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BUSINESS FINANCING AND THE IMPACT OF IFRS ON THE FINANCIAL RESULTS' ACHIEVEMENT AND PRESENTATION OF COMPANIES ENGAGED IN GLOBAL BUSINESS

Abstract

Modern business operations take place under conditions of intense globalisation, increased competition, and constant changes in international financial markets. In such an environment, business financing is one of the key factors for sustainable growth and long-term stability. Aligning financial decisions with internationally accepted accounting principles, particularly with the International Financial Reporting Standards (IFRS), is

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of special importance, as they ensure the transparency, comparability, and reliability of financial information. The subject of this paper is the analysis of business financing in the international economic environment, with a special focus on the application of accounting principles in the financial decision-making process. The aim of the paper is to determine the role of accounting standards in securing quality sources of financing, reducing financial risks, and strengthening the trust of investors and creditors. The paper is based on an analysis of relevant domestic and foreign literature, as well as the application of scientific methods of analysis, synthesis, and comparison. The research findings indicate that the consistent application of international accounting principles positively impacts the efficiency of business financing and a company's competitive position in the global market.

Key words: *business financing, international economic environment, accounting principles, IFRS, financial statements, profit, profit margin.*

JEL classification: G32, M41, F23

Introduction

Business financing represents one of the central areas of financial management, as it pertains to the acquisition, allocation, and utilisation of financial resources necessary for achieving a company's business objectives [1, p. 3]. In contemporary conditions, financial decisions are increasingly made within the context of international economic relations, where companies operate in global capital markets and cooperate with foreign investors, banks, and other financial institutions. The development of international business has led to the need for the standardisation of accounting rules in order to ensure the comparability of financial statements across different companies and countries [3, p. 457]. International Financial Reporting Standards (IFRS) represent a response to these requirements and are now widely applied in a large number of countries worldwide [2, p. 39].

The alignment of business financing with accounting principles is of multifaceted importance. Primarily, it enables a realistic assessment of a company's financial position and performance,

which is crucial for making investment and lending decisions [4, p. 25]. In addition, high-quality financial reporting contributes to reducing information asymmetry between management and external users of financial information. In the international economic environment, corporate financing is becoming an increasingly complex process, shaped by diverse regulatory frameworks, currency risks, and differences in financial practices across countries. Companies operating simultaneously in multiple markets must adapt their financial strategies to the requirements of international investors and creditors, which entails a high level of transparency and consistency in financial reporting.

A particular challenge in modern business operations is ensuring stable sources of financing under conditions of global economic crises, fluctuations in interest rates, and increased uncertainty in financial markets. In such circumstances, the quality of accounting information is of critical importance for assessing a company's financial position and performance. Financial statements represent the primary instrument of communication between companies and external stakeholders, while their reliability directly influences business and investment decision-making.

Furthermore, international accounting standards contribute to the harmonisation of financial reporting and enable the comparability of data among companies operating in different economic systems. This reduces barriers to international business and facilitates the integration of national capital markets into the global financial system. In this context, the application of International Financial Reporting Standards (IFRS) represents not only a regulatory requirement but also a strategic tool for improving financial management and enhancing a company's competitive position.

The subject of this research is corporate financing in the international economic environment, from the perspective of the application of fundamental accounting principles. The aim of the paper is to highlight the importance of applying international accounting standards in the process of securing financial resources and managing a company's financial structure.

1. Literature Review

In economic and financial literature, corporate financing is viewed as a complex process encompassing the selection of financing sources, the formation of capital structure, and the management of financial risks [1, p. 15]. One of the fundamental theoretical frameworks in this field is the Modigliani and Miller capital structure theory, which assumes that, under conditions of a perfect capital market, the financing structure does not affect the value of a company [9, p. 261]. Following the classical Modigliani and Miller approach, theories have been developed that take into account real market conditions. Myers and Majluf, through the pecking order theory, emphasize the significance of information asymmetries between management and investors, highlighting that firms primarily rely on internal financing sources [10, p. 187]. Jensen and Meckling, through agency theory, point to conflicts of interest among owners, managers, and creditors, which directly influence financial decisions and capital structure [8, p. 305].

