

# Discuss the Influence and Optimization of Consolidated Statements on Group Financial Management

Lipeng Liu

Qinhuangdao Vocational and Technical College, Qinhuangdao, China

**Abstract:** *This paper focuses on the positive and negative impacts of consolidated statements on corporate financial management and the optimization to carry out in-depth research. First, it briefly discusses the basic concept of consolidated financial statements, comprehensively analyzes its role and constraints on corporate financial management, and puts forward feasible optimization and improvement strategies to improve the information quality of consolidated statements, strengthen financial management, and promote corporate sustainability. Continue to develop.*

**Keywords:** consolidated statement; Group financial management; Positive value; Negative influence; Improvement strategy.

## 1. INTRODUCTION

Consolidated statement refers to a collection of data and information prepared by the parent company, including accounting statements of all holding subsidiaries. The statement can provide users with the financial status and operating results of the company group. In the process of financial management, enterprises need to use the important information provided by the consolidated statement to implement strategic management, operating evaluation, resource allocation and other management functions at the same time, because the consolidated statement still has some deficiencies, it is difficult to support the extended development of financial management and keep pace with The Times. Therefore, it is necessary to combine the actual development situation and use innovative means to optimize the information quality of the consolidated statement, strengthen the financial management, and better serve the operation and development of enterprises.

## 2. BASIC CONCEPTS AND CONTENTS OF THE CONSOLIDATED REPORT

From a professional point of view, the purpose of consolidated financial statements is to accurately reflect a company's economic operations, to ensure that the movement of funds is transparent, and to provide truthful and reliable information to the users of the statements. Consolidated financial statements mainly include the most basic "four statements and one note" involved in the daily operation of an enterprise, which are respectively the balance sheet, cash flow statement, profit statement, statement of changes in owners' equity and notes.

According to the requirements of the standard, when consolidating financial statements, the scope of consolidation should be determined on the basis of control, the parent company should be established as the subject of preparing consolidated statements, and the subsidiaries with direct or indirect control rights should be included in the scope of consolidation to form an economic entity information set. Looking at the development trend of enterprises at the present stage, it can be seen that the merger and reorganization between enterprises has become an important means of enterprise development. After the merger and reorganization, the parent-subsidiary company can form a large-scale group and obtain strategic and large-scale advantages. The consolidated statement is also increasingly important to be used as the "barometer" of economic indicators measurement and feedback of collectivized entities, to formulate macro for enterprises Provide reference basis for strategic decision-making.

## 3. THE POSITIVE VALUE OF CONSOLIDATED FINANCIAL STATEMENTS TO FINANCIAL MANAGEMENT

Consolidated financial statements are a unified set of economic information of collectivized economic entities, and their positive value is mainly reflected in the following aspects:

First, through the unified and centralized feedback of economic information of collectivized enterprises, it is conducive to the comprehensive implementation of strategic management. The strategic management of a group company is not an "empty thing" or "nothing", but the most important decision-making reference system that directly affects the sustainable development and sustainable profit of the enterprise. Consolidated financial statements are not only an important source of basic information for strategic analysis and decision-making, but also provide important internal information such as the total amount of resources, resource structure, resource status and historical development track of the whole group. At the same time, they also supervise, analyze and give feedback to the implementation of the strategy, and finally help the enterprise successfully achieve its strategic goals.

Second, through the consolidated statements provided by the real and reliable accounting information, the enterprise's operation and development of the overall comprehensive evaluation. For the holding enterprises at the present stage, the parent company and subsidiaries are independent legal entities. In order to have a more comprehensive understanding of the operation and development status and comprehensive management level of the enterprise, the parent company and the subsidiary company should prepare accounting statements in line with their own development characteristics. However, due to the independent characteristics of such accounting statements, the holding enterprise cannot reflect the general situation of comprehensive operation and management. Therefore, the merger of the accounting statements of the parent company and subsidiaries is conducive to the integration and analysis of all accounting information, so that the outside world can understand the actual development level and operating conditions of the holding enterprises from multiple aspects. At the same time, the consolidated financial statements can reasonably avoid the situation that the management of the enterprise takes advantage of the authority to operate secretly and adjust the accounting statements artificially. The consolidated accounting statements can offset the profits generated in the process of the enterprise operation and the income obtained from economic transactions, so as to truthfully reflect the general situation of the enterprise's operation and management, which is conducive to a more objective and reliable evaluation of the operation level of the whole economic entity. Third, with the pooling function of consolidated statements, tax revenue and capital can be realized

Overall planning, reasonable allocation of resources. Among collectivized enterprises, there are many differences in tax burden and capital of a single subject. Financial management means such as tax balance and centralized capital management can be used to reduce business costs and increase value.

#### **4. THE NEGATIVE IMPACT OF CONSOLIDATED FINANCIAL STATEMENTS ON FINANCIAL MANAGEMENT**

Although consolidated financial statements have strong advantages in unity, comprehensiveness, coordination and aggregation, they also have negative impacts on the extension and development of financial management, which are manifested in the following aspects:

First, it limits the extension of financial management boundaries to some extent. Although the consolidated statement brings the strongly related companies with control rights into the same economic entity through unified rules, it expands the boundary of financial management and makes the financial management work no longer limited to single companies. However, with the advent of the Internet era, in the increasingly prevalent ecological network, resource integration crisscross the business environment, the boundary between enterprises and groups of enterprises is increasingly blurred, the financial management model with a single enterprise or enterprise group as the boundary is facing huge challenges, and it is urgent to expand the boundary of financial management.

