

PROSPECTS FOR THE APPLICATION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS IN THE PRACTICE OF UZBEKISTAN

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Abstract. This article describes the essence of international financial reporting standards and the goals of their application. As a result of the research, recommendations were developed for the introduction of international financial reporting standards into the practice of our country.

Keywords: financial reporting, international financial reporting standards, national accounting standards, convergence.

INTRODUCTION

Today, globalization processes are deepening in the world economy, which requires the integration of national economies into the international market. From this point of view, the introduction of international financial reporting standards (IFRS) is of great importance for each country in ensuring economic openness, investment attractiveness and financial stability. In recent years, Uzbekistan has also been implementing a policy of reforming the financial system and bringing the economy closer to international standards by introducing modern accounting and reporting systems. The introduction of IFRS will serve to harmonize national accounting practices with international experience and ensure the accuracy and transparency of financial information.

LITERATURE REVIEW

Different opinions have been expressed by economists regarding the importance of applying international financial reporting standards. In particular, Nadia Albu and Catalin Nicolae Albu said that: “International Financial Reporting Standards (IFRS) are a reference point for the modernisation of accounting models in emerging economies” [1].

According to Ramzi Benkraiem, Itidel Bensaad and Faten Lakhal “The regulation of international accounting via IFRS was intended to improve the transparency and comparability of financial statements and to help investors obtain high quality information compared to other domestic accounting systems” [2].

Tabarak Ayad Jasim and Mohammed Abdullah Ibrahim said that “accounting standards and financial reporting standards include a set of specific principles and procedures for the basics of accounting practice to be followed in measurement, presentation, and disclosure to improve the transparency and quality of financial reports” [3].

The following points were made in the study conducted by A. Musa: “International Financial Reporting Standards help investors understand available investment opportunities and attract cheaper resources, unlike financial statements prepared based on various national accounting standards” [4].

Another group of economists conducted research on this topic and came to the following conclusion: “economies, investors, and creditors rely on the free flow of capital and investments across different countries. International Financial Reporting Standards (IFRS) have become the global language by which investors from across more than 165 countries make judgments regarding cross-border investments” [5].

According to Italian economists, “financial statements prepared according to international standards play an important role in increasing investor confidence by providing accurate and reliable information about a company's financial position” [6].

The above-mentioned studies mainly focused on the importance of IFRS. However, the issues of developing and improving national standards based on the requirements of international standards have not been fully studied.

ANALYSIS AND RESULTS

International Financial Reporting Standards (IFRS) play an important role in forming a single information space of the world economy. Their main task is to ensure the transparency, comparability and reliability of financial information provided by companies from different countries of the world.

Currently, there are four main forms of application of international financial reporting standards in international practice:

1. Full implementation of IFRS as a national standard - for example, in the UAE, Australia, Great Britain, Germany, Hong Kong, Italy and other countries.
2. Mandatory application of IFRS for certain open joint-stock companies - for example, in Belarus, Canada, Israel, the Russian Federation and others.
3. Voluntary application of IFRS instead of national standards - for example, in India, Japan, the Netherlands and others.
4. Application of IFRS instead of national standards is prohibited - in Indonesia, Malaysia, Taiwan, the USA and similar countries.

At the current stage of implementing IFRS at the national level, the following main approaches are being used:

- directly adopting IFRS as a national standard;
- implementing work to recognize national standards as equivalent to IFRS;
- convergence of national standards with IFRS, i.e. approximation;
- by developing new national standards and adapting them to IFRS requirements;
- granting certain companies the right to apply IFRS.

The main goal of reforming the accounting and reporting system in the Republic of Uzbekistan is to adapt the national accounting system to the requirements of a market economy and international financial reporting standards.

Thus, the process of adaptation to IFRS in the Republic of Uzbekistan and other countries is aimed at strengthening the transparency of the national accounting system, the attractiveness of the investment environment, and international economic cooperation.

The Resolution of the President of the Republic of Uzbekistan No. PD-4611 dated February 24, 2020 "On additional measures for the transition to international financial reporting standards" brought the reforms to be implemented in this area to a new stage. In addition, a new systemic reform began with the Resolution of the President of the Republic of Uzbekistan No. PD-282 dated September 15, 2025 "On measures to improve the financial accounting system in accordance with international requirements and standards". In particular, according to this resolution, the category of public organizations was clarified and it was determined that these entities should submit financial statements based on the requirements of IFRS.

