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## Issues of Compliance of Financial Statements with International Standards

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*Annotation: This article discusses the methodological foundations, stages and main directions of the process of adapting financial reporting in the economy of Uzbekistan to international standards. The international experience in this area was studied and the necessary proposals and recommendations were made*

*Keywords: International Financial Reporting Standards, Biological Assets, Investment Real Estate, Transformation, Financial Reporting Modernization.*

### **1. INTRODUCTION**

Special attention is paid to the field of accounting and auditing in the country, and a number of positive things have been done in recent years. In particular, on September 19, 2018, the Decree of the President of the Republic of Uzbekistan No. PQ-3946 "On measures to further develop auditing in the Republic of Uzbekistan" was adopted. In addition, the Resolution of the President of the Republic of Uzbekistan dated February 24, 2020 No. PP-4611 "On additional measures for the transition to international financial reporting standards" was adopted.

The main purpose of this decision is to provide foreign investors with the necessary information environment, increase investment attractiveness and expand access to international financial markets by accelerating the transition of the country's economy to the International Financial Reporting Standards (IFRS), which are widely used in developed countries. , improving the system of training specialists in the field of accounting and auditing in accordance with international standards.

According to the decision, joint-stock companies, commercial banks, insurance organizations and legal entities included in the category of large taxpayers from January 1, 2021, accounting will be conducted on the basis of IFRS established.

State Assets Management Agency of the Republic of Uzbekistan 2020 from state - owned companies and state - owned enterprises Maintain accounting and prepare financial statements in accordance with IFRS The transition schedule is approved annually and published on the official website by June 1 to be done supply setting put



At present, enterprises in our country financial reports preparation in accordance with International Financial Reporting Standards (IFRS) and provided to do needs appear is happening.

### **Level of study of the topic.**

Financial report, internal and external (owners, investors, customers , mol delivery suppliers , creditors , state bodies and wide the public ) subjects with to be in a relationship business of important is a tool .

If enterprise accounting reports in preparation international standards are not followed, this some inconsistencies quoting release possible. That's it because, such inconsistencies to the surface failure for financial reports unique international standards Demand available.

The future foreign investor Uzbekistan organizations prepared by reports does not understand, therefore for numbers right aks pushed does not believe. Financial reports To MHHS translation to do audit transfer very much difficult, a lot time and expensive fall possible.

Uzbekistan Republic Presidents Shavkat Mirziyoyev 2020 year 24 in February PQ-4611 “Financial of the report international standards transition on On Additional Measures ”, Joint Stock Companies, Commerce banks, insurance organizations and large tax payers category unwanted financial activities of legal entities. From 2021 from account think and 2021-year outcome from financial report preparation only MHXS based on instead is increased. [1]

Financial of the report theoretical and methodological the basics improvement on take visited scientific research as a result series scientific results obtained. Financial of the report international standards (IFRS) and the development of interpretations of them financial report compose and provided to do rules functional out In the world financial of the report theoretical organizational and methodological the basics improvement on following ustuvor directions research take in progress: evolving coming countries, transition to, apply or apply to International Financial Reporting Standards coordination; financial report harmonization, transparent financial report formation and financial report compilation methodological issues; MHXS on financial report create, different kind of national currency countries international financial to report transformation, consolidation and corporate financial report improvement; companies bankruptcy in advance eliminate reach and stable economic to grow achieve in order to financial of the report usefulness, reliability and ways to increase information flow; accounting risks financial of the report quality and accounting reports information formation effect determination methodology improvement

Foreign economist R.Libbi [4], R.Hermanson [3], R. Anthony [2], B.Nidlz, F.Vud and other scientists financial of the report theoretical conceptual basics and assets, liabilities and private capital tan get, evaluation and financial reports aks push methodological issues; J.D.Spiselend [5] financial instruments and additional financial reporting issues, D.Alixander [6] financial report harmonization (harmonization); V.P.Astaxov [11], V.Kachalin [10], M.Kuter [9], V.F.Paliy [8], Y.V.Sokolov [7], V.G.Getman [12], T.Y.Drujilovskaya [13] such as scientists own in their work MHXS own countries apply issues research reached.

