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Artículo

Harmonizing Financial Instruments within the Context of the Cuban Economy

Armonización de los instrumentos financieros en el contexto de la economía cubana

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ABSTRACT

Aim: To design a methodological procedure for harmonizing the financial instruments used in Cuba with international standards.

Methods and techniques: Bibliographic review, the logic-abstract method, questionnaires, expert opinion.

Main results: This new methodological procedure conceives harmonizing financial methods through three stages: organization and analysis of international standards, evaluation of correspondence between the Cuban and international accounting standards; a Cuban accounting standard was designed according to financial instruments, and a training strategy.

Conclusions: A theoretical approach on accounting of financial instruments was laid out, by interpreting the combination of the qualitative characteristics of the conceptual frame, plus the stages of the accounting process that comprise recognition, measurement, presentation, and disclosure. A procedure was designed for harmonizing financial instruments in the Cuban context, which responds to the need of a Cuban standard for financial instruments accounting.

Key words: harmonizing; international standards; financial instruments.

RESUMEN

Objetivo: Diseñar un procedimiento metodológico para armonizar los instrumentos financieros utilizados en Cuba, con los estándares internacionales.

Métodos y técnicas: Revisión documental, lógico abstracto, cuestionario, criterio de expertos.

Principales resultados: Se aporta un procedimiento metodológico que concibe la armonización de los instrumentos financieros mediante tres etapas: organización y análisis de los estándares internacionales, la evaluación de la correspondencia entre las normas de contabilidad internacionales y nacionales, y se diseñó una norma cubana de contabilidad sobre instrumentos financieros y su estrategia de capacitación.

Conclusiones: Se elabora el enfoque teórico sobre la contabilidad de los instrumentos financieros, al interpretar la combinación de las características cualitativas fundamentales del marco conceptual, con las etapas del proceso contable que comprende el reconocimiento, medición, presentación y revelación de los hechos económicos. Se diseña un procedimiento para la armonización de los instrumentos financieros en el contexto cubano, el cual responde a la necesidad de una norma cubana de contabilidad sobre instrumentos financieros.

Palabras clave: armonización, estándares internacionales, instrumentos financieros.

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INTRODUCTION

Since ancient times, accounting has evolved as the fundamental nucleus for business growth and sustainability contribution. Thus, the economic, social, political, and cultural development of mankind has impacted on the advancement of accounting, and therefore, on its structure as a system to offer financial reporting that can provide useful data for decision making (Santos, 2018).

Additionally, this evolution has conditioned the progress made by active markets, as a trend that effects directly on all the sectors of the economy.

Hence, organizations have extended their scope of performance, creating overseas interest in their activities (Ruíz, 2017). Therefore, there is a need to conform a common language so that the transmission of financial reporting can be clearly, completely, and comparably appreciated, which means that it must be prepared according to international standards (Peña, 2018).

Consequently, a regulatory accounting framework has been set up, which is made of international accounting and financial reporting standards (NIC/NIIF) by the International Accounting Standards Board (IASB), designed for implementation in financial balances made for general information.

In that sense, Yaguache, Mayancela, and Moncayo (2015, p. 279) point out that NIC/NIIF are “(...) technical rules that establish necessary and fair accounting criteria for assessing, recording, and creating financial balances with the sole objective of providing clear and timely reporting, which can be interpreted in any part of the world”.

Thus, globalization, as a universal phenomenon, has shown the need for the harmonization of accounting statments, defined by Yubero (2017) as: “(...) a process of financial, economic, social, political, and cultural interconnection; therefore, it has had to expand its scope and open up to the internationalization of financial markets” (p. 38).

Coincidentally, the harmonizing process is being implemented according to the directives of accounting and financial reporting, the international standards of financial reporting, published in December 2004, by the United Nations (United Nations, 2004), cited by Del Toro (2009, p. 7), in which harmonization is defined as: “... the decision of maintaining the national standard contents considering the precepts of international standards, and supporting the interest of the legal and economic scenarios of the country”.

In that sense, Donoso (2017) pointed out that accounting harmonization is “The process whose goal is to achieve uniformity in the accounting standards of different countries; that is, an agreement among nations so that the accounting standards become highly homogeneous”. (p. 1)

Nowadays, the global business scenario has made progress, which has favored a systematic improvement of NIC/NIIF; giving rise to financial instruments defined as: “a contract that leads to a financial asset of an entity, and to a financial liability or equity instrument from another entity” (*International Financial Reporting Standards* [IFRS] *Foundation,* 2020, p. 1201).

