

REVIEW

By: *Assoc. Prof. Nikolay Nikolov Oresharov, PhD; Department of "Accounting and Analysis", University of National and World Economy - Sofia, professional direction 3.8. "Economics" (Accounting, auditing and analysis).*

Regarding: Dissertation work for the award of the educational and scientific degree **"Doctor"** in the field of higher education 3. Social, economic and legal sciences, professional direction 3.8. Economics, Doctoral Program "Accounting, Auditing and Analysis"

Reason for presenting the review: participation in the composition of the scientific jury for the defense of the dissertation according to Order No. 198/25.04.2023 of the Rector of the Higher School of Insurance and Finance (VUZF).

Author of the dissertation: Atanas Yanev Stoyanov

Dissertation topic: " Current financial-accounting aspects of business combinations "

Scientific supervisor: Prof. Emilia Milanova, PhD.

1. Information for the dissertation student

Dissertator Atanas Yanev Stoyanov successfully completed his bachelor's degree in accounting at the University of National and World Economy, and then a master's degree, again at UNWE, in the specialty "Accounting with a specialization in the public sector". Currently, he is a PhD student in an independent form of study at the Department of "Accounting and Auditing" of VUZF, with scientific supervisor Prof. Emilia Milanova, PhD. He was enrolled in doctoral studies by order No. 430/16.12.2019 and dismissed by order 436/19.12.2022.

The dissertation candidate has more than 5 years of experience as an accountant and audit assistant.

2. General characteristics of the presented dissertation work

The scientific work submitted for review is developed in a volume of 241 pages, and the presentation is structured in an introduction, three chapters, conclusion, bibliography and appendices.

The bibliographic reference includes 12 items. sources of

Bulgarian language, 201 pcs. foreign sources, as well as 30 pcs. regulatory sources, foreign databases and other sources.

The introduction of the dissertation adequately substantiates **the relevance** of the topic for theory and practice. **The object** of the study (business combinations) is clearly outlined, and **the subject** is distinguished (examination of the theoretical and applied aspects of their accounting and reporting and their presentation in the financial statements).

Further, the introduction correctly defines **the purpose** of the study, namely: to carry out an in-depth review as a foundation for a critical analysis of some of the theoretical aspects of business combinations, as a result of which to define and propose solutions to overcome the identified problems in relation to with the presentation in the financial statements.

To achieve the goal, the doctoral student has appropriately formulated the following research **tasks** for implementation:

- historical-logical justification of the development of the stages of mergers and acquisitions by means of a critical review and analysis of the publications of a number of foreign authors, in the period from 1897 to 2022;
- critical analysis of the normative regulation of business combinations in the International Financial Reporting Standards (IFRS);
- analyzing the development of the legal-organizational regulation regarding mergers and amalgamations;
- detection of gaps and contradictions in the reporting of business combinations and formulation of guidelines for improving their presentation in the financial statements.

The thesis that the author of the dissertation supports is that there are gaps and contradictions in the legal framework governing the accounting recognition, evaluation and disclosure of business combinations.

Appropriate research **methods** were used in the dissertation work. They are presented with appropriate scientific correctness already in the introduction, namely: historical approach, the methods of induction and deduction, systematic approach, comparative analysis, synthesis, method of analogy, combinatorics, factor and descriptive analysis.

Again with scientific good faith, **the limitations** of the study are outlined:

- *the International Standards for Financial Reporting* are being studied ; the requirements of the National Accounting Standards are not analyzed ;

- a review of the applicable tax legislation has not been carried out;
- analyzed regulations and accounting standards in the dissertation are current as of 31.12.2022;
- public sector enterprises are excluded.

These limitations are relevant, but in no way reduce the quality of the research work carried out and the scientific conclusions drawn, as they are generally irrelevant to the goals and tasks of the research formulated in this way, and their indication is only for scientific correctness.

The individual parts of the dissertation are developed in terms of structure and content in logical coherence, as follows:

The introduction lays the necessary scientific foundation of the research by formulating its relevance, purpose, tasks, object and subject, the research thesis, applied research methods and relevant limitations.

The first chapter is named "Nature, historical development and motives for carrying out mergers and acquisitions" and argumentatively examines the characteristic features of business combinations, the legal and organizational basis of mergers and amalgamations as forms of transformation of commercial companies, with the necessary focus also on the reasons why such conversions are undertaken. The essential characteristics and the history of these forms of conversion are investigated, including six stages of their historical development identified by the author.

The second chapter, named "Business combinations as an object of accounting and presentation in the financial statements of enterprises", is dedicated to the methodology of accounting and information provision of business combinations. The requirements for their recognition, evaluation and disclosure have been studied. Current fair value issues in the context of goodwill valuation and accounting for non-controlling interest are focused. And the systematized indicators of integrated reporting in disclosures about business combinations is an undisputed innovation in this kind of research.

In ***the third chapter***, the practical applicability, based on empirical research, of the presented author's proposals for refinement and improvement of the accounting recognition, evaluation and presentation of business combinations is presented. The empirical study is based on data from the actual business combination in the banking sector - the amalgamation of Societe Generale Expressbank AD into Bank DSK EAD.

