



APPLICATION PROCEDURE OF INTERNATIONAL FINANCIAL REPORTING STANDARDS IN BUSINESS ENTITIES

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ABSTRACT	KEYWORDS
The main purpose of international standards in financial reporting is to bring the financial information of enterprises in different countries into a comparable, reliable, and transparent form. This article outlines the content of International Financial Reporting Standards (IFRS), the principles of their formation, and the mechanisms of their practical application. In addition, the views of domestic and foreign researchers on the topic are summarized, and relevant recommendations are provided.	Financial reporting, IFRS (International Financial Reporting Standards), investor confidence, small and medium-sized businesses, financial transparency.

Introduction

In the context of globalization, ensuring that the financial information prepared by business entities complies with international requirements has become a crucial factor in enhancing the transparency of economic processes. The preparation of financial statements based on unified standards across different countries enables stakeholders—such as investors, creditors, auditors, and analysts—to obtain reliable, understandable, and comparable information. From this perspective, the adoption of International Financial Reporting Standards (IFRS) serves not only as a regulatory framework for accounting processes but also as an important mechanism that enhances managerial efficiency, facilitates investment attraction, and strengthens financial transparency.

The market-oriented reforms being implemented in the Republic of Uzbekistan, alongside efforts to improve the openness of the financial system, increase corporate competitiveness, and create favorable conditions for foreign investors, further intensify the need to apply IFRS in practice. Implementing unified rules for the recognition and measurement of assets, liabilities, revenues, and expenses in accordance with international standards allows for the formation of a truthful and comprehensive view of a company's financial position and performance.

IFRS is a set of established rules that determine how an organization should prepare its financial statements, how it should record economic transactions, and how reporting forms should be structured. These standards guide organizations in presenting financial information clearly, consistently, and in a comparable manner. IFRS helps investors, creditors, and other stakeholders comprehensively and effectively assess an organization's financial performance at an international level. Since these standards are principle-based rather than rigid rule-based, they allow for a broader analytical approach in financial reporting.

Today, IFRS is widely used in many developed and developing countries and continues to evolve in accordance with modern business processes. The number of companies preparing financial statements based on IFRS in Uzbekistan is increasing every year, as improving financial transparency is possible only through the adoption of globally recognized standards. Therefore, the use of international documents, modern instruments, and advanced global practices has become one of the urgent priorities of the economic reform agenda.

As stated in the "New Uzbekistan Development Strategy": "By the beginning of the 21st century, new trends emerged in the global economy that were not typical of previous stages of human development. The essence of economic processes fundamentally changed. Economic conditions became more complex, and new types of relations began to dominate international markets. Global competition intensified sharply. In such conditions, ensuring continuous economic modernization and defining clear mechanisms for stable development have become crucial" [2].

In line with these priorities, extensive work is being carried out in Uzbekistan to strengthen the economy, develop industrial sectors, and improve the investment climate. The adoption of the Presidential Decree No. PQ-4611 dated 24 February 2020, "On Additional Measures for Transition to International Financial Reporting Standards," is an important step toward integrating Uzbekistan's economy into the global financial system. Undoubtedly, attracting foreign investment requires transparency, standardized financial information, and institutional reforms.

From this perspective, the formation of IFRS, their role in the global economy, and the challenges of integrating these standards into national accounting systems require comprehensive scientific research. This article examines these issues from a theoretical, methodological, and applied point of view.

Literature Review

The transition to IFRS has been widely studied by both local and foreign researchers. International academic literature reflects diverse theoretical and practical approaches, including the economic, institutional, and methodological aspects of implementing the standards.

According to M.M. Khudoyqulov, who studied the banking sector of Uzbekistan, the adoption of IFRS significantly improves credit portfolio quality, strengthens risk management systems, and positively influences the assessments of international rating agencies, thereby enhancing financial stability [3].

I.N. Ismanov emphasizes that IFRS serves as a source of financial information about enterprises, independent of national legislation, organizational structure, or company size, and is intended to unify reporting practices for all types of business entities [4].

S.N. Tashnazarov notes that the development of international accounting standards marked a new era of integration in financial reporting. He suggests that after the introduction of double-entry accounting in 1494 and international standards in 1973, global harmonization of financial reporting will be fully achieved by the 2030s [5].

The literature analysis shows that the successful adoption of IFRS requires an integrated and systematic approach. It is also important to implement these standards gradually, taking into account the specific features of national economic systems.

1-Table The Process of Applying IFRS in Business Entities

Stage	Description	Outcome
1. Preparation Stage	Training employees, analyzing existing accounting policies, aligning internal procedures with IFRS requirements	Necessary knowledge and documentation for IFRS transition are established
2. Methodological Stage	Reclassifying assets and liabilities, determining appropriate measurement bases (fair value, amortized cost, etc.), updating accounting registers	The accounting system is adapted to international standards
3. Practical Implementation	Recognition, measurement, consolidation, depreciation, impairment, and revaluation according to IFRS	Accounting processes are conducted fully in compliance with IFRS
4. Financial Reporting	Preparing IFRS-based financial statements: Balance Sheet, Income Statement, Cash Flow Statement, Statement of Changes in Equity, Notes	Financial statements fully comply with international reporting standards
5. Audit and Monitoring	Conducting internal and external audits, assessing IFRS compliance, correcting deficiencies	Reliability and transparency of financial statements are ensured

IFRS helps improve the quality of financial reporting, increases investor confidence, and facilitates access to global financial markets. Empirical studies show that companies applying IFRS improve their reporting quality by 30–35%, which leads to a 25–30% increase in investor trust. The introduction of unified standards also strengthens internal controls, improves employee efficiency, and reduces administrative costs.

In Uzbekistan, transitioning to IFRS also contributes to strengthening financial transparency, enhancing financial market liquidity, and improving institutional reforms. For example, IFRS-based reports improve credit portfolio quality in the banking sector and strengthen risk management. In the public sector, adopting these standards increases transparency, accountability, and supports better evaluation by international rating agencies.

However, several challenges remain in the process of adopting IFRS in Uzbekistan:

shortage of qualified specialists;

language barriers in understanding IFRS terminology;

high cost of IT and technological solutions;

difficulties for small enterprises in adapting complex standards.

To address these issues, it is crucial to adapt IFRS to local conditions, simplify reporting requirements for SMEs, and strengthen institutional and educational reforms.

Ultimately, the transition to IFRS enhances transparency, accountability, and credibility, contributing to deeper integration of Uzbekistan into the global economy and improving the country's investment climate.

Conclusion

As the analysis shows, adopting IFRS holds significant importance for financial system development, corporate governance improvement, and economic growth in Uzbekistan. The main purpose of IFRS

is to make financial information comparable, reliable, and transparent at the international level. The research results indicate that transitioning to IFRS enhances financial reporting quality, strengthens internal control systems, and increases the efficiency of resource utilization.

Moreover, the adoption of IFRS increases investor confidence, facilitates foreign investment inflows, and supports the integration of domestic companies into global capital markets. This strengthens the competitive position of Uzbekistan's economy.

To ensure the effective implementation of IFRS, it is essential to focus on training qualified specialists, localizing standards, addressing language challenges, and improving technological infrastructure. Addressing these factors will gradually expand the adoption of IFRS across all sectors, thereby strengthening national economic competitiveness and global market integration.

In conclusion, adopting IFRS is not only a financial reporting reform but also a strategic tool for enhancing transparency, strengthening investment attractiveness, and ensuring sustainable economic development.

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