As a result of this evolution, in 2005, the Cuban standards of financial reporting (NCIF in Spanish) were created, which comprise the Cuban accounting standards (NCC) part of this research. Accordingly, the Guidelines for the Social and Economic Policies of the Party and the Revolution, by the Communist Party of Cuba (PCC, 2016b, p. 22) were reviewed. No. 96: “(...) the need of long-term financing of the national industry, and investment in the country’s infrastructure”. Hence, the utilization of financial instruments plays a critical role within the context of the Cuban economy, whose harmonization with the international standards has become a requirement.

In that sense, Del Toro (2018) provides a necessary premise for the process of harmonization as: “(...) the decision of maintaining the national standardization content, considering the precepts of international standards, and backing the interests of the legal and economic interests of the country”. (p. 1)

The bibliographic review contributes with plenty of information related to the financial reporting standards, harmonizing, and financial instruments.

However, contrasting such studies to the practical scenario of Cuban organizations evidences that NCIF lack conceptualization and methodologies, namely NCC 1: Presentation of Financial Balances (Ministry of Finances and Prices [MFP], 2005), which refers to standards on financial instruments to be issued; NCC 4: Accounting Policies, Changes in Accounting Estimates, and Errors (MFP, 2005), considering the classification of financial assets still lacking a definition. It includes that the national account nomenclature (MFP, 2005) does not conceive every item for recognition of operations of new financial technologies, which consequently, require due accounting.

Therefore, the application of financial instruments is mainly limited to collectible accounts and accounts payable, loans, and other liabilities. Hence, it is essential to adjust accounting standards in relation to financial instruments due to the socio-economic development evidenced, within the Cuban economic context during the last fifteen years.

Therefore, the aim of this research was to design a methodological procedure for harmonizing the financial instruments used in Cuba with the international standards.

This methodological conception is structured in three stages, and each of them has two steps that enable accounting harmonization of financial instruments. The methods and techniques used in this research are the logical/abstract, induction/deduction, analysis/synthesis, questionnaires, expert method, and the W. Kendall coefficient.

DEVELOPMENT

This research is structured in three parts: in the first part, the theoretical elements on accounting standards of financial instruments are presented: the second is related to the particularities of the context of the Cuban economy; and the third part introduces the methodological procedure for harmonizing financial instruments.

Part 1. Accounting standards of financial instruments to offer useful financial reporting to customers

In this part, the evolution of international standards of financial instruments is presented. Standardization has become the task of those who check available cash on a daily basis, as well as investment in the financial system, credit operations, and stock investment (Navarro and Gil, 2018).

The International Accounting Standards Committee (IASC) founded in 1973, was the first to issue a standard for financial instruments, in June 1995: NIC 32 financial instruments: Presentation and reporting for disclosure. Then, in December 1998, NIC 39 Financial instruments, Recognition and measurement, was issued.

In April 2001, the two standards were adopted by the International Accounting Standards Board (IASB), and changed for a significant period (2003-2020), as part of the technical convergence projects between IASB and the Financial Accounting Standards Board (FASB).

As a result of this converging process, in August 2005, IASB issued NIIF 7 Financial instruments: Disclosure, replacing NIC 30, moving the requirements of information to be disclosed from NIC 39 and NIC 32, by modifying both, and changing the denomination of the latter into NIC 32 Financial instruments: Presentation (IFRS Foundation, 2020).

In November 2009, IASB issued NIIF 9 Financial instruments: Recognition and measurement, which originally included chapters related to classification and measurement of financial assets.

Consequently, in 2010, IASB (2010) added requirements associated with classification and measurement of financial liabilities to NIIF 9. It included the requirements of implicit derivatives, and the form of accounting changes in credit risks of financial liabilities, allocated according to the reasonable choice value (IFRS Foundation, 2020).

As a response to the requests of stakeholders that accounting of financial instruments had to be improved quickly, IASB divided its project to replace NIC 39 by NIIF 9, in three main phases. As IASB completed each phase, it created chapters in NIIF 9 that substituted the requirements of NIC 39 (IFRS Foundation, 2020). The adjustment process continued, and by July 2014, IASB issued the complete version of NIIF 9, which includes modifications related to the low in financial assets and financial liability accounts, adding a chapter related to coverage accounting, modifying the requirements for classification and measurement of financial assets, introducing a measurement category of reasonable value with changes in another integrated result, and adding requirements of value deterioration associated to expected credit loss accounting on financial assets.

Between 2017 and 2019, NIIF 9 included the characteristics of early cancellation, and prepayment with negative compensation. Lastly, in the first quarter of 2020, a complete update of NIC/NIIF was issued.

