



PREPARATION OF FINANCIAL STATEMENTS IN JOINT-STOCK COMPANIES ON THE BASIS OF INTERNATIONAL STANDARDS

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Received: 11 th July 20	<p>This article examines the features of the organization of reporting in joint-stock companies of the Republic of Uzbekistan based on international financial reporting standards. The article primarily examines the organization of accounting based on international accounting standards and the importance of financial reporting in the process of globalization.</p> <p>The article also studies the results of the application of international financial reporting standards in joint-stock companies, its methodological, general, technical and organizational structure and discusses the development of proposals for its improvement based on international financial reporting standards, thereby improving financial reporting in joint-stock companies.</p>
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INTRODUCTION

Fundamental reforms are being carried out in all areas of our country's economy. Creating certain conditions for attracting investments in the economy of Uzbekistan is necessary to achieve transparency and clarity in the activities of business entities in our country. The implementation of this issue is associated with the application of generally accepted standards of financial reporting - international reporting standards. In recent years, a number of results have been achieved in our republic in terms of annual accounting and reporting in accordance with international financial reporting standards (IFRS) and today we have entered the next promising stage of this ambitious work.

The Resolution of the President of the Republic of Uzbekistan № PD-4611 dated February 24, 2020 "On additional measures for the transition to international financial reporting standards" and the 18-point "Roadmap" in accordance with it indicate serious work in this regard. Therefore, since we are striving for the international arena, the world market, our activities must also meet the international level. This resolution provides instructions and indicators for the transition to international accounting standards in the public sector operating in our country. The application of international accounting standards in joint-stock companies allows for better results, updating information, ensuring a high level of integration of accounting and statistical reports into the budget, reliability and information management, effective management of state assets, creating the opportunity to compare results with the financial statements of other countries, creating a situation in which the country's obligations in the process of globalization of international relations and how it manages its resources can be established, as well as understanding the financial situation, which will allow for increased foreign investment and donor funds.

The Decree of the President of the Republic of Uzbekistan on the new Development Strategy of Uzbekistan for 2022-2026 sets out the directions that should be implemented in the regions of our country. Goal 26 of this strategy: "Further improvement of the investment climate in the country and increasing its attractiveness, attracting financial investments in the amount of 120 billion US dollars, 70 billion US dollars in the next five years. The aim is to create a new system based on the "bottom-up" principle, effective investment support and export volumes. From this perspective, it is clear that this task is to bring our country's accounting practices into line with international standards and thereby increase the interest of foreign businessmen in our country's state and private enterprises and create a reliable, transparent and understandable reporting system.

To this end, relations between business entities operating in our republic and foreign partners are rapidly expanding and the volume of use of business accounting reports abroad is still high. In this regard, the issue of changing financial statements prepared within the framework of national accounting standards (NAS) for joint-stock companies registered on international stock markets in accordance with International Financial Reporting Standards (IFRS) is relevant. The

main issue in the implementation of a large-scale and high-quality transition to international standards is the issue of personnel. Therefore, it is a priority task for business entities to obtain information on their behalf in the international business language in understandable and clear forms for everyone, to prepare personnel who are not deceived by professional skills in the field of accounting and auditing, personal experiences and intuitions.

LITERATURE REVIEW

International financial reporting standards have been defined by foreign and domestic economists and practitioners (auditors, accountants, analysts) based on their research and different approaches. The results of the analysis in this regard show that all definitions pursue a single goal, namely, accounting policies are a set of rules aimed at maintaining accounting records and compiling international financial statements. International Financial Reporting Standards (IFRS) are not some set of rules that complicate the activities of practicing accountants, but are logically based on simple principles of the accounting system, the purpose of which is to present truthful financial information about the activities of the enterprise in financial statements¹.

Foreign scholars Jessica H. Young, Nada Kakabadze and Dmitro Lazovsky concluded that the main purpose of international financial reporting standards is to attract foreign investment to the economies of developed and developing countries².

Another economist argued that the adoption of international financial reporting standards is due to the increasing need for reliability and comparability of financial statements in countries around the world³.

L.V.Gusarova notes that information about a company that prepares a report in accordance with IFRS is sufficient for a potential investor to understand and assess the risks associated with financing them. Thus, the use of international financial reporting standards by an economic entity in preparing financial statements allows them to increase their competitiveness in the fight for sources of financing.

