due to the increased complexity and abstraction of reported numbers, reinforcing concerns about informational asymmetry under principles-based accounting. L.V. Bezkorovaina (2023) highlighted that differences in methodological approaches complicated the understanding of financial reporting indicators.

In this context, comparability under IFRS should be understood not as uniformity of outcomes, but as consistency of economic interpretation. Analytical reconstruction enabled users to align reported figures with comparable economic benchmarks by neutralising the effects of differing accounting models while preserving the informational richness intended by IFRS principles. This approach aligned with the conceptual foundations of IFRS, which prioritise faithful representation and relevance over mechanical standardisation. IFRS Foundation (2012) emphasised these qualitative characteristics as fundamental principles of financial reporting. To systematise the role of different user groups in the analytical reconstruction of comparability, it is appropriate to summarise these aspects in a comparative format (Table 2). Such a presentation clarified how interpretative efforts vary depending on users' objectives, competencies, and decision-making contexts, thereby reinforcing the argument that comparability under IFRS was analytically achieved rather than inherently embedded.

Table 2. Analytical reconstruction of comparability under IFRS-based reporting: user-oriented perspective

User group	Primary analytical objective	Key sources of IFRS-based complexity	Analytical reconstruction mechanisms	Impact on perceived comparability
1	2	3	4	5
Investors and financial analysts	Assessment of profitability, risk, and future cash flows	Fair value measurements; impairment models; estimates of expected credit losses; OCI volatility	Normalisation of earnings; separation of recurring and non-recurring components; adjustment for valuation assumptions; sensitivity analysis	Comparability is achieved through adjusted performance metrics rather than reported profit figures
Auditors	Evaluation of faithful representation and risk of material misstatement	Management judgments; estimation uncertainty; measurement hierarchy under fair value	Professional scepticism; benchmarking assumptions; consistency checks across periods and entities	Comparability is reconstructed through consistency of judgment and methodological coherence
Regulators and supervisory authorities	Ensuring transparency, compliance, and market discipline	Diversity of accounting policies; disclosure depth; national enforcement differences	Analytical review of disclosures; cross-entity monitoring; enforcement of disclosure standards	Comparability depends on disclosure completeness rather than numerical uniformity
Corporate management	Performance evaluation and stakeholder communication	Choice of accounting models; classification between profit and OCI; disclosure strategies	Internal reconciliations; narrative explanations; use of non-GAAP indicators	Comparability is selectively framed to reflect strategic positioning
Non-professional users	General understanding of financial performance	Complexity of valuation techniques; lack of interpretative guidance	Limited analytical reconstruction; reliance on headline figures	Comparability is often perceived as reduced or distorted

Note: OCI – Other Comprehensive Income, GAAP – Generally Accepted Accounting Principles
Source: developed by the authors based on IFRS Foundation (2012), S.O. Kuznetsova & A.V. Doromandzhy (2019), M. Kusano (2020), E. Eberhartinger *et al.* (2020)

Table 2 demonstrated that comparability under IFRS was not a uniform reporting outcome but a user-dependent analytical construct. Each group of financial statement users applied distinct interpretative mechanisms shaped by professional competence, informational needs, and decision-making objectives. As a result, IFRS-based comparability emerged through analytical adjustment and contextual interpretation, rather than through mechanical alignment of reported figures. The table further confirmed that increased informational richness under IFRS simultaneously enhanced relevance and complicated comparability, particularly for non-professional users. This reinforced the argument that the quality of IFRS-based financial reporting depended not only on accounting standards themselves, but also on the analytical frameworks employed by users to reconstruct economic meaning from reported data.

The principles-based nature of IFRS implied that the informational usefulness of financial reporting was not predetermined solely by compliance with standards, but was critically shaped by the accounting models selected to measure and present economic phenomena. These models determined how transactions and events were translated into financial information and, consequently, how users perceived financial performance, financial position, and risk. Under IFRS, alternative accounting models coexisted for key balance sheet and performance elements, including historical cost, fair value, amortised cost, and expected value–based measurement. While such diversity enhanced the relevance of information by aligning measurement with economic substance, it simultaneously introduced variability in reported figures across entities operating under similar economic conditions. S.O. Kuznetsova & A.V. Doromandzhy (2019) noted that IFRS improved the relevance of financial reporting but required additional analytical interpretation, while M. Kusano (2020) demonstrated that valuation approaches influenced the decision-usefulness of financial information. As a result, informational usefulness under IFRS emerged from the interaction between measurement relevance and interpretative complexity rather than from numerical stability alone.