According to Ernst & Young (2019), this NIIF 9 adjustment: Financial instruments substitutes NIC 39 Financial instruments: Recognition and measurement. Then, the international standard frame for financial instruments accounting can be summarized in the following brief description of international standards of financial instruments accounting (Cheng, 2019):

NIC 32 Financial instruments: Presentation. It prescribes accounting for classification and presentation of financial instruments as liabilities or equity, as well as compensation of financial assets and liabilities.

NIIF 7 Financial instruments: Disclosure. It establishes the type of disclosure to help primary users of financial balances evaluate the importance of financial instruments for the entity, the nature, and extension of risks, and how the entity manages them.

NIIF 9 Financial instruments: Recognition and measurement. It has the requirements for recognition and measurement of financial instruments, including deterioration, derecognition, and general coverage accounting.

The international standard frame makes the new model of financial instruments accounting whose objective is to establish principles to recognize, measure, present, and disclose financial instruments as liabilities or equity, and to compensate financial assets and liabilities.

Coincidentally, within the conceptual frame of financial reporting, the main qualitative characteristics (CCF) of useful financial reporting are dealt with, which are relevance and faithful presentation. The latter is associated with economic phenomena in the form of,

- Words: a complete description that includes all the necessary information for a user to understand the phenomenon represented.
- Numbers: the monetary amounts by which they are recognized, and keep an accounting control of the elements of financial balances, on a particular method or support for measuring, current cost, realizable value, present value, and historical cost, which include the reasonable value.

The same document refers that to implement CCF, the following phases should be accomplished (IFRS Foundation, 2020:

> First, identifying an economic phenomenon with the potential to be useful to users of financial reporting of the reporting entity. Second, identifying the type of information about that phenomenon, which would be more relevant if it were available and faithfully represented. Third, determining if that information is available, and can be faithfully represented. In that case, the process of satisfying fundamental qualitative

characteristics ends in this item. (p. 37)

The accounting process, according to CCF, comprises the following stages: identification, recognition, measurement, presentation, and information to be disclosed.

Consequently, the authors analyzed and interpreted the combination of phases during the implementation of CCF, as well as the stages of accounting, previously explained in detail. As a result, they provide a conception for the theoretical approach of financial instruments accounting, in order to offer useful financial reporting to users, which is shown in Fig. 1.