According to N.V.Malinovskaya, the importance of IFRS is that in order to develop integration relations in a market economy, it is advisable to prepare financial statements that are easy for all users to understand in all countries of the world.

METHODOLOGY

The process of the scientific article on the analysis of the results of the application of IFRS in joint-stock companies and its improvement was carried out mainly by the deductive method. This is a method of moving from general knowledge to specific knowledge. Descartes highly values the human mind, as a result of which he develops rationalism⁴.

Ensuring compliance of reporting in joint-stock companies with the requirements of IFRS, generalizing the results leads to an increase in the reliability of future financial statements, as well as forecasting, explaining and understanding the movement of investments. Also, the reliability of the results of the selected object for studying the state of formation of reports in joint-stock companies based on the requirements of IFRS, JSC "O'zbekiston temir yo'llari", was confirmed on the basis of inspections and observations. In addition, the scientific article, based on the scientific works of foreign scientists and domestic scientists, used comparative analysis methods to prepare the reports of "O'zbekiston temir yo'llari" JSC based on international financial accounting standards and adapt them to the requirements.

ANALYSIS AND RESULTS

The process of applying and improving IFRS in the joint-stock company "O'zbekiston temir yo'llari" will increase financial transparency, competitiveness and integration with global markets. However, in this process, it is necessary to solve problems such as personnel qualifications, technological innovations and improving financial control processes. At the same time, the proposed measures can make the company more successful in the future.

The results of the research conducted within the framework of the topic show that it is advisable to implement international financial reporting standards in the simplest and most understandable ways for everyone. One of its elements is the presentation of financial reporting indicators in a way that is convenient for horizontal and vertical analysis. In the article, we will explain in detail the mechanism of operation of this element.

We will consider the results of the financial and economic activities of the "O'zbekiston temir yo'llari" Joint-Stock Company and the state of implementation of the elements of international financial reporting standards in it in 2022-2023 through a horizontal and vertical analysis of balance sheet asset items (Tables 1, 2 and 3).

¹ A.A.Karimov, A.K.Ibragimov, N.K.Rizaev, N.M. Imamova. Xalqaro moliyaviy hisob standartlari. /Darslik. – Toshkent – 2021., 315 b

² Jessica Hong Yang, Nada Kakabadse, Dmytro Lozovskyi. International financial reporting standards (IFRS) // Journal of Governance and Regulation / Volume 2, Issue 3, 2013, Continued - 1

³ Auwalu Musa. The Role of IFRS on Financial Reporting Quality and Global Convergence: A Conceptual Review.//International Business and Accounting Research Journal Volume 3, Issue 1, January 2019, 67-76

⁴ https://uz.wikipedia.org/wiki/Deduktiv_metod

Table 1
Horizontal analysis of asset items of the balance sheet of "O'zbekiston temir yo'llari" JSC

Indicators	2022 (billions of soums)	2023 (billions of soums)	Absolute difference (billion soums)	Growth rate (%)
Total assets of the balance sheet	38 914	40 206	1 292	103,3
1. Long-term assets	26 107	24 331	-1 776	93,2
2. Current assets	12 806	15 874	3 068	12,4
<i>2.1. Reserves and expenses</i>	9 198	9 250	52	100,6
<i>2.2. Accounts receivable</i>	3 093	6 333	3 240	204,8
<i>2.3. Cash and securities</i>	505	281	-224	55,6

Horizontal analysis results (based on the change in the end of 2023 compared to the end of 2022):

- Total balance sheet assets increased by 1,292 billion soums (103.3%);
- Long-term assets decreased by 1,776 billion soums (93.2%);
- Current assets increased by 3,068 billion soums (12.4%), which is associated with the growth of current assets;
- Accounts receivable increased by 204.8%, which indicates the company's borrowing activity;
- **Cash and securities decreased, which shows a growth rate of 55.6%.**

Vertical analysis:

Vertical analysis shows the share of each component in total assets.

Results of vertical analysis:

- The share of long-term assets decreased from 67.1% to 60.5%, which indicates a decrease in long-term assets;
- The share of current assets increased from 32.9% to 39.5%, which indicates a focus on current assets;
- The share of accounts receivable increased from 24.2% to 39.9%, which may increase the company's financial risk;
- The share of cash decreased from 3.9% to 1.8%, which may indicate liquidity problems.

