



IMPACT OF IMPLEMENTING INTERNATIONAL FINANCIAL REPORTING STANDARDS IN JOINT STOCK COMPANIES ON THE NATIONAL ECONOMY

Assoc. prof. **Imamova Nasiba Muzafarovna**
Tashkent State University of Economics
ORCID: 0009-0004-1970-1349
imamova2014@inbox.ru

Abstract. Today, two benchmarks - International Financial Reporting Standards - IFRS (International Financial Reporting Standards - IFRS) and the generally accepted accounting rules of the USA - BHUQ (Generally Accepted Accounting Principles - GAAP) are recognized as the standard of accounting. According to the analysis, there is almost no accountant in the world who is not aware of MHXS. Also, the number of countries that recognize international standards is increasing day by day. Also, the number of countries that recognize international standards is increasing day by day. It serves as an important tool in mutual cooperation between the countries of the world, including in the development of economic relations, especially in improving the investment environment. This article covers a number of aspects such as MHSS, international experience, and its use in the countries of the world.

Key words: international standards of financial reporting - IFRS, reporting, accounting, investment, transformation, interpretation.

MOLIYAVIY HISOBOTNING XALQARO STANDARTLARINI AKSIYADORLIK JAMIYATLARDA JORIY QILINISHINING MAMLUKAT IQTISODIYOTIGA TA'SIRI

Dots. **Imamova Nasiba Muzafarovna**
Toshkent davlat iqtisodiyot universiteti

Annotatsiya. Bugungi kunda buxgalteriya hisobining xalqaro standarti sifatida ikkita etalon – Moliyaviy hisobotning xalqaro standartlari - MHXS (International Financial Reporting Standards - IFRS) hamda AQSHning Buxgalteriya hisobining umumqabul qilingan qoidalari - BHUQ (Generally Accepted Accounting Principles - GAAP) tan olinmoqda. Tahlillarga ko'ra, jahonda MHXS haqida xabardor bo'lmagan buxgalter deyarli yo'q. Shuningdek, dunyo miqyosida kun sayin xalqaro standartlarni e'tirof etuvchi mamlakatlar soni oshib bormoqda. U dunyo mamlakatlari o'rtasida o'zaro hamkorlikda, jumladan iqtisodiy munosabatlarni rivojlantirishda, ayniqsa, investitsiya muhitini yaxshilashda muhim vosita bo'lib xizmat qilmoqda. Mazkur maqolada MHXS, xalqaro tajriba, dunyo mamlakatlarida qo'llanilishi kabi bir qator jihatlar yoritib o'tilgan.

Kalit so'zlar: moliyaviy hisobotning xalqaro standartlari – MHXS, hisobot, buxgalteriya hisobi, investitsiya, transformatsiya, interpretatsiya

ВЛИЯНИЕ ВНЕДРЕНИЯ МЕЖДУНАРОДНЫХ СТАНДАРТОВ ФИНАНСОВОЙ ОТЧЕТНОСТИ В АКЦИОНЕРНЫХ ОБЩЕСТВАХ НА ЭКОНОМИКУ СТРАНЫ

Доц. **Имамова Насиба Музафаровна**

Ташкентский государственный экономический университет

Аннотация. На сегодняшний день в качестве стандарта бухгалтерского учета признаны два эталона – Международные стандарты финансовой отчетности – МСФО (Международные стандарты финансовой отчетности – IFRS) и общепринятые правила бухгалтерского учета США – ВНУО (Общепринятые принципы бухгалтерского учета – GAAP). Согласно анализам, в мире практически нет бухгалтера, не знакомого с МСФО. Также день ото дня увеличивается количество стран, признающих международные стандарты. МСФО служит важным инструментом во взаимном сотрудничестве стран мира, в том числе в развитии экономических отношений, особенно в улучшении инвестиционного климата. В данной статье рассматривается ряд аспектов, таких как МСФО, международный опыт и его использование в странах мира.