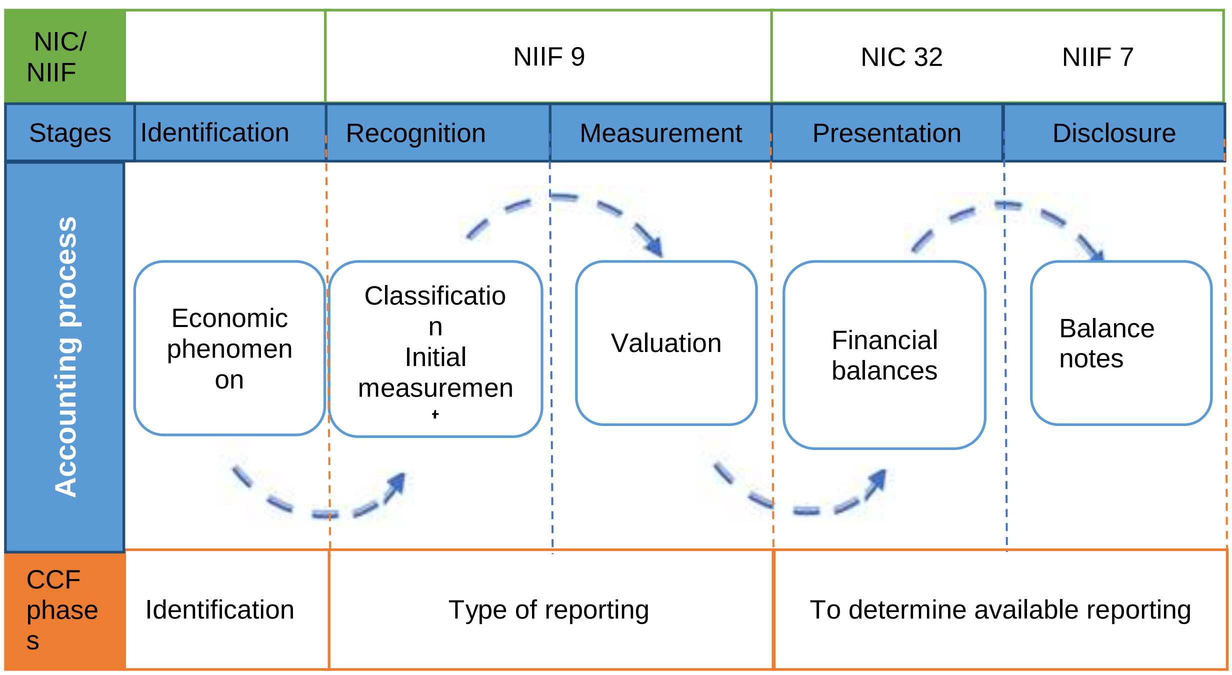

Fig. 1. Theoretical approach of financial instruments accounting

Source: Made by the authors according to NIC 1 Presentation of financial balances, and the conceptual frame of financial reporting (IFRS, Foundation, 2020).

Below, the phase combination for CCF implementation, and the stages of the accounting process containing the requisites of financial instruments accounting.

First phase: Identification of the economic phenomenon

This phase —whose potential is being useful to users of financial reporting—, is aimed to identify financial instruments as an economic phenomenon, in order to classify them as: financial assets, financial liabilities, and/or equity instruments.

The classification of an instrument is based in the content more than its shape; assessment is made at the moment of issuing; and it is not altered subsequently (Cheng, 2019). Then, the financial instruments are classified, considering the perspective of the issuer; that is, the one that requests financing.

- **Financial assets:** The IFRS Foundation (2020) defines them as:

  > "(...) any asset: cash, equity instrument from another company or that represents a contract right to receive cash or other financial asset, or to interchange financial assets or liabilities with third parties in potentially favorable conditions". (p. 1201)

  Most of those financial instruments are financial assets of the company that purchased them, whereas they are financial liabilities for the issuing company if they represent payment obligations, or if they are components of net equity; that is, instruments of capital (Gonzalo, 2016). For instance, collectible accounts from clients, and even the cash in hand or current bank accounts.
- **Financial liabilities:** It is any type of liability recognized as a contract obligation of delivering cash or financial asset to another entity, or to exchange financial assets or financial liabilities with another entity in potentially unfavorable conditions for that entity. A contract that will be or can be paid using equity instruments from the entity, and is a non-derivative, according to which the entity was or could be obliged to deliver a variable amount of own equity instruments. A derivative instrument that will be or can be paid using a form different from the exchange of a fix amount of cash, or any other financial asset by a set amount of own equity instruments of the entity (IFRS Foundation, 2020).
- **Equity instruments:** An equity instrument is "(...) any contract that reveals a residual manifestation of the assets of an entity after deducting all liabilities" (IFRS Foundation, 2020, p.1203). One example is ordinary or preferred actions.

  According to KPMG (2019), equity instruments are the ones that

  > (...) represent a participation in the net equity of an entity. Given this residual character, the accounting record is very simple, since it only checks that the company that issues or sells an instrument will collect the amount received as the highest equity value; when an instrument is bought, an amount equivalent to the

disbursement made will be deducted from the net equity. (p.2)

Second phase: Recognition and measurement

The type of information on the phenomenon is identified in this phase, being more relevant if it were available, and could be faithfully represented, and the principles on which financial instruments accounting is based, for recognition and assessment in the situational balance, as assets, financial liabilities or equity instruments from the company.

- **Recognition:** According to Herranz (2011), the basic principles for recognizing the financial instruments from the company are classification and separation.
  - *Classification:* When acquiring an instrument, the entity should know, depending on its nature and the way to acquire it, the category it belongs to. Depending on the classification, a procedure or valuation or recording should be implemented. The classification of a financial instrument, from the moment of acquisition, is therefore, fundamental, because it guides valuation and accounting; it tells users about the financial states of item risks. But this classification is totally dependent on the strategy and intention of the company, which has to know the destiny of the financial asset beforehand.
  - *Separation*: When acquisition is by purchasing or issuing several financial instruments at the same time, IASB requires the separation of the different components of a compound instrument as long as it can be done, since the accounting reflection of every party is done by separate. As a logical derivative of this principle, the compensation of financial assets and liabilities for presentation in the situational balance is subjected to serious constraints, in order not to mask asset and liability positions that must be considered and dealt with by separate (Herranz, 2011).

  In general, there may be instruments that have features of financial assets and liabilities, and also have equity instruments. Then, the obligation of the entity, first and foremost, is to break down these features and count them individually, particularly when the most frequent cases are instruments where liabilities and equity instruments are mixed.