The last two cases shown by the results of the vertical analysis, namely the increase in the share of long-term receivables in current assets and the decrease in the share of cash, should be studied separately by the company's managers and measures should be taken to change them in a positive direction.

The results of the horizontal and vertical analysis of the balance sheet of the "O'zbekiston temir yo'llari" Joint-Stock Company for 2022-2023 help to better understand the company's financial position. The decrease in long-term assets, the increase in current assets and the increase in receivables indicate the need to change the financial strategy.

In particular, a significant increase in the amount of receivables in the current assets structure is a factor that requires very serious attention. The company's management should immediately analyze the factors that caused the increase in receivables and determine specific measures to reduce its amount, otherwise a large amount of working capital may be withdrawn from circulation, which will inevitably lead to a deterioration in the company's financial condition. It is recommended to take additional measures to increase transparency and liquidity.

We present a horizontal and vertical analysis of the balance sheet liabilities of the "O'zbekiston temir yo'llari" Joint Stock Company for 2022-2023 in tabular form (Table 2).

Table 2
Horizontal analysis of the balance sheet liabilities of "O'zbekiston temir yo'llari" JSC

Passive voice	2022 (billions of soums)	2023 (billions of soums)	Absolute difference, (billion soums)	Growth rate, (%)
Total balance sheet liabilities	38 914	40 206	1 292	3,3
Sources of own funds	15 968	13 521	-2 446	-15,3
Liabilities	22 945	26 685	3 740	16,3
<i>Long-term liabilities</i>	20 426	23 584	3 158	15,5
<i>Short-term liabilities</i>	2 519	3 100	581	23,1

Table 3
Vertical analysis of the balance sheet liabilities of "O'zbekiston temir yo'llari" JSC

Passive voice	01.01.2023, (%)	01.01.2024, (%)
Total balance sheet liabilities	100,00	100,00
Sources of own funds	41,03	33,63
Liabilities	58,97	66,37
<i>Long-term liabilities</i>	52,49	58,66
<i>Short-term liabilities</i>	6,47	7,71

As shown in the horizontal analysis, the total balance sheet liabilities of "O'zbekiston temir yo'llari" JSC increased compared to the previous year, but equity decreased;

- In the vertical analysis, the share of liabilities increased and the share of equity decreased;
- Equity: decreased in the transition from 2023 to 2024, which may affect financial stability;
- Liabilities: Total liabilities increased, especially long-term liabilities. This may increase the company's financial risk, but also indicates investment activity.

International Financial Reporting Standards (IFRS) are the main indicators of internationally accepted financial reporting. They help joint-stock companies to accurately and completely reflect their financial position. Joint-stock companies must provide transparent financial statements for investors, creditors and other interested parties.

The application of international financial reporting standards helps joint-stock companies to improve the quality of financial statements, increase stability and ensure their competitiveness in international financial markets.

It is important for "O'zbekiston temir yo'llari" JSC to continue implementing measures aimed at increasing its competitiveness in global financial markets and ensuring financial stability through the introduction of IFRS. These processes will not only improve its financial position, but also serve the company's future success.

CONCLUSION AND SUGGESTIONS

In the process of transferring and improving the reports of "O'zbekiston temir yo'llari" JSC to international standards, the following proposals and recommendations can be considered:

1. Aligning reports with international standards:

- Start preparing reports based on IFRS (International Financial Reporting Standards). Study and implement each of their requirements and rules;
- Align the content and format of reports with international standards. In particular, the Balance Sheet, Income Statement, Cash Flow Statement and Statement of Changes in Equity.

2. Staff training:

- Conduct training and certification of employees on international financial reporting standards. Attract experienced specialists in auditing and reporting;
- Consulting and sharing experiences with financial experts and auditors with international experience.

4. Ensuring transparency of financial statements:

- Reports should clearly and transparently present important financial indicators. Strengthen internal control systems to ensure the accuracy and reliability of data;
- Conducting regular internal and external audit processes and improving reports based on audit findings.

5. Strengthening communication with investors:

- Present reports to investors in a clear, understandable and interesting way. Provide detailed information on financial data and forecasts;
- Stay in constant contact with investors, providing quick and clear answers to their questions.

6. Risk management:

- Assessing potential risks during the reporting process and taking steps to minimize them;
- Strengthen internal control and monitoring systems to ensure the quality of reports.

LIST OF USED LITERATURE

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5. <http://www.norma.uz>.
6. <http://www.mf.uz>.
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