One of the next promising directions for the full adaptation of the accounting system of our republic to IFRS is the development of a single conceptual model for the formation of national financial statements. This model should be based on the principle of eliminating differences between the basic accounting principles in national and international accounting systems.

In order to further develop the national accounting system, it is necessary to develop and approve the following IFRS:

- IFRS "Investment property";
- IFRS "Revenue from contracts with customers".

IFRS “Non-current assets held for sale and discontinued operations”;

IFRS “Revenue from contracts with customers”.

In the context of introducing IFRS into the practice of Uzbekistan, one of the most urgent tasks is to develop methodological guidelines and explanations for accounting staff, that is, to identify and resolve complex issues in the application of IFRS.

The main tasks of reforming the national accounting and reporting system are:

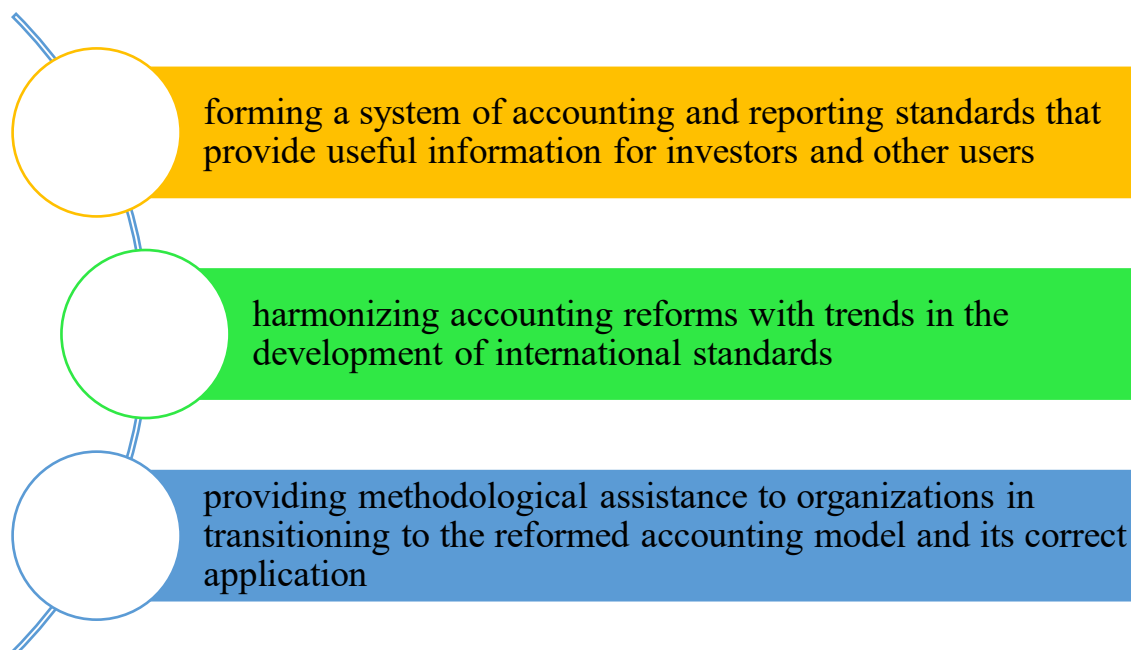


Figure 1. The main tasks of reforming the system of national accounting and reporting¹

In the current economic environment, it is important to increase the transparency and investment attractiveness of the economy. One of the most important factors for this is the improvement of the accounting and reporting system based on IFRS.

In short, the integration of IFRS into the national practice will ensure the reliability of financial information at the international level in our country and increase the country's competitiveness in the global investment market.

CONCLUSION

1. In the current era of deepening globalization and international economic integration, the reliability and transparency of financial information have become one of the most important factors determining the economic potential of each country. All companies and investors participating in the international business environment require the preparation of financial statements according to uniform standards.

2. International Financial Reporting Standards are a system of generally accepted international rules for financial accounting and reporting, the main purpose of which is to present financial information in a comparable, understandable and reliable form.

3. International Financial Reporting Standards are a key component of modern economic relations. They serve the sustainable development of the country by ensuring the accuracy of financial information, facilitating economic analysis and expanding international investment flows.

¹ Made by author

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