- **Measurement:** At the moment of initial recognition, an entity will also measure a financial asset or a financial liability for their reasonable value, plus (or minus) the transaction costs directly attributable to the acquisition or issuing of financial asset or financial liability. This does not include commercial collectible accounts that will be measured by the price of transaction.

Third phase: Presentation and disclosure statement

In this phase the available reporting, and whether it can be faithfully represented, is determined, considering the basic elements that sustain the presentation and information to be disclosed.

- **Presentation:** One of the reasons that motivated IASB to change NIC 32, in 2008 was the requirement that some financial instruments with sales choice and obligations that emerge during payments, are classified as equity. Then it was changed in October 2009 to require that some rights in foreign currencies can be classified as equity.

  Deloitte (2016) summarizes NIC 32 Financial Instruments: Presentation, as follows:

  > The classification of an instrument by the issuer, as a debt or equity instrument. At the moment of issuing, the components of debt and heritage of the same compound instrument should be classified individually, as can be the convertible debt.
  >
  > A financial asset and liability can be compensated only by their net value, when the entity has a legally recognized right that entitles it to compensate for the values of both instruments, and has the intention to liquidate the liability simultaneously. The costs of own transactions are deducted from the equity, and the sales of own stocks have the consideration of equity operations. (p. 98)

Therefore, the net value of the compensation between financial assets and liabilities will be presented in the situational balance, provided that it has the legally demanding right of compensating for the recognized values, and has the intention to liquidate the net value, or realize the asset and liquidate the liability simultaneously.

In that sense, the authors note that the structure for the presentation of financial instruments includes the different elements of financial balances: assets, liabilities, and equity, as to the values determined by the financial assets and liabilities, and equity instruments, respectively. Meanwhile, the resulting items will take into account different concepts of interests, dividends, losses or profits by operation using the financial instruments.

- **Disclosure:** NIC 1 Presentation of financial balances, paragraph 48, refers to the term "disclosure of financial statement", which is used in a broad sense; it includes items presented in financial balances. Other NIIF also require information disclosure, which may be realized in the financial balances. Regarding financial instruments, these specifications are within NIIF 7 Financial Instruments: Disclosure. Apart from complementing the requirements of recognition, measurement, and presentation of financial assets and financial liabilities in NIC 32, and NIIF 9 (IFRS Foundation, 2020).

  That way, whenever an element should be included in the presentation, recognition, and measurement, these elements will also be included in the statement to be disclosed by entities, to try to meet the growing demand of quality financial reporting, which, according to Vásquez and Mora (2016), can generate "(...) confidence to all users in general, and to potential investors, in particular. Companies use disclosure as a valuable tool to provide information through financial balances notes" (p.104).

Part 2. Particularities of the Cuban economy context for harmonizing financial instruments

The analysis of Rodríguez (2019) and Gil (2020) were used by the authors to tackle the particularities of the Cuban economy in relation to the harmonization of financial instruments, which are the expression of a prolonged historical process full of deep transformations. Cuba is a developing country, in which the socialist property of the people prevails, which is characteristic of this nation, due to its political, economic, social, cultural, and historical particularities.

The Cuban economy has a managing system, which is the state's instrument to plan, regulate, manage, and control national and territorial economic development, its internal relations, and the relations with the international economy. Planning is based on a comprehensive approach to assist in sustainable social and economic development, taking into account the markets, thus fostering production chains integrated by different forms of property.

The plan of the national economy is made according to the state's budget, monetary and financial balance of the country, by integrating the fiscal, monetary, exchanging, and price policies.

The business sector is working on a plan for regulated market conditions, where administrative regulations interact with macroeconomic policies. Likewise, foreign investment is a source of development, a way to access capital, technology, and markets; it contributes to the solution of important structural unbalances, in keeping with the social and economic development.

The fiscal policy fulfills an important function in the distribution of wealth, ensuring inputs to the State budget, that will be used to back up public expenditure at planned levels, and to keep an adequate financial balance, as a way of contributing to the stability of a currency's purchasing power.

In turn, Del Toro, (2019) said that, nationally, the Cuban accounting standards have been characterized by:

- The elimination of possible rigidity, which allows for total adaptability to the specific conditions of an entity.
- Proper communication with foreign partners, adopting similar terminology to the most commonly implemented accounting practices in the continent.
- To remove the excess of protection in terms of accounting records, and to offer accounting professionals the possibility to analyze and decide on the true economic nature of every fact of business life, and about the ways to achieve more rational recording, based on a set of basic instruments, and observation of generally accepted accounting principles.
- To ensure that the State meets its minimum needs of information for branch and national additions, as well as for fiscal interests. (p.15)

The Committee of Cuban Accounting Standards (CNCC, in Spanish) was created to achieve international insertion, as an advisory body of the Minister of Finances and Prices, who is in charge of counseling for standardization, harmonization, implementation and evaluation of accounting practice. Thus, the international standardization process begins to gain relevance in the Cuban context.