From an analytical perspective, accounting models influenced informational usefulness through three interrelated dimensions. First, they affected predictive value, as forward-looking models (e.g., expected credit loss, fair value) embedded expectations about future cash flows and risks. Second, they shaped confirmatory value, since model-based estimates could either corroborate or obscure realised performance. Third, they determined comparability, as identical economic transactions could be reflected differently depending on valuation assumptions and policy choices. E. Eberhartinger *et al.* (2020) showed that user judgement significantly affected the interpretation of financial reporting data.

Importantly, the use of advanced valuation models shifted part of informational usefulness from primary financial statements to disclosures. Notes explaining assumptions, sensitivity analyses, and methodological choices became essential components of decision-relevant information. Consequently, the analytical value of IFRS-based reporting increasingly depended on the user's ability to reconstruct economic meaning by integrating numerical data with qualitative explanations. IFRS Foundation (2012) emphasised the role of qualitative characteristics and disclosures in ensuring the usefulness of financial information, while the regulatory framework for IFRS application in the European Union was established by European Parliament & Council (2002) and further developed within the framework of cooperation between the European Union and Ukraine, as outlined in European Union & Ukraine (2014). To systematise the relationship between accounting models and informational usefulness, it was appropriate to conceptualise IFRS reporting not as a static representation of economic reality, but as a multi-layered informational system, where measurement choices mediated between economic activity and analytical outcomes. Such systematisation enabled a clearer understanding of why identical profitability or asset structures could lead to divergent analytical conclusions across firms and jurisdictions (Fig. 2).

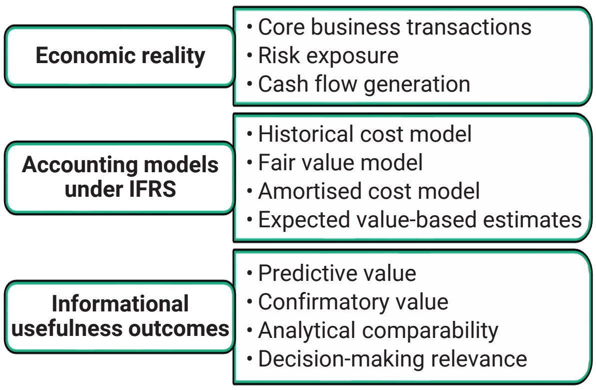

Figure 2. Conceptual framework linking accounting models to informational usefulness under IFRS

Source: developed by the authors

Figure 2 illustrated that accounting models functioned as informational filters, transforming economic reality into analytically usable financial data. Informational usefulness under IFRS was thus not an inherent property of reported numbers, but a result of how measurement models, professional judgment, and disclosure practices interacted. The framework reinforced the argument that high-quality financial reporting required not only technically sound accounting models, but also analytically competent users capable of interpreting model-driven information.

The analysis confirmed that IFRS-based financial reporting enhanced informational relevance while simultaneously increased interpretative demands on users. This duality necessitated a shift in analytical focus – from mechanical comparison of reported figures to the structured reconstruction of their underlying economic meaning. In this context, the following discussion synthesised the key implications of this trade-off and provided the conceptual foundation for the final conclusions regarding the conditions under which IFRS principles improved or constrained reporting quality and comparability.

One of the central theoretical tensions embedded in IFRS was the trade-off between relevance and comparability of financial information. While the principles-based approach enhanced the capacity of financial statements to reflect economic substance, it simultaneously weakened formal uniformity across entities. As a result, comparability under IFRS became conditional rather than automatic. Relevance-oriented measurement models, such as fair value and expected credit loss, improved the timeliness and decision-usefulness of information by incorporating market signals, risk assessments, and forward-looking expectations. However, these benefits were achieved at the cost of increased reliance on professional judgment, valuation techniques, and entity-specific assumptions. Consequently, reported figures could diverge significantly even when underlying economic activities are similar. M. Kusano (2020) demonstrated that recognition and valuation approaches influenced the decision-usefulness of financial information, while E. Eberhartinger *et al.* (2020) showed that increased reliance on judgement contributed to variability in reported outcomes.

