

**TO THE MEMBERS OF THE SCIENTIFIC JURY
FOR THE PROCEDURE FOR THE ACQUISITION
OF EDUCATIONAL AND SCIENTIFIC DEGREE
"DOCTOR" IN THE DOCTORAL PROGRAMME
"ACCOUNTING, AUDITING AND ANALYSIS"**

REVIEW

Reviewer: Prof. Emilia Milanova, PhD, Higher School of Insurance and Finance (VUZF), "DEPARTMENT OF ACCOUNTING AND AUDIT", professional field 3.8. Economics, Scientific specialty: Accounting, control and analysis of economic activity

Regarding: Dissertation for the award of the educational and scientific degree "doctor" in the field of higher education 3. Social, Economics 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 167/15.05.2024 of the Rector of the Higher School of Insurance and Finance (VUZF).

Author of the dissertation: Yanka Dimcheva Ayvazova

Dissertation topic: "DISCLOSURE PROBLEMS IN FINANCIAL STATEMENTS"

Scientific adviser: Prof. Ali Veysel, PhD

This review has been prepared in accordance with the requirements of the existing Law on the Development of the Academic Staff, the Rules for its Application and the Rules for admission and training of doctoral students at the Higher School of Insurance and Finance.

1. Information about the dissertation student

The author of the dissertation, Yanka Dimcheva Ayvazova, is a doctoral student in an independent form of study at the Department of "Accounting and Audit" of VUZF, dismissed with the right of defense by order of the Rector of VUZF No. 162/08.05.2024. The doctoral student obtained a master's degree in International Economic Relations, specialization "International Trade" at Plovdiv University "Paisiy Hilendarski" in 2001 and a second master's degree in "Accounting and Control" at Veliko Tarnovo University "St. St. Cyril and Methodius" in 2003. She has more than 20 years professional experience as an accountant, assistant auditor, chief accountant and manager of enterprises from the non-financial sector.

2. General characteristics of the presented dissertation

The dissertation has a total volume of 152 pages (main text 119 pages), and the presentation is structured in an introduction, three chapters, a conclusion, references and appendices. The bibliography includes 63 sources in Bulgarian, 53 foreign sources, 11 sources from websites. A declaration of authenticity and originality is attached.

The introduction presents **the actuality** of the topic and it is related to the processes of globalization, which pose new challenges to the financial statements of enterprises and companies in the non-financial sector. **The object** of the study - the disclosures in the financial statements,

according to the National Accounting Standards (NAS) and **the subject** of the study - the problems with the disclosures in the financial statements, through the prism of the requirements of the NAS, are correctly defined.

Precisely, in our opinion, **the purpose** of the dissertation is defined – to analyze the disclosure requirements based on the NSS and their practical application in order to define problem areas while proposing solutions and directions for improvements.

To achieve the goal of the dissertation, the following **research tasks** are set and completed:

1. Study of the conceptual foundations of financial reporting and the meaning of financial statements.

2. Study of methodological and practical aspects of disclosures in financial statements.

3. Analysis of practical problems related to disclosures and disclosure of opportunities for their improvement.

The thesis presented in the dissertation is that the requirements for disclosures in the financial statements of small enterprises, according to the Bulgarian accounting legislation and the NAS, *are not suitable for the compilation of relevant financial statements. Hence the need to improve the current standards by regulating the important disclosures, while maintaining the balance between the benefits and costs of presenting the information.*

The dissertation uses appropriate **research methods**, which are presented in the introduction: induction, deduction, historical approach, normative approach, empirical analysis, comparative analysis and synthesis.

The **limitations of the research** are correctly indicated: the object of the study is limited to the examination of the NAS, which are current as of 01.01.2024. The International Accounting Standards are not examined, insofar as the relaxations in the disclosures are applicable to small enterprises, which in most cases apply the national accounting standards standards.

A significant and well-chosen volume of literary sources was used in the development of the dissertation. Very good knowledge of theoretical and applied aspects of financial statements and related disclosures was demonstrated.

The separate parts of the dissertation are developed in a logical sequence, namely:

In **the introduction**, relevance, purpose, tasks, object and subject are highlighted. The research thesis is formulated. Research methods are indicated. Limitations are presented.

The first chapter is entitled "**Conceptual Foundations of Financial Reporting and Meaning of Financial Statements**". This chapter consistently examines the origin and development of accounting, its theoretical foundations, tracing the stages through which it passes from antiquity to its construction as a scientific theory, standardization and the purpose of financial reporting. In this way, the conclusion is reached that disclosures are an important tool for communicating information.

In **the second chapter** - "**Methodological and practical aspects of disclosures in financial statements**", the importance of disclosures in financial statements is analyzed with an emphasis on their role in the correct understanding of the components of the statement for reliable and relevant presentation. An important point of this chapter is the tracking of information asymmetry and its impact on the quality of the information presented, insofar as it violates the main functions and purposes of disclosures and its relation to fraud prevention. Research has also been done on sustainability reporting, which inherently involves the disclosure of information related to environmental, social and human rights and governance factors and risks. As a result of the in-depth scientific research, the conclusion is reached that the disclosures have a key importance for

the financial statements, which determines the need for the analysis of the statements in its various directions.

The requirements for the compilation of the "Appendix" component are also explored. It is proven that the lack of application leads to misunderstanding of the company's financial statements and makes it difficult to make informed decisions. The critical analysis of the requirements in the national standards regarding the descriptions deserves a high rating.