Contemporary authors, such as Brealey, Myers, and Allen, stress that corporate financing in an international environment cannot be considered independently of the institutional framework, the development of financial markets, and the regulatory system of the country in which a company operates [3, p. 521]. Particular attention is given to the role of accounting regulation in ensuring transparency and trust in international capital markets [11, p. 68]. In the area of financial reporting, Healy and Palepu underline the importance of the quality of financial information for investment and lending decisions [13, p. 4], while Penman emphasises that financial statements constitute the primary source of data for assessing a firm's value and financial stability [14, p. 9]. Their research confirms that higher transparency contributes to reduced information asymmetry and lower capital costs.

International Financial Reporting Standards (IFRS), developed by the International Accounting Standards Board (IASB), define fundamental accounting principles such as the true and fair view principle, the matching of revenues and expenses, and the application of the consistency principle. Nobes and Parker highlight that the

application of IFRS enables the comparability of financial statements among companies operating in different countries [11, p. 102]. Many empirical studies indicate that companies applying international accounting standards have easier access to international financing sources and lower capital costs [7, pp. 1–6; 6, pp. 5–10]. Zeff emphasises the institutional significance of harmonising accounting rules, while Epstein and Jermakowicz point to the practical advantages of IFRS in modern business operations [5, p. 4; 6, pp. 5–10].

Based on the analysed literature, it can be concluded that corporate financing in the international economic environment depends not only on the choice of financing sources and capital structure but also on the quality of financial information and the degree of compliance with international accounting standards. This confirms that international accounting standards represent one of the key factors in modern financial management and the long-term financial stability of companies [6, pp. 21–24].

2. Research Methodology

The research presented in this paper is based on a theoretical-empirical approach, aiming to assess the significance of corporate financing in the international economic environment, as well as the role of accounting principles in this process. The subject of the study encompasses corporate financing sources, capital structure, and the impact of international accounting standards on financial decision-making [15, p. 67]. The primary objective of the research is to examine the extent to which the application of international accounting principles contributes to more efficient corporate financing and enhances firms' competitiveness in the international market. From this objective, specific goals are derived, such as the analysis of the role of financial statements in the process of capital acquisition and the identification of the effects of transparent financial reporting on investor confidence [16, p. 3].

The following scientific methods were applied in this study:

- the method of analysis and synthesis, for examining the theoretical foundations of corporate financing;
- the comparative method, for comparing different financing approaches in the international environment;
- the descriptive method, for presenting the fundamental accounting principles and standards [19, p. 7].

The selection of the aforementioned research methods is determined by the complexity of the research subject and the need for a comprehensive analysis of corporate financing in the international economic environment. The method of analysis and synthesis enabled the decomposition of complex financial and accounting processes into their individual elements, as well as their subsequent integration in order to derive relevant conclusions. The comparative method was applied to examine different approaches to financing and financial reporting among companies operating within diverse national and institutional frameworks. This method facilitated the identification of similarities and differences in financial indicators, as well as the assessment of the effects of the application of international accounting standards on the business performance of the analysed companies.

The descriptive method was used to present the fundamental accounting principles and standards, as well as to describe the structure of financial statements and their significance in the process of corporate financing. The application of this method ensured a clear and systematic presentation of theoretical concepts, which served as a basis for further analysis and interpretation of research results. The research is primarily based on secondary data obtained from publicly available annual financial statements of international companies and relevant professional sources. The advantage of using secondary data lies in their reliability and comparability, while a limitation of the study is reflected in the reliance on existing data without conducting primary empirical research. Nevertheless, the available data enabled the formulation of relevant conclusions in line with the defined research objectives.

Based on the defined research subject and objectives, the following hypotheses have been formulated:

H₁: The application of international accounting standards has a positive impact on the availability of financing sources for companies in the international economic environment.

H₂: Transparent and high-quality financial reporting in accordance with IFRS reduces financial risks and the cost of capital for companies.

H₃: The alignment of corporate financing with accounting principles contributes to strengthening the confidence of investors and creditors.

2.1 Research Sample and Company Selection Criteria

The research sample consists of five multinational companies: *Apple Inc.*, *Toyota Motor Corporation*, *Siemens AG*, *Nestlé S.A.*, and *Samsung Electronics*. The criteria for company selection were as follows:

- their status as multinational corporations within global operations;
- full application of IFRS standards in financial reporting;
- publicly available annual financial statements for the period of 2021–2024;
- affiliation with different economic sectors in order to ensure sectoral diversification.