Comparability, in its traditional sense, presupposed standardised measurement rules and stable accounting treatments. Under IFRS, this notion was replaced by functional comparability, where users had to actively reconstruct economic equivalence through analytical adjustments rather than rely on surface-level numerical alignment. This shift redefines comparability as an analytical outcome rather than an accounting property. S.O. Kuznetsova & A.V. Doromandzhy (2019) argued that IFRS-based reporting required additional analytical interpretation to ensure comparability of financial information. Importantly, IFRS did not eliminate comparability but relocated it. Instead of being embedded in uniform accounting rules, comparability emerged through disclosures, reconciliations, sensitivity analyses, and consistent application of judgment over time. Thus, informational usefulness increasingly depended on transparency and explanatory depth rather than on strict measurement homogeneity. IFRS Foundation (2012) emphasised the importance of qualitative characteristics and disclosure in ensuring the usefulness of financial information. From a conceptual standpoint, this trade-off implied that high-quality IFRS reporting could not be evaluated solely by the stability of reported figures. Instead, quality should be assessed by the extent to which financial statements enabled users to understand the economic rationale behind reported outcomes and to adjust them analytically when necessary. This perspective aligned with the evolving role of financial reporting as a communication mechanism rather than a mechanical record-keeping system. The relevance-comparability trade-off also had implications for regulatory oversight and financial analysis. Regulators faced the challenge of balancing flexibility with enforceability, while analysts had to develop methodological frameworks capable of interpreting model-driven information. Failure to recognise this trade-off could lead to misplaced expectations regarding the uniformity and objectivity of IFRS-based financial results.

Conclusions

The study confirmed that the quality of IFRS-based financial reporting could not be assessed solely through the formal compliance with accounting standards or the numerical stability of reported indicators. Instead, informational usefulness emerged from the interaction between accounting models, professional judgment, disclosure practices, and users' analytical capabilities. The research demonstrated that accounting models played a decisive role in shaping the informational content of financial results. Fair value measurement, impairment models, and forward-looking estimations enhanced relevance and economic realism but simultaneously increased complexity and subjectivity. This created a structural trade-off between relevance and comparability, which defined the contemporary logic of IFRS-based reporting.

It was established that the principles-based nature of IFRS fundamentally transformed the concept of comparability. Uniform application of standards did not guarantee comparable financial outcomes, as measurement models embedded in IFRS allowed for significant discretion in valuation techniques, assumptions, and risk assessments. Consequently, comparability under IFRS should be understood as an analytical construct that had to be actively reconstructed by users rather than as an inherent property of financial statements. It was substantiated that high-quality financial reporting under IFRS required a shift from mechanical interpretation of profit and performance indicators toward a structured analytical framework. Such a framework had to integrate disclosures, sensitivity to estimation assumptions, and consistency of applied judgments over time. Without this approach, users risked misinterpreting IFRS-based figures as purely operational outcomes rather than as model-driven representations of economic reality.

The findings highlighted that improving the quality of IFRS financial reporting did not primarily depend on further standardisation of measurement rules but on enhancing transparency, methodological clarity, and analytical literacy among users. In this context, the role of accounting models extended beyond technical measurement and became a core determinant of how financial information was perceived, compared, and utilised in decision-making processes. The scientific novelty of the research lies in its theoretical synthesis of IFRS principles, accounting model diversity, and information quality attributes into a unified conceptual perspective. The findings were expected to support a more informed interpretation of IFRS financial statements and to provide a methodological foundation for further research into improving the analytical value of financial reporting in a principles-based accounting environment. Future research should focus on developing analytical tools and methodological guidelines that would support users in reconstructing economic comparability under IFRS. Particular attention should be paid to sector-specific applications of accounting models, the behavioural effects of disclosure complexity, and the interaction between digital reporting formats and users' interpretative practices.

Acknowledgements

None.

Funding

None.

Conflict of Interest

None.

References

[1] Antoniuk, O., Kutsyk, P., Brodska, I., Kolesnikova, O., & Struk, N. (2021). Institutionalization of accounting and auditing services in Ukraine: Genesis, evaluation, analysis. *Independent Journal of Management & Production*, 12(3), 123-137. doi: 10.14807/ijmp.v12i3.1530.

[2] Barth, M.E., Landsman, W.R., & Lang, M.H. (2021). International accounting standards and accounting quality: Updated evidence. *Journal of Accounting Research*, 46(3), 467-498. doi: 10.1111/j.1475-679X.2008.00287.x.