Second, the degree of informatization is not high, the degree of information integration and accuracy is low, which is not enough to provide support for financial fine management. Due to complex rules of consolidated statements and diversified business segments under enterprise groups, consolidated statements are mostly compiled manually in the process of implementation, with a low degree of informatization. At present, in the process of informatization of consolidated statements that has been implemented, most of them adopt the way of "reducing complexity to simplicity, focusing on the large and reducing the small", and the interaction degree with business information system is not high, leading to the provision of consolidated statements. The information of ", "has the disadvantages of lagging, low accuracy and weak traceability, which cannot support the fine analysis and control of financial management on the differentiation topics, the integration of industry and finance and other related aspects.

Third, the consolidated statement has insufficient response to enterprise value, personalized information distortion and other information quality deficiencies. On the one hand, traditional accounting is based on the gradual evolution of the traditional manufacturing industry for the service object, and focuses on accounting tangible and single economic businesses. For the enterprise asset value under the new business model, the feedback is insufficient. For the Internet enterprise, the soft assets such as information assets and supply chain network assets that are not reflected in the balance sheet are its core assets. On the other hand, due to the requirements of the compilation of consolidated statements, the accounting policies and accounting estimates of subsidiaries should be consistent without taking into account the different business characteristics of each segment of the group enterprise, which also leads to information distortion and distortion in the final data of consolidated statements to a certain extent. If used improperly, financial management decisions will be affected.

Fourthly, the consolidated statement has an impact on the parent company's economic benefits, profit distribution, income tax withdrawal, human effectiveness analysis and many other aspects because of the provisions on the subsidiary's investment income and income tax accounting methods. For example, if the expansion of net asset income of the subsidiary generates certain economic profits, the performance of the parent company will be exaggerated; If the subsidiary loses money, then the economic benefit of the parent company will also decline systematically. For example, if the investment income of the joint venture company not included in the scope of consolidation is calculated according to the proportion of equity, if the joint venture company makes a profit, the parent company will recognize the investment income, but the income does not have the

support of cash inflow, which cannot meet the needs of the subsidiary to distribute the profit and cash outflow, leading to the fund gap and increasing the financial risk.

## **5. EXPLORE SPECIFIC STRATEGIES FOR OPTIMIZING CONSOLIDATED STATEMENTS AND IMPROVING FINANCIAL MANAGEMENT LEVEL**

First, expand the scope of consolidated statement information, take advantage of collectivization, assist the expansion of financial management boundary. On the one hand, the ultimate purpose of consolidated statements is to provide users with effective information. At present, the information provided by consolidated statements is generally limited to the scope of group enterprises and financial accounting information, which cannot be satisfied with the articulating and interaction of information among the whole supply chain, value chain and ecological network, and cannot be satisfied with the tracing of specific business activities. Therefore, it can be considered to increase the scope of information in consolidated statements, including business information such as supplier cooperation information and user change information, so as to increase the integration of financial and business information and improve information quality. At the same time, in order to protect the necessary trade secrets, the information user should be properly stratified management. On the other hand, it makes use of the advantages of collectivization and large-scale asset collection, capital collection, credit collection and information collection to implement joint innovation of financial management with upstream and downstream enterprises in related industries.

Second, improve the information level of consolidated statements, strengthen information integration and interaction, apply new information tools, and make full use of information integration. At message time, on the other hand, the use of information technology can eliminate the financial information islands among subsidiaries of the group, promote the interaction and integration of business information system and financial information system, which can make the financial information more accurate, timely and efficient. At the same time, the development and utilization of the information flow, capital flow and logistics gathered by the information platform is also a new topic for financial management in the era of mobile Internet.

Thirdly, we should pay more attention to the analysis of consolidated statements, fully excavate the information needed for financial management, and improve the level of financial management. In the financial management of enterprises, if they want to give full play to the role of consolidated statements, they should pay attention to the analysis of consolidated statements, which can provide information support for financial management by means of operation ability analysis, profitability analysis, debt paying ability analysis, investment rate of return analysis, Boston matrix analysis and other ways. At the same time, make full use of the annotated information, split the group companies across industries, regions, business forms and systems into different business modules for single analysis or combination analysis, according to their respective characteristics, more specific and targeted implementation of financial management means to achieve management objectives.

Fourth, improve the quality of financial personnel in consolidated statements, not only limited to the accounting thinking to make statements, but also to the management thinking based on the overall situation and multidimensional consideration of problems. As mentioned above, the consolidated financial statements can truthfully reflect the financial revenue and expenditure level and operating results of each subsidiary of the parent company, and the data information is characterized by systemization, reliability, timeliness and completeness. Therefore, the financial personnel of the consolidated financial statements should take a long-term perspective, comprehensively consider issues from multiple dimensions and angles, and adhere to the basic principles of reasonable compliance, fairness and openness Cooperate with financial management personnel to reduce financial risks and jointly improve enterprise value.

## **6. CONCLUSION**

Economic globalization and Internet are gradually sweeping the world. In this context, in order to enhance the ability to adapt to the increasingly complex economic development mode and enhance the value of enterprises, the financial personnel of enterprises should keep pace with The Times, re-examine the consolidation of financial statements, give full play to the inherent advantages of the consolidation of financial statements, and extend a broader range of information with the help of more advanced information tools Angle, improve the quality of report information, innovate financial management thinking, in order to protect the competitive advantage of enterprises, promote the sustainable development of enterprises to explore.

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