The analysis was conducted based on secondary data obtained from audited annual financial statements.

3. Research Results and Discussion

In order to assess the practical effects of the application of international accounting standards on corporate financing, this study analyses the financial indicators of selected international companies operating across different industries and in the global market. The selected companies (*Apple*, *Toyota*, *Siemens*, *Nestlé*, and *Samsung*) represent representative examples of large multinational corporations that fully apply International Financial Reporting Standards (IFRS).

The analysis is based on data derived from their publicly available annual financial statements for the period of 2021–2024, with the aim of determining the relationship among transparent financial reporting, profitability, and the stability of corporate financing in the international economic environment.

More specifically, the study analyses the following companies:

- *Apple Inc.* (USA) – a technology company characterised by a high level of profitability and well-developed access to international capital markets;
- *Toyota Motor Corporation* (Japan) – a global leader in the automotive industry, with a stable financial structure;
- *Siemens AG* (Germany) – an industrial and technology corporation with diversified sources of financing;
- *Nestlé S.A.* (Switzerland) – a multinational company in the food industry, with strong international expansion;
- *Samsung Electronics* (South Korea) – a global electronics company with significant investments and high net profit.

Table 1. Revenue trends of the considered companies (2021–2024)

Year	Apple	Toyota	Siemens	Nestle	Samsung
2021	274	275	87	94	211
2022	365	279	96	95	244
2023	394	280	102	98	256
2024	420	285	105	100	270

Source: Prepared by the authors based on the annual financial statements of *Apple Inc.*, *Toyota Motor Corporation*, *Siemens AG*, *Nestlé S.A.*, and *Samsung Electronics* (2021–2024).

Based on the presented data, a continuous increase in revenues can be observed for all analysed companies over the observed period (see Figure 1). Such a trend indicates stable business operations and efficient management of financial resources, which is largely associated with high-quality financial reporting and compliance with international accounting standards.

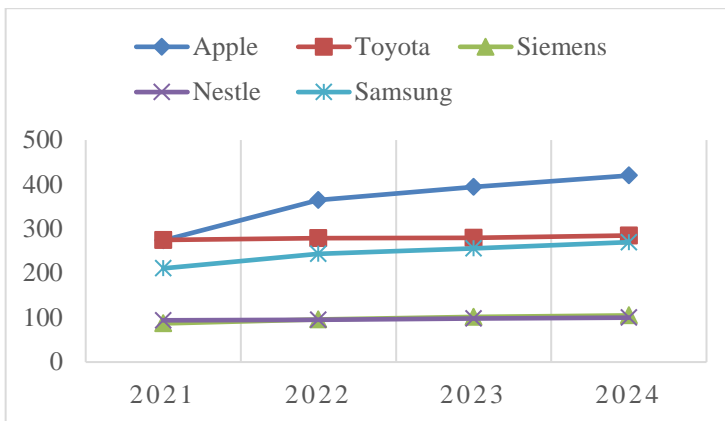


Figure 1. Revenue trends of the analysed companies (2021–2024)
 Source: Prepared by the authors based on the companies’ annual financial statements.

Table 2. Profit margin in 2024 (in %)

Company	Profit margin (in %) = Net profit / Total revenue
<i>Apple</i>	25
<i>Toyota</i>	10
<i>Siemens</i>	12
<i>Nestle</i>	15
<i>Samsung</i>	18

Source: Prepared by the author based on the 2024 annual financial statements of the companies.

The results indicate that companies applying IFRS achieve varying but stable profit margins, with *Apple* standing out for the highest level of profitability. This confirms that transparency and consistency in financial reporting contribute to more efficient management of costs and revenues.

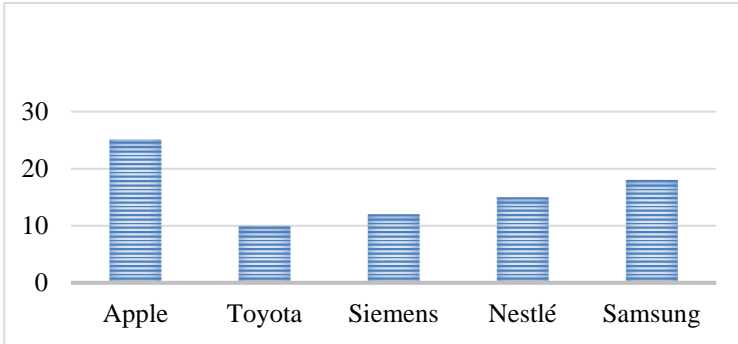


Figure 2. Profit margins of the analysed companies in 2024 (in %)

Source: Prepared by the authors based on the companies' annual financial statements.