[3] Bezkorovaina, L.V. (2023). Problems of forming financial reporting indicators of Ukrainian enterprises under IFRS. *Entrepreneurship and Trade*, 39, 17-24. doi: 10.32782/2522-1256-2023-39-02.

[4] Dziamulych, M., Shmatkovska, T., Krupka, M., Yastrubetska L., Vyshyvana, B., & Derevianko, S. (2021). Introduction of NSFR ratio in the activities of commercial banks in Ukraine Universal. *Journal of Accounting and Finance*, 9(6), 1544-1550. doi: 10.13189/ujaf.2021.090631.

[5] Eberhartinger, E., Genest, N., & Lee, S. (2020). Financial statement users' judgment and disaggregated tax disclosure. *Journal of International Accounting, Auditing and Taxation*, 41, article number 100351. doi: 10.1016/j.intaccaudtax.2020.100351.

[6] ESMA. (2023). *ESEF reporting manual*. Retrieved from https://www.esma.europa.eu.

[7] European Parliament & Council. (2002). *Regulation (EC) No 1606/2002 on the application of international accounting standards*. Retrieved from https://eur-lex.europa.eu.
[8] European Union & Ukraine. (2014). *Association agreement between the European Union and Ukraine*. Retrieved from https://eur-lex.europa.eu.
[9] IFRS Foundation. (2012). *IAS 1 presentation of financial statements*. Retrieved from https://www.ifrs.org.
[10] IFRS Foundation. (2023). *IFRS taxonomy illustrative examples*. Retrieved from https://www.ifrs.org.
[11] Kabwe, M. (2023). Effect of international financial reporting standards compliance on financial reporting quality: Evidence from a developing country. *International Journal of Finance and Accounting*, 8(1), 36-57. doi: 10.47604/ijfa.1802.
[12] Kusano, M. (2020). Does recognition versus disclosure affect risk relevance? Evidence from finance leases in Japan. *Journal of International Accounting, Auditing and Taxation*, 38, article number 100303. doi: 10.1016/j.intaccaudtax.2020.100303.
[13] Kuznetsova, S.O., & Doromandzhy, A.V. (2019). Improving relevance and understandability of IFRS-based financial reporting. *Economic Space*, 149, 60-64. doi: 10.32782/2224-6282/149-10.
[14] Kuzyk, N., Shevchuk, K., Mishchenko, T., & Venher, A. (2025). International Financial Reporting Standards in the national practice of accounting for revaluation and impairment of fixed assets. *Economics and Business Management*, 16(1), 214-233. doi: 10.31548/economics/1.2025.235.
[15] Lezhnenko, L.I., & Kruhla, M.M. (2024). Historical aspects of IFRS implementation in the world and in Ukraine. *Entrepreneurship and Trade*, 41, 54-60. doi: 10.32782/2522-1256-2024-41-07.
[16] Melnyk, N. (2013). History of origins and development of system of international accounting. *European Journal of Political Economy*, 12(4), 507-518.
[17] Müller, V., Kuznietsova, A.Ya., Khrystoforova, O.M., Karpachova, O.V., & Sulyma, M.O. (2021). Accounting and auditing according to international standards as a management function. *Financial and Credit Activity: Problems of Theory and Practice*, 4(35), 60-68. doi: 10.18371/fcaptp.v4i35.221787.
[18] Nazarova, H.B., Kononenko, L.V., & Kalashnikova, A.K. (2020). Accounting procedures for forming financial results: Current state and directions for improvement. *Economic Space*, 156, 206-212. doi: 10.32782/2224-6282/156-38.
[19] Shepel, T. (2021). Development of accounting in Ukraine based on the implementation of IFRS: Problems and prospects. *Accounting and Finance*, 1(91), 36-43. doi: 10.33146/2307-9878-2021-1(91)-36-43.
[20] Shushakova, I., Ziabchenkova, H., & Kuzub, M. (2021). Concepts of convergence of accounting and financial reporting systems. *Economy and Society*, 30. doi: 10.32782/2524-0072/2021-30-9.
[21] Shypina, S.B. (2016). Foreign experience of disclosure of financial results in financial reporting and IFRS. *Scientific Bulletin of Kherson State University. Economic Sciences*, 17(4), 147-150.
[22] Supreme Council of Ukraine. (2010). *The conceptual framework for financial reporting*. Retrieved from https://zakon.rada.gov.ua.
[23] Supreme Council of Ukraine. (2012). *International Accounting Standard 1 (IAS 1)*. Retrieved from https://zakon.rada.gov.ua/laws/show/929_013#Text.
[24] Tyvonchuk, O., & Mykiievych, O. (2023). Challenges and prospects of transition to IFRS in Ukraine and globally. *Acta Academiae Beregsasiensis. Economics*, 4, 448-457. doi: 10.58423/2786-6742/2023-4-448-457.
[25] Vakun, O.V., Horodyskyi, M.P., Hrabchuk, I.L., & Soloviov, B.S. (2020). Problems of implementing the XBRL reporting standard. *Problems of Theory and Methodology of Accounting, Control and Analysis*, 2(46), 3-8. doi: 10.26642/pbo-2020-2(46)-3-8.
[26] XBRL International. (2024). *XBRL standards and digital reporting*. Retrieved from https://www.xbrl.org.
[27] Yarmoliuk, O., Hubaryk, O., Savanchuk, T., Dmytrenko, O., & Khomiak, N. (2021). Coverage of information in financial reporting: Practical experience of IAS and IFRS application. *Financial and Credit Activity: Problems of Theory and Practice*, 5(40), 276-287. doi: 10.18371/fcaptp.v5i40.245101.