As a result of the above, CNCC issues NCIF defined as "(...) a set of Cuban Accounting Standards, interpretations, and other instruments that facilitate accounting records" (Del Toro, 2019, p. 17).

NCIF are structured as follows:

a) General standards (NCC): the result of harmonization with an international standard. NCC have the following methodological structure: objective, scope, definitions, content of financial reporting from the standard itself, disclosure, and harmonization.
b) Specific standards (NEC): they are the results of standardizing a fact that is not dealt with in the international standard.
c) Accounting interpretations: technical documents issued by CNCC to set a position that responds to a conceptual frame.
d) Accounting procedures: to exemplify and facilitate operation records.
e) Nomenclatures and classifiers: to ensure homogeneity in information processing.

All that is manifested in the conceptualization of the Cuban social and economic model of socialist development, approved in the Seventh Congress of the Communist Party (2016a), where the legal and economic interests of a country are expressed. However, after several years of NCC implementation, a group of deficiencies have been observed in the business sector, between the conceptual frame in the resolution, and some standards that affect the accounting records, including the following:

- Within the conceptual frame of NCC, between the measurement bases, the reasonable value is not included, which is mentioned in NCC (7-10).
- The following shortcomings are present in NCC 1 Presentation of financial balances.
  - NCC on financial instruments is mentioned: Presentation and disclosure statement, which is not made yet.
  - The concept of financial instruments maintained for trading is not defined.
  - No methodological indications to determine the profits from financial instruments maintained for trading.
  - It makes reference to financial assets and liabilities, but there is no definition of these concepts.
  - The concept of financial liabilities maintained for business deals is not defined.
  - Reference is made of NCC on financial instruments. Recognition and assessment, which have not been made.
  - The conceptual rationale and methodology of the sum of dividends, whose distribution to holders of financial instruments of net equity agreed during the test,

has not been dealt with.

- Insufficiencies observed in NCC 4 Accounting policies, changes in accounting estimations, and errors. The classification of financial assets is not formalized in the current standard.
- Account nomenclature in the business sector. There are no accounts that consider the classification of financial assets and liabilities, in keeping with the current standards.

The above mentioned aspects have been considered by the authors for inclusion in the design of the procedure described below.

Part 3. A methodological procedure for harmonizing financial instruments within the context of the Cuban Economy

The previously mentioned theoretical elements, and the results of master and doctorate thesis research advised by the authors of this paper, allow for the creation of a procedure to enable the harmonization of financial instruments in the context of the Cuban economy, as a response to the need to have NCC on financial instruments used as sources of funding to promote stronger business management.

The procedure is structured in three stages, each of them having two steps. In the first stage, the organization and analysis of information on the precept of international standards about financial instruments, and NIC/NIIF are evaluated according to financial instruments in the accounting process. The second stage is used for harmonizing financial instruments; evaluation about the correspondence of NIC/NIIF on financial instruments and the summary of assessment and presentation standards, is made. That besides harmonizing, according to the context of the Cuban economy.

The third stage conceives the feasibility of the NCC proposal on financial instruments, and their strategy for training. Initially, feasibility is analyzed through expert opinion at the CNCC, then the NCC strategy for training is defined, according to financial instruments, for their contribution to the business, banking, and academic sectors.

The descriptor designed by Gil (2011) was used in this research; it comprises five items a) objective, b) techniques to be used, c) information requested, d) methodological guidelines, and e) output. They provide logical organization and understanding of each step.

Below is the methodological procedure that uses methods and techniques normally applied in scientific research.

Stage I Organization and analysis of information on the precepts of international standards of financial instruments

Step 1. NIC/NIIF on financial instruments, according to the stages of the accounting process

a) Objective: To evaluate NIC/NIIF on financial instruments regarding the standard content, and the national legal scenario.
b) Techniques used: Document review and logical analysis.
c) Information requested: International accounting and financial reporting standards to select NIC/NIIF on financial instruments.
d) Methodological guidelines: To review NIC/NIIF on financial instruments, according to the stage of the accounting process. To consider the last adjustment of the standards evaluated. To show all the NIC/NIIF on financial instruments in the format shown in Table 1.