Next years in our republic both financial report issues dedicated to research instead increased and scientific articles, monographs and textbooks chop done. These are including K.B.Axmedjanov, A.K.Ibragimov [14], S.H.I.Ikhamov, M.M.Tulaxadjayeva [15], I.N.Ismanov [16], B.II.sroilov [17], A.A.Karimov, B.Y.Maxsudov [18], S.U.Mehmonov [19], H.N.Musayev



[20], M.Q.Pardayev, I.T. Abdukarimov [21], A.X.Pardayev [23], M.E.Polatov [22], A.J.Tuychiyev [24], K.B.Urazov [25], B.K.Xamdamov [26], B.A.Xasanov [27], R.O.Xolbekov [28], Z.N.Kurbanov [29], I.N.Qo'ziyev [30], Sh.A.Turobov [36] and of others research add possible.

Long-term assets in the work of the above-mentioned scientists, recognition of inventories, liabilities, income and expenses, methodological issues of evaluation and reflection in the financial statements research reported. R.D. Dusmuratovva by U.I.Tulayev [32] prepared theoretical, methodological and practical aspects of financial reporting in scientific work studied. I. Ochilov [33] Preparation of financial statements in insurance companies and provided reach issues research reached M.Marpatov [34] own in the article financial situation about report international standards coordination highlighted the issues.

## **2. RESEARCH METHODOLOGY**

Analysis and synthesis, induction and deduction, structural approach, abstract-logical thinking, monographic observation, accounting account, statistics, economic analysis and from economic-mathematical methods used.

Research organize the work to do and do in the process accounting such as comparative analysis, structural and factor analysis based on methods methods used. In particular, omilli analysis method of the enterprise ~~fin~~ happen which was changes about of the concept come output cause divisor and effect seeker internal and external factors in detection applied. Systematic analysis method of the enterprise financial from the report users of the enterprise pul funds how yield do and from them use composition elements, they are between reciprocal dependence cases open in giving used.

## **3. ANALYSIS AND RESULTS**

In the current economic situation, the country's accounting standards and financial report compose rules international standards requirements being adapted.

The transition to international financial reporting standards is some business exempts entities from the obligation to keep records. But in these enterprises generating quality and reliable information for all user groups zarurati as before, current become remains. Enterprise account policy esa this remains the main document that will allow it to be implemented.

Accounting policy All elements of accounting, by the enterprise his financial and economic activities and she is about information represents the definition of a large number of methods that allow optimization. It should be noted that many organizations, especially small and medium enterprises leaders account policy, as well as of the enterprise effective activities his quality suitable evaluation does not give. Their most account policy in practice The application of accounting information, especially for external users financial report through open give in the field this issues to the solution official approach applies. That's it both highlight joizki, high organizations, tax first in case of any inspections by the authorities in turn, the account policy will be carefully considered. A properly structured accounting policy is also they are forming information quality increase, of the enterprise all internal In order to reliably interpret the information, internal users, for example, for accountants, financial analysts, managers, internal auditors and more useful information base is.



Financial report management important support as modernization deganda, financial of the report composition and content coordination of information in the interests of users, information processing give and them in transmission eng advanced method and methods and improved report forms current to do understood.

Uzbekistan In the Republic financial report in modernization Gradual transition to IFRS.

In our view, financial accounting and financial reporting in the world process advanced from experience come out transformational worker balancewe need to move on to the practice of composing. Balances of working balance accounts transformational records based on financial of the report forms transfer enhancer important table (register) is.

Financial reports preparation stage worker balance and tables using financial situation about report, benefit and losses and other collection income about report, pul statement of assets, changes in private equity reports is formed. Reports positive auditing conclusion has since then top managers by confirmed and decision acceptance to buyers presentation instead is increased. Of his research, SN Tashnazarov wrote: standards appropriate financial of the report forms following content mark to the goal according to deb calculate [ 35] (Table 1)

Table 1 Financial of the report basic mandatory forms[35]

№	“Accounting about »giIn the law	Proposal in accordance with IFRSare given
1	Accounting balance	Financial situation about report
2	Financial results about report	Profits and losses as well as other collection income about report
4	Money about currents report	Money currents about report
5	About private capital report	Private of capital change about to report
	Notes, calculations and explanations	Comments, account policy in short description and other explanations

According to the researcher, the balance sheet is derived from the Latin "bilanx" - two phases of the scales. [35] The balance sheet is called a balance sheet in English, which means "balance sheet". The fact that the report is called a “balance sheet” does not correspond to its official status. Therefore, in the normative legal documents in the research work.