Ключевые слова: международные стандарты финансовой отчетности - МСФО, отчетность, бухгалтерский учет, инвестиции, трансформация, интерпретация

Introduction.

The reforms being implemented in our country, in particular, the increasing flow of investments to the world capital market is considered a favourable factor. It should be noted that business entities with the participation of foreign investments have been established and are successfully operating in the leading sectors and branches of the national economy in the Republic of Uzbekistan. In the last five years, the volume of foreign investments has increased 3 times. As a result, hundreds of enterprises have been launched, production volumes have increased, and new jobs have been created. When entering the world capital market and attracting foreign investors, preparing reports based on international financial reporting standards is becoming a vital necessity. It is known that the international financial reporting standards (IFRS) have been considered as the basic tool in the implementation of reforms in the accounting system of the Republic of Uzbekistan in recent years.

Introduction of international financial reporting standards in business entities in any country results in the improvement of focus areas for attracting foreign investors and creation of a convenient accounting system. In addition, transparency and objectivity of the information in the reports will be achieved, and it will help solve the issue of investing in the development of the entity's performance by investors and banks. The modern accounting system developed on the basis of the international financial accounting principles enables companies to manage their activities in compliance with the market economy requirements.

Moreover, implementation of international financial reporting standards enables to improve the management system of economic entities, to inform users of internal and external information about the financial status of the enterprise, as well as to enhance competitiveness of the company through the use of uniform methods of accounting. It is known that accounting is considered the "language of business" because economic entities have economic relations with each other, they must be aware of the financial situation of their partners. With the aim of investigating and analyzing its financial situation it is required to understand its financial documents. In other words, it is necessary to prepare financial statements based on the same principles and rules of cooperation entities that do not contradict each other. International financial reporting standards determine general rules that make financial reporting consistent, transparent and comparable around the world.

Literature review.

Studying the experience of European countries on the implementation of the IFRS and a systematic approach to the problems in this process are crucially important issues during the transition to the process of accounting and financial reporting in compliance with the IFRS in business entities operating in Uzbekistan. According to the level of implementing the international financial reporting standards in the countries of the world, the countries that have directly adopted them through special regulations are a number of European countries, the countries that have adjusted their national standards in compliance with the international financial reporting standards are the United States of America, Japan. Furthermore, China, Estonia, and Latvia are among the countries that have strictly implemented the IFRS in their companies participating in international exchanges. Another advantage of maintaining a modern accounting system in reliance upon the international financial reporting standards is that it enables business entities to make efficient management decisions in the internal management accounting system. In many world countries during the compilation process, financial statements are being prepared on the IFRS basis (Djumanov, 2019).

According to Tashnazarov (2019), one of the economists of our country, it is the most urgent issue for all countries to harmonize accounting and reporting with the requirements of international standards, to achieve global harmonization of financial reporting on this basis, and to effectively use the advanced practices at the national level.

Foreign scholars Jessica Yang, Nada Kakabadze and Dmytro Lazovsky (2013) have come to the conclusion that the main purpose of international financial reporting standards is to attract foreign investment to the economies of developed and developing countries.

Another scholar-economist stated that adoption of international financial reporting standards is related to the increased need for reliability and comparability of financial reports in the countries of the world (Auwalu Musa, 2019). According to L.V. Gusarova, the data on the company that prepares the reporting in reliance upon the IFRS is sufficient for a potential investor to understand and assess the risks associated with financing. Thus, the use of international financial reporting standards in the preparation of financial statements by an economic entity enables to increase their competitiveness in the process of searching for sources of financing (Gusarova, 2012). In the opinion of N.V. Malinovskaya, the significance of the IFRS is that it is appropriate to create financial reports that are easy for all users to understand in all countries of the world in order to develop integration relations in the conditions of the market economy (Malinovskaya, 2011).

Analysis and discussion.