Якість фінансової звітності за МСФЗ: роль облікових моделей у формуванні інформаційної корисності

Неля Проскуріна

Доктор економічних наук, професор
Запорізький національний університет
69600, вул. Університетська, 66, м. Запоріжжя, Україна
https://orcid.org/0000-0001-8674-1720

Валентина Гончарова

Кандидат наук з державного управління, доцент
Запорізький національний університет
69600, вул. Університетська, 66, м. Запоріжжя, Україна
https://orcid.org/0000-0001-5556-7192

Анастасія Коновалова

Головний бухгалтер
ТОВ НМЦ «Глобал Аккаунт Аудит»
01033, вул. Шота Руставелі, 20В, м. Київ, Україна
https://orcid.org/0000-0001-5036-1603

Анотація. У сучасних умовах глобалізації фінансових ринків та поширення міжнародних стандартів фінансової звітності (МСФЗ) питання якості фінансової звітності за цими стандартами набуває особливої актуальності. Принципо-орієнтований характер цих стандартів передбачає широке використання різних облікових моделей, що безпосередньо впливають на формування фінансових показників та рівень їх інформаційної корисності для користувачів. Водночас відсутність єдиного жорсткого алгоритму застосування облікових моделей породжує ризики зниження порівнянності, ускладнення інтерпретації та неоднозначності аналітичних висновків. Метою статті було дослідження ролі облікових моделей у формуванні якості фінансової звітності за міжнародними стандартами фінансової звітності та оцінка їх впливу на інформаційну корисність фінансових показників для різних груп користувачів. Методологічну основу дослідження становили методи теоретичного узагальнення, порівняльного аналізу, системного підходу та логічного моделювання, що дозволило комплексно проаналізувати взаємозв'язок між принципами міжнародних стандартів фінансової звітності, обліковими моделями та якісними характеристиками фінансової інформації. У результаті дослідження встановлено, що якість фінансової звітності за міжнародними стандартами фінансової звітності формується не лише через дотримання стандартів, а передусім через вибір і застосування конкретних облікових моделей. Обґрунтовано, що різні моделі оцінки активів і зобов'язань по-різному впливають на релевантність, достовірність, порівнянність та зрозумілість фінансової інформації. Виявлено наявність концептуального компромісу між підвищенням економічної реалістичності показників та зростанням складності їх інтерпретації. Доведено, що інформаційна корисність фінансової звітності значною мірою залежить від професійних суджень та аналітичної здатності користувачів. Практична цінність отриманих результатів полягає у можливості їх використання для вдосконалення аналітичних підходів до оцінки фінансової звітності за МСФЗ, підвищення якості управлінських і інвестиційних рішень, а також розвитку методології фінансового аналізу в умовах принципо-орієнтованого обліку

Ключові слова: релевантність фінансової інформації; принципо-орієнтований бухгалтерський облік; професійне судження; система бухгалтерського обліку; фінансова звітність