Table 1. Interrelated standards

Reference and title of NIC/NIIF on financial instruments (1)					
Interrelated NIC/NIIF (2)	Paragraphs (3)	Date of modification (4)	NCC (5)	Paragraphs (6)	Observations (7)

Source: Made by the authors.

The NIC/NIIF mentioned are shown in the rows of the table, in the standard on financial instruments (2), and in every paragraph (3), where they are written, as well as in the date of modification (4). A cross reference with the current NCC (5) number will be established, specifying the paragraph (6). In the observations (7), the own specifications of the national context will be mentioned, accordingly.

e) Output: NIC/NIIF on financial instruments regarding the standard content, and the national legal scenario.

Step 2. Structure of the Cuban accounting standard on financial instruments

a) Objective: To adjust the structure of NIC/NIIF on financial instruments, to the NCC format.
b) Techniques used: Document review and logical analysis.
c) Information requested: NIC/NIIF on financial instruments, according to the stages of the accounting process, and the NCC format.
d) Methodological guidelines: To match the number and content of each NIC/NIIF paragraph on financial instruments selected, using the NCC format.
e) Output: NIC/NIIF on financial instruments adjusted to the NCC format.

Stage II. Process of financial instruments harmonization

Step 1. Evaluation of the summary on assessment and presentation standards.

a) Objective: To evaluate the correspondence of NIC/NIIF on financial instruments, and the summary of assessment and presentation standards.
b) Techniques used: Document review and logical analysis.
c) Information requested: NIC/NIIF on financial instruments adjusted to the NCC format, and the summary of assessment and presentation standards, according to the Resolution of the Ministry of Finances and Prices (2005).
d) Methodological guidelines: The NIC/NIIF paragraphs are matched to the summary of assessment and presentation standards, as follows: If the result of the comparison is homogeneous, the content is assumed as valid. If the result of comparison is contradictory, the NCC content will prevail over the summary of assessment and presentation. If there is a high level of generalization in several elements of financial balances, an explanation of the modification of the summary of the assessment and presentation standard is suggested. It will be shown in observations of the explanation of the results of the previously mentioned matching.
e) Output: Correspondence of NIC/NIIF on financial instruments with the summary on assessment and presentation standards.

Step 2. Harmonizing financial instruments depending on the context of the Cuban economy.

a) Objective: To harmonize NIC/NIIF on financial instruments for the proposal of NCC.

b) Techniques used: Document review and logical analysis.

c) Information requested: Adjusted NIC/NIIF financial instruments to the NCC format; their correspondence in terms of summary of assessing and presentation standards, and particularities of the context of the Cuban economy for harmonizing financial instruments.

d) Methodological guidelines: The NCC content can be obtained through detailed analysis of each paragraph of NIC/NIIF on financial instruments, considering the following elements: If the content of the paragraph analyzed corresponds to some elements in the table of related standards, the harmonization level should be evaluated to edit the content of that NCC paragraph. If the content contradicts the interests of the legal and economic scenario of the country, the paragraph is deleted. If the content fits the particularities of the context of the Cuban economy, adjusted harmonization is evaluated. To analyze the criterion of correspondence with the summary of the assessment and presentation standard. The redaction is made in present tense, using a professional and clear language that expresses the culture of the country, and can be applicable.

e) Output: NCC proposal on financial instruments to the CNCC.

Stage III. Viability of the NCC proposal on financial instruments, and training strategy

Step 1. Feasibility of the NCC proposal on financial instruments

a) Objective: To analyze the feasibility of the NCC proposal on financial instruments.

b) Techniques used: Expert opinion, Kendall and Friedman.

c) Information requested: NCC proposal on financial instruments to the CNCC.

d) Methodological guidelines: According to Del Toro (2018, p. 52): “The documents generated during this process should be subjected to an analysis of feasibility, and analysis of satisfaction resulting from implementation” (...). Hence, the procedure designed by this author was assumed for the analysis of feasibility of the accounting standards in Cuba.

- Design of the validation survey: The objective of this aspect is to verify that the proposal made by this researcher complies with elements introduced in the scope, content, and relevant elements, and be expressed professionally for better understanding of users and applicability. To achieve that, the following variables are used: objectivity, adjusted to the expected scope; materiality, the relevant elements are defined; specificity, the particularities of the economic performance are determined; simplicity, made using a professional, easy to understand language by users; applicability, practical application is feasible.

These variables should be evaluated through a Likert scale with response choices: very suitable, suitable, partly suitable, little suitable, and unsuitable.