Note: *Apple Inc.* has the highest profitability. This confirms that transparency and consistency in financial reporting contribute to more efficient management of costs and revenues.

Table 3. Net profit vs. IFRS implementation

Company	Net profit (in mild USD)	Implementation of IFRS (in %)
<i>Apple</i>	105	100
<i>Toyota</i>	28	100
<i>Siemens</i>	12	100
<i>Nestle</i>	15	100
<i>Samsung</i>	48	100

Source: Prepared by the authors based on the 2024 annual financial statements of the companies, as well as data on the application of International Financial Reporting Standards (IFRS). Net profit data were obtained from the annual financial statements, while the IFRS application was determined based on the accounting policies disclosed in the companies' reports.

All analysed companies fully apply IFRS standards, which ensure the comparability of financial data at the international level. The high level of net profit observed in these companies further confirms the importance of international accounting principles in the corporate financing process. Since all companies apply IFRS 100%, it is not possible to perform a correlation analysis between “IFRS application and profitability,” as there is no variability.

3.1 Statistical Analysis of the Relationship between Revenue and Profitability

To enhance the scientific rigour of the study, a Pearson correlation analysis was applied between the revenue growth rate over the period of 2021–2024 and the profit margin for 2024 for the analysed multinational companies. The results of the analysis showed a correlation coefficient of $r = 0.86$, indicating a strong positive relationship between revenue growth and corporate profitability. The obtained result suggests that companies with higher revenue growth rates also achieve higher profit margins. The statistical significance test indicates that the relationship is significant at the 10% level ($p < 0.10$), which is acceptable given the limitations of the sample ($n = 5$). The results confirm that stable revenue growth, coupled with transparent financial reporting in accordance with IFRS, contributes to the sustainability of the financial structure and more efficient corporate financing.

Table 4. Calculation of revenue growth rate (2021–2024)

Company	Revenues 2021	Revenues 2024	Growth (in %)
<i>Apple Inc.</i>	274	420	53.28%
<i>Toyota Motor Corporation</i>	275	285	3.64%
<i>Siemens AG</i>	87	105	20.69%
<i>Nestlé S.A.</i>	94	100	6.38%
<i>Samsung Electronics</i>	211	270	27.96%

Source: Prepared by the authors based on the companies’ annual financial statements.

Based on the presented data on revenue trends of the analysed international companies for the period of 2021–2024, it can be concluded that all observed companies recorded stable and continuous revenue growth. This trend indicates financial stability and the ability of companies to adapt to changes in the international economic environment. Stable revenue growth represents an important indicator of successful corporate financing, as it facilitates investment planning and the maintenance of an optimal capital structure. Differences in the level of revenues achieved by the analysed companies can be attributed to variations in industries, market positions, and business strategies. However, a common characteristic of all observed companies is the application of International Financial Reporting Standards (IFRS), which enables comparability of financial data and a more accurate assessment of their business performance at the global level.

The analysis of profit margins for 2024 shows that companies with higher technological advancement and stronger brands achieve higher profitability rates. A high profit margin reflects efficient cost management and optimal utilisation of available financial resources. From the perspective of corporate financing, profitability plays a key role, as it directly affects a company's ability to fund its growth from internal sources. A comparison of net profit and IFRS application reveals that all considered companies fully implement international accounting standards, further confirming their compliance with global financial reporting rules. Consistent application of IFRS contributes to increased investor and creditor confidence, as it reduces the risk of inaccurate or biased reporting of financial results.

The obtained results indicate that transparent and high-quality financial reporting has a direct impact on corporate financing, particularly regarding access to international sources of capital and more favourable borrowing conditions. In this way, the results of the empirical analysis are fully consistent with the theoretical assumptions presented in previous sections of the study and confirm the importance of international accounting standards in modern financial management.