"It is appropriate to use the term 'statement of financial position' instead of 'balance sheet'." [35]

In order to bring the content of the information contained in the statement of financial position in line with international standards, he recommended the following table. (Table 2).

Table 2 \_Financial situation about in the report directly aksbeing pushed information series [35]

77.1A sositool a l a r ( property :place ,building, equipment)
77.2.Intangible assets
77.3.Investment weak property
77.4.Financial assets(77.5,77.8,77.9and77.11except)
77.5.Hissalito participate based on included investments



77.6. Biological assets
77.7. Inventories
77.8. Trade and other receivables debts
77.9. Money funds and money equivalents
77.10. Sale for designer declassified long term assets and out outgoing groups assets
77.11. Current and term extended tax assets
77.12. Trade and other accounts payable
77.13. Reserves (deductions)
77.14. Financial liabilities (77.12 and Except 77.13)
77.15. Tax liabilities (77.16 except)
77.16. Benefit tax on liabilities
77.17. Private capital and reserves

We also support these views. We propose to make the following changes to the item "Investment real estate":

In order to more accurately reveal the nature of the Investment Real Estate reflected in this line, it is necessary to conduct an analytical calculation and reflect the following information.

**Table 3 Report on types of investment property**

t / r	Types of investment property	Per reporting period	At the end of the reporting period
		A thousand sums	In a thousand rubles
1.	Land owned in the normal course of business not for sale in the short term, but to increase the value of capital in the long run.		
2.	Land for future use for unknown purposes.		
3.	A building owned by a business entity and leased under one or more operating leases.		
4.	A building that is not occupied, but intended for rent on one or more operational leases.		
5	Property being built or improved for future use as an investment property.		

This is because the International Accounting Standard No. 40 "Investment Property" states that "The following are examples of investment property:

(a) land held in the ordinary course of business for the purpose of increasing the value of capital in the long run, not for short-term sales.

(b) land owned for unknown future use. (A business is considered to be held for the purpose of increasing the value of capital unless the business entity determines whether it will use the land as owner-occupied property or for short-term use as part of its normal economic activities.)



(c) a building owned by a business entity (or owned by a business entity under a finance lease) and leased under one or more operating leases.

(g) a building that is not occupied but intended for rent on one or more operating leases.

(d) property being constructed or improved for future use as an investment property. ” [36].

It is obvious that investment property is also an asset of the enterprise, which is stored in different forms, and in the process of their calculation, analysis and audit, there is a need for specific information about them.

In addition, Table 2, proposed by SN Tashnazarov, “77.6. In order to reveal the analytical features of the series "Biological Assets", it is necessary to form the following information. (Table 4):

Table 4 Biological Assets Report

t / r	Biological assets	Per reporting period	At the end of the reporting period
		A thousand sums	In a thousand rubles
1.	Put it down		
2.	Trees in the woods		
3.	Plants		
4.	Cattle-rising		
5.	Pigs		
6.	Shrubs		
7.	Grape trees		
8.	Fruit trees		

International Accounting Standard No. 41 “ Agriculture ” provides the following table with examples of biological assets, agricultural yields and post-harvest processing:

Table 5 ” [ 37]

Biological assets	Agricultural yield	Products obtained as a result of post-harvest processing
Put it down	Wool fabric	Spun yarn, carpet
Trees in the woods	Felled trees	Wood, sawn boards
Plants	Cotton	Spool thread, clothing
	Collected reeds	Sugar
Cattle-rising	Milk	Cheese
Pigs	Meat	Sausage products, Canned meats
Shrubs	Barg	Tea, dried tobacco
Grape trees	Grapes	Wine
Fruit trees	Picked fruits	Processed fruits

By reporting separately on biological assets, users of information will be able to obtain accurate information about each biological asset and the analytical nature of the data will increase.