The conclusion of the dissertation appropriately systematizes the achieved results of the research work, with substantiated proposals for improving the accounting and information provision in the implementation of business combinations.

Overall, the research paper is structured appropriately and balanced, and the writing style used is at the expected high level. The research thesis formulated at the beginning is substantiated and defended successfully, with good faith use and citation of the relevant literary sources.

3. Evaluation of the obtained scientific and scientific-applied results

The scientific work has been completed, and as a result of the conducted research, the doctoral student presents appropriately formulated proposals for improving the accounting and information provision in business combinations, namely: the need to revise the concept of fair value and the need to amortize goodwill instead of impairing it, as now required by IFRS.

The author argues his opinion that the absence of a requirement in the accounting standards to undertake an exhaustive search of all possible markets to determine the fair value, which in practice leads to the absence of a certain minimum volume of observable reference business operations, calls into question the legitimacy of the determined in result fair value. Accordingly, market selection by reference to the most advantageous one introduces a company-specific fair price.

On this basis, the author argues his understanding that the goodwill acquired as a result of a business combination is not able to generate cash flows without the help of other assets, since it indirectly derives from the costs incurred in connection with the enterprise's activities. On the basis of this reasoning, the author correctly concludes that the value of goodwill is supported by a number of additional costs, which in practice turn it into internally generated goodwill, respectively, and an unrecognized element in the financial statements.

In the scientific work, the necessary attention is also paid to the information-cognitive importance of integrated reporting, because as a result of his study of business combinations, the doctoral student found that when carrying out corporate restructurings, how "correct" deals are taken into account can improve indicators of environmental, social and governance factors.

Thus, as a result of the analytical work carried out and the summaries drawn, the author has outlined useful proposals for the search for solutions to improve financial reporting in relation to business combinations.

4. Assessment of scientific and applied contributions

The dissertation student has indicated four contributions, which we accept as reliably formulating the main scientific and scientific-applied results of the research, namely:

- carrying out a meaningful historical review of the individual historical stages of the implementation of mergers and acquisitions;
- proposals to eliminate some flaws in the concept of fair value;
- arguing for the need to introduce mandatory accrual of amortization expenses of the commercial goodwill on a systematic basis during its useful life;
- a proposal for the inclusion of indicators for integrated reporting in the disclosures to *IFRS 3 Business Combinations* in their role as non-financial measures of the success of business combinations.

5. Evaluation of dissertation publications

In connection with the dissertation, the doctoral student submitted three publications as follows:

Stoyanov, A. "Genesis and peculiarities of the concept of integrated accountability. Correlation between integrated reporting and the COSO model", ICPA magazine, no. 3, 2019

Stoyanov, A. "Financial reporting in the context of the global pandemic COVID 19 - irrefutable evidence of unprecedented weight for the necessity of transition to integrated reporting", ICPA magazine, no. 4, 2020

Stoyanov, A. "Initial recognition, measurement and disclosure of business combinations in the company's financial statements, according to IFRS 3 Business Combinations", ICPA magazine, no. 3, 2022

In terms of content, the publications correspond to the subject of the dissertation work, appropriately approving a significant part of the essential theses that the author examines and formulates as a result of his work, including presenting and justifying the main contributions and contributing moments in it. The selection of the professional scholarly journal for publication further provides the opportunity for the author's scholarly reasoning to be presented to a critical and knowledgeable community of financial reporting professionals.

6. Evaluation of the abstract

In accordance with the provisions of the law, the dissertation is accompanied by an abstract attached to it. The abstract has a volume of 58 pages and complies with the regulatory requirements, reflecting clearly, accurately and completely the content of the dissertation work.

7. Critical notes and recommendations

The question of the way of accounting treatment of goodwill has been standing for years - the search for determining the essence of this economic phenomenon is also evident from the chronological tracking of changes in its treatment according to IAS before, and now IFRS. In earlier editions, goodwill was subject to amortization. It is now treated as an object to impairment only. Given this, the author can devote his future research to clarifying the economic essence of goodwill, and from here, to the way of its recognition and subsequent evaluation, resp. transfer to the cost structure.

8. Conclusion

In the dissertation submitted for defense, the doctoral student Atanas Stoyanov clearly and convincingly demonstrates that he possesses in-depth theoretical knowledge and professional skills in Professional direction 3.8. Economy. This knowledge has been successfully integrated into a scientific product, showing its qualities and skills for independent research.

In terms of content, the dissertation contains the scientific, scientific-applied and applied results indicated above. The same, in my opinion, represent an original contribution to science and, accordingly, meet the requirements of the Act on the Development of Academic Staff in the Republic of Bulgaria and the Regulations for implementation of this Act. In addition, the presented scientific product and the materials related to its defense correspond to the specific requirements of the Regulations for the admission and training of doctoral students at VUZF.

Given the above, I give my positive assessment of the conducted scientific research and propose to the Scientific Jury to award the educational and scientific degree "doctor" to Atanas Yanev Stoyanov in the field of higher education 3. Social, economic and legal sciences, professional direction 3.8. Economics, Ph.D
"Accounting, Auditing and Analysis" at the Higher School of Insurance and Finance.

25.05.2023 / Sofia

Signature: 