The main goal of shifting to the international standards is to enter the international market and attract investments. Moreover, international standards make an important contribution to the qualitative development of the national economy. In this process, a favorable investment environment, openness of companies' activities, accountability of management to shareholders, as well as introduction of the advanced methods of corporate management make an essential contribution to the development of joint-stock companies (Avlokulov, 2017). From the point of view of another scholar-economist, adoption of international financial reporting standards is related to the increased need for reliability and comparability of financial reports in the countries of the world (Auwalu Musa, 2019). International Financial Reporting Standards (IFRS) is not just a set of rules that complicate the work of practicing accountants, but is logically based on the simple principles of the accounting system, which aim is to provide true and reliable financial information about the company's activities in financial reports (Karimov, Ibragimov and other, 2021). In 2022-2026, the issues of rapid development, diversification and quality improvement of

real sector enterprises have been determined in the Development Strategy of New Uzbekistan¹⁹. This requires that the accounting system, which formulates reliable information about them, be aligned with international standards. Moreover, it shows that it is important to further develop the activities of economic sectors of our republic, in particular, joint-stock companies, and to attract investments, to raise the level of the population employment in reliance upon creation of new jobs in the sectors, and to organize financial accounts and reports in them according to the requirements of international standards.

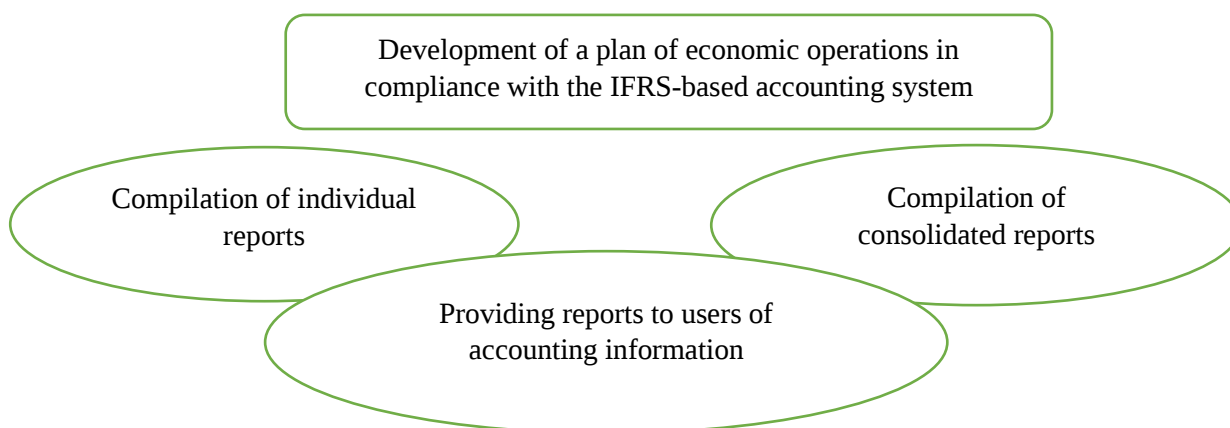


Chart 1. Sequence of the processes of adjusting the accounting and reporting system of Uzbekistan in compliance with the IFRS²⁰

The transition to the international financial reporting standards on a global scale will be beneficial for all business entities, especially investors, who can analyze the reports and determine which companies or activities to invest in. The goal of shifting to international financial reporting standards is to provide foreign investors with accurate and reliable information when making decisions on financing. The structure of financial reports based on the requirements of international standards serves the accuracy and reliability of information. The transition to international financial reporting standards is one of the measures aimed at enhancing the country's investment attractiveness.

The process of introducing international financial reporting standards can be conditionally divided into 4 stages:

1. Development of the accounting policy as an initial stage;
2. Creation of an accounting based on the international financial reporting standards as the implementation stage;
3. Preparation of financial reporting forms - formation of financial reporting stage;
4. The stage after the preparation of the financial report-transformation processes.