In the third chapter - "Practical problems related to disclosures in financial statements and guidelines for improvement", the results of an empirical study on the publication of financial statements in Bulgaria are presented, analyzing the identified problems. We welcome the analysis of global practice regarding disclosure requirements in financial statements. On this basis, conclusions and recommendations are made to improve the quality of financial reporting.

The conclusion contains the main conclusions and assessments of the doctoral student as summarized results of the content of the three dissertation chapters, which are the basis for deriving and formulating the most important achievements and contributions of the dissertation work.

Overall, the dissertation is written clearly, in a logical sequence and in very good style. The dissertation is well structured, and its constituent parts are successfully formulated, completed and balanced. *We consider it to be the personal work of the doctoral student. As a result of the check, we confirm the absence of plagiarism in the evaluated dissertation.*

Literary sources and current legal acts have been used in good faith and correctly.

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

The aims and objectives of the research have been achieved and well justified. As a result of the research, the doctoral student proposes a number of improvements in financial reporting:

- revision of the National Accounting Standards or the introduction of IFRS for SMEs,
- changing the requirements for publishing the financial statements of micro-enterprises,
- the improvement of state control over the compilation and publication of financial statements,
- preserving the legal requirements for an independent financial audit of larger enterprises from the "small" category,
- removal of reliefs for drawing up a condensed balance sheet and statement of income and expenses,
- reducing the administrative burden regarding the annual activity report to the NSI.

These and other analyzes and summaries outline the PhD student's ideas, which we believe are particularly useful for seeking solutions to improve financial reporting.

4. Evaluation of scientific and applied contributions

The dissertation has formulated 4 contributions as follows:

1. An in-depth study of the origin, development and purpose of financial reporting was carried out. In this way, the importance of disclosures is justified. They have been proven to be key to the presentation of relevant and credible financial statements.

2. The requirements for compiling the "Appendix" component to the financial statement have been studied. A critical analysis of the disclosure provisions under the National Accounting Standards was carried out. On this basis, the main problems were identified and recommendations for improvements were made.

3. Empirical research was done on the gaps in the publication of the annual financial statements and the quality of the disclosures to them. The results obtained are analyzed and guidelines for improvements in financial reporting and relief for business are proposed.

4. The practices in other countries have been studied in relation to the requirements for the compilation and publication of financial statements. The good practices that can be used when changing the accounting legislation in Bulgaria are presented.

The contributions correspond to the content of the dissertation work and the results of the research.

5. Evaluation of dissertation-related publications

The doctoral student has presented 3 publications on the dissertation work. They are the following:

1. Aivazova, Ya. Influence of changes in economic conditions on the development of financial reporting. Collection of reports presented at the International Scientific Conference "Economics of the Future", Sofia, VUZF and Balkan Association of Economic Universities, 2023, pp. 109 - 117.
2. Aivazova, Ya. Problems in the presentation of financial statements by micro and small enterprises. Article in the journal "Management in Business and the Public Sector", VUZF, issue 1/2023, pp. 26 - 40.
3. Aivazova, Ya. Empirical research on the quality of financial reporting in Bulgaria. Article in IDES magazine, no. 4/2023.

The presented publications include important parts of the dissertation work and contain significant results of the conducted scientific research, which gives reasons to consider that the dissertation has been approved and popularized to a high degree.

6. Evaluation of the autoref

An abstract (an autoref) in Bulgarian and English, which meets the requirements, is attached to the dissertation work. It has a volume of 30 pages and clearly, accurately and fully reflects the content of the dissertation work.

7. Assessment of the fulfillment of the minimum national requirements: from the verification of the submitted Certificate of fulfillment by the doctoral student of the minimum national requirements for acquiring the educational and scientific degree "doctor" in the professional direction 3.8. "Economy" found that the minimum national requirements were met - a total of 80 points.

8. Critical notes and recommendations

I have no critical comments on the scientific research presented for discussion.

I recommend that topics related to *sustainability reporting* be included in Yanka Aivazova's future research, given that in the period up to 2028, small and medium-sized enterprises will be required to make disclosures about sustainability reporting.

9. Conclusion

On the basis of the above for the dissertation work "DISCLOSURE PROBLEMS IN FINANCIAL STATEMENTS" by Yanka Dimcheva Ayvazova, we consider that **all the requirements** of the Law on the Development of the Academic Staff in the Republic of Bulgaria and the Regulations for its implementation **have been met**. The presented materials and dissertation results **fully comply** with the specific requirements of the the Rules for admission and training of doctoral students at the Higher School of Insurance and Finance.

The doctoral student has presented a completed scientific research, with which he convincingly shows that he can systematize unsolved problems and scientific theses in the specific scientific field; critically interpret the discussed issues; successfully conduct independent scientific research. The dissertation contains scientific and applied scientific results, which can be evaluated as *original in theoretical and practical aspects*.

Bearing in mind everything presented up to this point, **I confidently give a positive assessment** of the conducted research in the dissertation work and **propose to the honorable scientific jury to award the educational and scientific degree "Doctor" to Yanka Dimcheva Ayvazova** in the field of Higher Education 3. Social, Economic and Legal Sciences; Professional direction 3.8. Economics; doctoral program "Accounting, Auditing and Analysis".

24.05.2024

Reviewer:

(Prof. Emilia Milanova, PhD)