- Selection of the optimum number for the sample (Table 2).
-

Table 2. Optimum number of specialists

Number of experts selected	Mistaken decision as a result of evaluation of research (%)
10	10
15	5
20	2.5
30	1

Source: Dalkay & Helmers (1963

The optimum value of specialists to be used, between 15 and 30, to obtain error below five percent.

- Expert selection: Upon feasibility analysis, expert selection can rely on the views of Campistrous and Rizo (2006), which is summarized in the level of expertise of the specialists selected within the work system, the theoretical mastery of the aim of this research, and their participation within the context of this study, years of experience in the profession in the same position, technical knowledge, and the possibility to express opinions in relation to the research field.

  It is assumed that an expert with theoretical mastery of the aim, but no knowledge of the real situation of the scenery or place where the study takes place, should not be included. From that viewpoint, it is thought that there is a possibility to broaden expert opinion, from one in which the essential argument for selection is, apart from knowing the rationale, if the person has lived, sensed or experienced the situation for analysis.

Survey processing: The results from the application of the survey can be collected using a statistical software that allows for determination of descriptive statigraphs per variable. Assessment of how the aspects included in the proposal of technical document ensure coherence, is recommendable; also if the integrating parts are properly interrelated. Hence, the Kendall concordance coefficient can be determined to learn if there is consensus among experts, and the Friedman test, and then assess if the agreement is not insouciant.

- Evaluation of results: To ensure that the technical document proposal is feasible, the results must comply with the following elements: All the analysis variables must have equal to or higher mean values than the suitable range of the survey. To demonstrate the existence of expert consensus in relation to Kendall concordance coefficient. To prove that this consensus is not insouciant, through the Friedman test value.

e) Output: The NCC proposal on financial instruments, according to the feasibility analysis.

Step 2. NCC training strategy on financial instruments

a) Objective: To contribute to NCC training on financial instruments.

b) Techniques used:

b) Requested information: the results of research done by the authors of this paper, and the NCC proposal on financial instruments.

d) Methodological guidelines: The research outcome presented by the authors of this paper, who identified the accounting staff training needs, and the theoretical-methodological content referred in NCC on financial instruments, are the premises to submit the training strategy to the CNCC. Hence, the proposal of Morales (2014) for this research is assumed and adjusted. The structure is the following:

- Objectives: To contribute to the mastery of NCC on financial instruments in the academic, business, and banking sectors. To develop skills in accounting and finance professionals, in relation to the utilization of funds to develop a country's infrastructure. To contribute with good practical experiences on the utilization of financial instruments, and their interpretation in financial balances.

- Recommended training forms: Self-training, seminars including presentations, as part of the knowledge system. Courses in coordination with the National Association of Cuban Economists and Accountants (ANEC in Spanish), and universities, to guarantee training and assessment of knowledge. To incorporate the system of knowledge of NCC on financial instruments to post-graduate courses delivered at the Academic and Post-graduate Education Centers in ANEC, and the universities. To improve the knowledge system of cadre training actions. Skill-acquisition workshops. Other modalities considered necessary.
- Knowledge system proposed to executives, accounting and finance specialists in the banking and business sectors: Evolution of international standards on financial reporting. Main NCIF characteristics. Main theoretical elements on financial instruments. Requirements of accounting standards on financial instruments: Recognition, measurement, presentation and statement for disclosure.
- Knowledge system suggested for mid and higher level professors: Evolution of international standards on financial reporting. Main NCIF characteristics. Main theoretical elements on financial instruments. Financial instruments as sources for funding priority sectors. Requirements of accounting standards on financial instruments: Recognition, measurement, presentation and disclosure statement. Financial services of banks related to financial instruments.

e) Output: Contribute to NCC training on financial instruments.

CONCLUSIONS

A theoretical approach on financial instruments accounting was laid out, by interpreting the combination of qualitative characteristics of the conceptual frame, together with the stages of the accounting process that comprise recognition, measurement, presentation, and disclosure.

Consequently, the rationale established by Del Toro (2019) on necessary harmonization, by providing grounds about the particularities of the Cuban economy to be included in the national standard content, considering the precepts of international standards, and the interests of the legal and economic interests of the country, is assumed.

A procedure was designed for harmonizing financial instruments in the Cuban context, in which each step includes a descriptor of five elements: objective, techniques, requested information, methodological guidelines, and output, for implementation. It responds to the needs to establish a Cuban standard (NCC) for financial instruments accounting.

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Conflicts of interest and conflict of ethics statement

The authors declare that this manuscript is original, and it has not been submitted to another journal. The authors are responsible for the contents of this article, adding that it contains no plagiarism, conflicts of interest or conflicts of ethics.

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