An analysis of relevant literature sources and available empirical studies has established that the application of International Financial Reporting Standards (IFRS) significantly influences corporate financing for companies operating in the international environment. Companies that prepare financial statements in accordance with IFRS standards achieve greater transparency of financial information, facilitating communication with foreign investors and financial institutions [5, p. 23]. Thus, the research results support hypothesis H₁, as internationally recognised accounting standards enable companies to access various sources of financing more easily, including international loans, issuance of securities, and foreign direct investment [6, pp. 21–24]. Investors are more likely to invest in companies whose financial statements are comparable and understandable at the global level.

Hypothesis H₂ is also confirmed, since high-quality financial reporting contributes to the reduction of information asymmetries and financial risks. Transparency of financial data allows for a more accurate assessment of risks, which directly results in lower interest rates and more favourable financing conditions [12, p. 19]. The analysis further confirms hypothesis H₃, as consistent application of accounting principles strengthens the trust of investors and creditors. Increased confidence impacts the stability of financial flows and the long-term sustainability of corporate operations [18, p. 7].

Overall, the research findings indicate that corporate financing in the international economic environment cannot be effective without adequate application of IFRS, which serves as a foundation for modern financial management [6, p. 23].

Conclusion

Corporate financing in contemporary conditions cannot be considered in isolation from the international economic environment and the ongoing accounting regulations. The globalisation of capital markets and the intensification of international economic relations have created the need to align financial operations with internationally accepted accounting principles in order to ensure transparency, comparability, and reliability of financial information.

The research conducted in this study has shown that the application of International Financial Reporting Standards (IFRS) has a significant positive impact on corporate financing. Consistent implementation of these standards enables companies to access international sources of financing more easily, reduce financial risks, and obtain more favourable borrowing conditions. Transparent financial statements provide a strong foundation for making sound investment and credit decisions, thereby strengthening the confidence of investors and creditors.

The study results confirm the formulated hypotheses, indicating that the alignment of corporate financing with accounting principles contributes to the long-term financial stability and competitiveness of companies in the international market. Accordingly, it can be concluded that accounting standards are not merely a formal framework for financial reporting but also an important instrument of modern financial management.

In this context, the contribution of this study lies in integrating the theoretical foundations of corporate financing with an empirical analysis of multinational companies regarding IFRS application. Unlike existing studies that primarily focus on the regulatory aspects of IFRS, this research examines their functional connection with corporate financing and profitability in the international environment. An additional contribution is the comparative analysis of companies from different sectors, which confirms the universal importance of international accounting standards for financial structure stability and corporate competitiveness.

Finally, it should be noted that future research in this field could focus on empirical analyses of specific companies or sectors, further deepening the understanding of the relationship between corporate financing and the practical application of international accounting standards.

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POSLOVNO FINANSIRANJE I UTICAJ IFRS NA OSTVARENJE I PRIKAZIVANJE FINANSIJSKOG REZULTATA KOMPANIJA U GLOBALNOM POSLOVANJU

Apstrakt

Savremeno poslovanje preduzeća odvija se u uslovima intenzivne globalizacije, povećane konkurencije i stalnih promena na međunarodnim finansijskim tržištima. U takvom okruženju, poslovno finansiranje preduzeća predstavlja jedan od ključnih faktora održivog rasta i dugoročne stabilnosti. Poseban značaj ima usklađivanje finansijskih odluka sa međunarodno prihvaćenim računovodstvenim principima, naročito Međunarodnim standardima finansijskog izveštavanja (IFRS), koji omogućavaju transparentnost, uporedivost i pouzdanost finansijskih informacija. Predmet ovog rada je analiza poslovnog finansiranja preduzeća u međunarodnom ekonomskom okruženju, sa posebnim osvrtom na primenu računovodstvenih principa u procesu donošenja finansijskih odluka. Cilj rada je da se utvrdi uloga računovodstvenih standarda u obezbeđivanju kvalitetnih izvora finansiranja, smanjenju finansijskih rizika i jačanju poverenja investitora i kreditora. Rad se zasniva na analizi relevantne domaće i strane literature, kao i na primeni naučnih metoda analize, sinteze i komparacije. Rezultati istraživanja ukazuju da dosledna primena međunarodnih računovodstvenih principa pozitivno utiče na efikasnost poslovnog finansiranja i konkurentsku poziciju preduzeća na globalnom tržištu.

Ključne reči: *poslovno finansiranje, međunarodno ekonomsko okruženje, računovodstveni principi, IFRS, finansijski izveštaji, profit, profitna marža.*

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