As a result of practical implementation of the process of introducing the international financial reporting standards, conditionally divided into 4 stages, the accounting procedure according to the IFRS will be further improved.

2) We demonstrate the following comparative description of the reporting forms according to the IFRS and national standards.

¹⁹ Decree of the President of the Republic of Uzbekistan PD-60 "On the Development Strategy of New Uzbekistan for 2022-2026 dated January 28, 2022, www.lex.uz

²⁰ Developed by the author in reliance upon the data used.

Table 1

**Comparative description of the reporting forms according to the IFRS
and national standards²¹**

No	Report name ²²	Form of the national report ²³
1	Statement of financial position	Accounting balance
2	Statement of Profit or Loss	Report on financial results
3	Cash flow statement	Cash flow statement
4	Statement on changes on equity	Equity statement

A complete set of international financial reporting consists of the following components:

- a) statement of financial position;
- b) statement of profit or loss and other comprehensive income;
- c) statement of changes in equity;
- d) statement of Cash Flows;
- e) accounting policies and comments, that is, disclosures to the report (explanations);
- f) a statement of financial position at the beginning of the most recent comparable period, if

the entity applies accounting policies retrospectively or retrospectively recalculates items in its financial statements or reclassifies items in its financial statements.

Currently two benchmarks - International Financial Reporting Standards - IFRS (International Financial Reporting Standards) and US Generally Accepted Accounting Principles (GAAP) are recognized and admitted as the accounting standards.

Another important aspect in the transition to international financial reporting standards is transformation of financial reporting in joint-stock companies of the Republic of Uzbekistan. Financial reporting transformation is the process of preparing financial reports in accordance with the National Accounting System by making corrections to the report items in compliance with the rules of the national accounting system. However, this process requires specific rules and regulations.

Adjusting in compliance with the IFRS can be convenient, but requires skilled professionals. Another way is to implement the procedure of accounting and financial reporting in parallel with the National Accounting Standards. The second way is relatively simpler, but requires a lot of work. One of the significant issues in the transition to international financial reporting standards is creation of the IFRS-based accounting policy. Researches demonstrate that there is almost no accountant in the world who is not aware of the IFRS.

The necessity of using the IFRS is determined by the following factors:

- investors and shareholders in different countries will have the opportunity to better analyze the financial statements of potential companies based on the same principles, i.e. comparability;
- in various countries, it is more appropriate to prepare a single financial report that is recognized for all of them, rather than a financial report prepared based on the standards of that country for different stock exchanges. As a result, reporting costs are reduced and fund raising opportunities are expanded (Tashnazarov, 2016).

Investigating the experience of European countries on the implementation of the IFRS and a systematic approach to the problems in this process are essential issues during the transition to the process of accounting and financial reporting in compliance with the IFRS in joint stock companies operating in our country. In reliance upon this aspect, we have determined the following focus areas as the main objectives for business entities in the process of transition to international financial reporting standards:

²¹ Developed by the author.

²² IAS 1-“Presentation of Financial Statements”. www.iasplus.com

²³ “Rules for filling out financial reporting forms” approved by Appendix No. 7 to Order No. 140 of December 27, 2002 of the Minister of Finance of the Republic of Uzbekistan. www.lex.uz

- working out the system of accounting and financial reporting standards that provide transparent information to users of financial reporting information, first of all, to investors;
- ensuring coherence with the main trends of the international accounting system in the management of the accounting system in economic entities;
- developing the methodical procedures using efficient aspects of international accounting models.

There are several stages of the process of preparing reports based on international financial reporting standards, and we have divided them into the following groups.