Based on the IFRS and best practices, a financial reporting form was proposed for transformation purposes for enterprises operating in the country, based on a range of





information that must be reflected in the financial statements. In particular, the section on long-term assets in this report looks like this (Table 6).

Each entity must independently determine in its accounting policies the composition of the “property: land, building, machinery and equipment” used in the production, service or administrative management process for more than one period based on the standard requirements. we think IFRS 5 Property, Plant and Equipment: Property, Land, Buildings, Machinery and Equipment need to be developed. For “investment real estate” (line 080), “biological assets” (line 120) and “long-term assets classified for sale and assets of outgoing groups” (line 150) in accordance with international standards we consider it appropriate to allocate a separate line in the balance sheet.

6- Table Reflection of information on long-term assets in the statement of financial position (thousand soums)

Indicatorsname	Line code	Reporty earper	Reportyearto the end
I.Long current assets			
Long term material as sets,total(040 + 050 + 060):	010	8010337	7147472
Property:place,building, quipment primary value (composition by articles)	020	13829829	12857480
Accumulated depreciation (depression)	030	6627088	6708713
Property: place, building, carande quipment balance value(020-030)	040	7202741	6148767
Not installed equipment	050	123144	100296
In complete capital castings	060	684452	898409
carrying amount of long -term intangible assets (ingredientson)	070	-	-
Investmentreal estateproperty	080	-	-
Long - term receivables and maturityextendedcosts	090	441438	441438
Long terminvestments ( components)	100	462560	1235825
Duration extende taxassets	110	-	-
Biological assets	120	48450	48450
Section I.total(010 + 070 +080+090+ 100 + 110 + 120)	130	8962785	8873185
Long classified as intended for salemudd horseman andoutgoing groupsassets	150	-	-

The information contains the components that are required to fully meet the information needs of users and to be reflected directly in the statement of financial position or in the comments and explanations in accordance with the requirements of the standards. It is advisable to compile a report on "Property: land, buildings, machinery and equipment" in order to obtain information.

The proposed report reflects new indicators, such as asset management, error correction and impairment losses, and provides a methodological framework for their calculation. This harmonizes the reports and the indicators reflected in them with IFRSs, and the information is



tailored to the needs of users.

Conclusions and suggestions. In our country, a great deal of attention is paid to the organization of accounting in accordance with the requirements of international financial reporting standards. In this process, first of all, the issues of formulating and complying with the accounting policy are of particular importance. It is the accounting policy that is a methodological tool for businesses to carry out their activities in accordance with the requirements of the law.

Therefore, it is advisable to comply with IFRS 8 Accounting Policies, Changes and Errors in Accounting Prices when formulating accounting policies. Accounting policies need to be well-designed for businesses to be effective.

This article suggests the factors that influence the formation of accounting policies. If the management of business entities develops an accounting policy taking into account the above-mentioned factors, it will ensure the effective organization of accounting in these entities and reduce business risk. It is well-known that any activity, any process, if it is organized in a certain sequence and in a clearly defined order, will serve to increase its effectiveness.

Therefore, as a result of the research, the stages of formation of accounting policies were proposed. When business entities formulate accounting policies based on these steps, they can achieve the strategic and tactical goals they have set for themselves. It should be noted that in our country it is necessary to accelerate research in this area, as our country is rapidly and boldly entering the world market, which requires our economy to meet the requirements of the global market.

Disclosure of the sub-items of the main (linear) items of the statement of financial position in accordance with the requirements of international and national standards allows to provide information that meets the needs of information users. "Property: land, buildings, machinery and equipment" on the basis of improving the methodology of recognition, valuation, classification and reflection of inventories, accounts receivable and accounts payable and private capital in the financial statements The development of the form will expand its ability to cover the necessary and necessary information, as well as a fair assessment of the financial situation, and ensure the quality of decisions.

In the interests of users of internal information, the forms "Property: report on the movement of land, buildings, machinery and equipment", "Report on the types of investment property" and "Report on biological assets" are introduced. Receipt, modernization and reconstruction, technological re-equipment, disposal, depreciation of "property: land, buildings, machinery and equipment", "Investment property (by type)" and "Biological assets" and the inclusion of indicators representing changes due to other factors makes it possible to control the efficient use of long-term tangible assets.

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