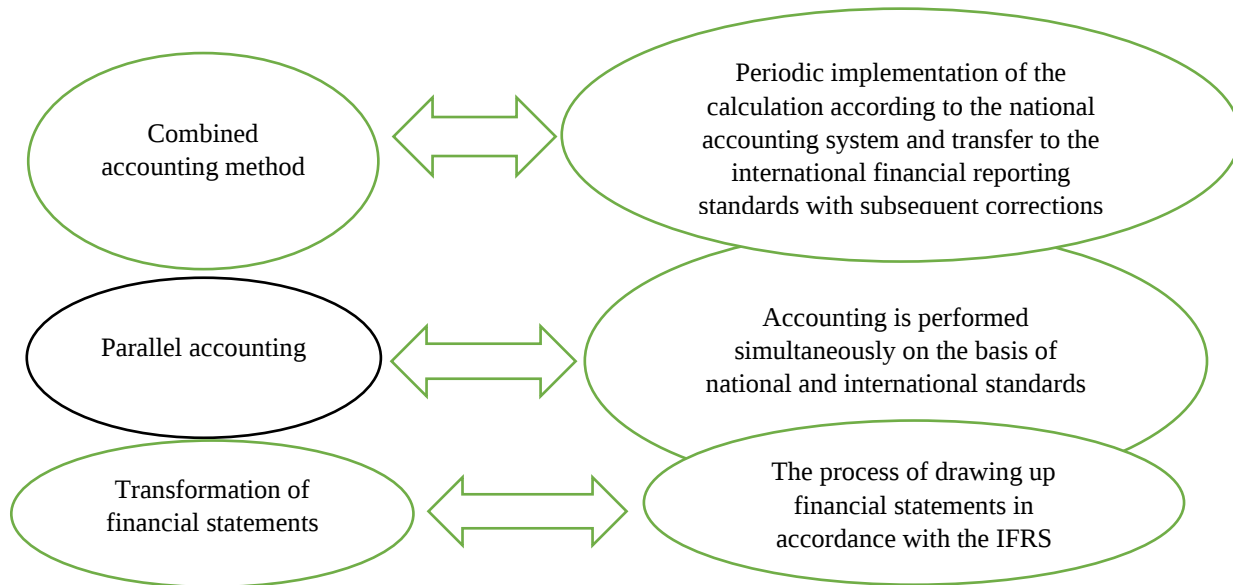


Figure 1. Methods of preparing reports in reliance upon international financial reporting standards in joint-stock companies²⁴

As it is obvious, each process has its own peculiarities which we are considering. In the process of our research, we have studied several definitions given by experts. In particular, according to Bagopolsky (2009), transformation is a process that is performed on the date of preparation of reports and includes corrections based on the principles of recognition, measurement and disclosure of financial reporting indicators compiled in accordance with the national accounting system.

Conclusions.

In our opinion, financial reporting transformation is the process of preparing financial reports in compliance with the National Accounting System by making corrections to the reporting items in accordance with the rules of the national accounting system.

Advantages of the transformation method in joint-stock companies:

- compared to parallel accounting, it is a low-cost and economical accounting system;
- time is economized while performing accounting;
- accounting procedure is much simpler than parallel accounting, if an accurate procedure is developed once, there will be no difficulties in data processing, data reliability can be achieved;
- efficiency of this method directly depends on the established procedure, model, method and professional knowledge of the employee;
- visibility of correction records, i.e. the ability to make a clear conclusion on differences;

²⁴ Developed by the author in reliance upon the data used.

- it is possible to improve the system every year, find more effective methods and eliminate existing shortcomings, as a result, in a few years, it will be possible to create a perfect system suitable for this company, and it can be considered know-how.

One of the most significant advantages of international financial reporting standards in joint-stock companies is that due to the fact that reports are harmonized, investors do not spend time and money on processing and correcting them in order to understand them. Reports prepared on the IFRS basis reduce costs for investors. In addition, due to the transparency and comprehensibility of information, they rarely make mistakes in the selection of shares. On the one hand, the price of shares increases, on the other hand, attractiveness of new investments in companies with the government share enhances as well.

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