

INTERNATIONAL FINANCIAL REPORTING STANDARDS AND ISSUES OF ITS APPLICATION IN PRACTICE

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Article history:	Abstract:
Received: 20th June, 2026 Accepted: 11th July 2026	The article covers the issues of transition to international financial reporting standards in our country today, the transformation of the current accounting reporting into international standards. The issues of attracting foreign investors to our country through the transition to international financial reporting standards are outlined. Of course, the legislative framework of our country and the ongoing economic reforms are discussed in detail in this regard. The article discusses the measures being taken to transition to international financial reporting standards, the tasks set and the problems that arise in fulfilling them, as well as the needs for personnel in this area in our country, and also gives recommendations for further widespread teaching of international accounting standards in our country.

Keywords: international standards, financial reporting, accounting, financial resources, foreign investment, integration, legislative norms, investment attractiveness, economic efficiency

INTRODUCTION.

The strategic reforms being implemented in our country, covering all sectors, are bearing fruit. In recent years, a strong competitive environment has been forming in every sector on the world market, and entering this environment is one of the main goals for each country. It should be noted that the implementation of such complex and difficult tasks certainly requires great potential and experience. Therefore, first of all, in order to enter the world market, it is important to study the experiences of developed countries and implement the rich experiences gained in practice based on the characteristics of the country's economy. An important issue in implementing the goals set for the state is financial resources. This is the main problem not only for enterprises, but also for the authorities. Finding financial resources and spending them in accordance with their importance is the most difficult task. Inability to use existing resources rationally can also lead the country's economy to a helpless state. In this regard, enterprises pay special attention to the issues of efficient and economical use of resources and strict accounting. In our country, great attention is also paid to the development of accounting today. Important reforms have been implemented and are being implemented, such as the organization and maintenance of accounting based on the requirements of international standards, the development of its legal regulation system.

In our country, like other areas, the transition to international financial reporting standards is one of the most pressing issues today. The main goals pursued include creating a favorable investment environment for foreign investors in our country, expanding access to international financial markets, as well as ensuring the fairness of reports, eliminating disparities between current national accounting standards and international financial accounting standards,

preparing financial statements in a way that is understandable to foreign investors, etc. In order to accelerate the transformation of financial statements to international standards, the Resolution of the President of the Republic of Uzbekistan No. PQ-4611 dated February 24, 2020 "On additional measures on the transition to international financial reporting standards" was adopted [1]. This resolution covers the issues of preparing financial statements based on international standards, taking into account the interests of users of financial statements. It is also significant in that it covers the issues of training internationally educated specialists in the field of accounting.

In our republic, many scientific studies are being conducted in such areas as the organization and development of accounting, accounting for financial statements at the level of international standards. Research is being conducted to fulfill the tasks set for improving financial reporting based on international standards.

The following tasks can be included:

Improving the regulatory and legal framework for accounting at enterprises;

Organizing the procedure for compiling financial statements at enterprises based on international standards;

Improving the organizational structure of information systems and software used in accounting when compiling financial statements;

Systematic analysis of accounting problems and economic efficiency indicators of the use of accounting programs in the digital economy;

Conceptual foundations of compiling financial statements and their improvement;

Developing scientific proposals and practical recommendations aimed at improving the compilation and presentation of financial statements based on international standards. Scientific research is being conducted to fulfill these tasks.

RESEARCH METHODOLOGY.

The Law "On Accounting", "National Accounting Standards", "On the Structure of Costs of Production and Sale of Products, Works and Services and the Procedure for Forming Financial Results" and, in addition, the Decree of the President of the Republic of Uzbekistan No. PF-60 dated January 28, 2022 "On the Development Strategy of New Uzbekistan for 2022-2026", No. PQ-4611 dated February 24, 2020 "On Additional Measures on the Transition to International Financial Reporting Standards", No. PQ-3946 dated September 19, 2019 "On Measures to Develop Auditing Activities in the Republic of Uzbekistan" serve to a certain extent in the organization and maintenance of accounting in our country, as well as in the preparation of financial statements based on international standards.

Further improvement of the activities of business entities, modernization of their activities is one of the priority areas of the economy. The main goal of mastering the method of organizing financial accounting is to eliminate the difference in the understanding of accounting policies by national and foreign specialists, to create a single concept of accounting and financial reporting and to introduce them into our economy is a necessary issue. The following research methods are effective in organizing accounting effectively, organizing financial reporting on the basis of international standards and improving accounting, including: data aggregation, grouping, comparative analysis, as well as all methods of analysis, the use of expert opinions, etc.

RESULTS AND DISCUSSION.

As a result of the profound transformations taking place in the world economy in the 21st century, almost all sectors of economic systems are being digitized. Digital technologies are creating opportunities for increasing the efficiency of the economy, automating business processes, and making management decisions quickly. This process led to the formation of the concept of the digital economy. As the activities of enterprises in the digital economy are becoming increasingly complex, new requirements are being placed on the accounting system. Traditional accounting was often based on paper documents, manual calculations, and time-consuming processes. The digital economy is fundamentally changing this system, creating the possibility of electronic document management, automated accounting systems, and real-time financial reporting. However, along with the introduction of digital technologies, a number of new problems are also emerging. In particular, issues such as ensuring information security, accounting for digital assets, reliability of financial information, compliance with international standards, and the lack of qualified personnel are gaining relevance. The digital economy is an economic system in which the main part of economic processes is carried out using information technologies. In this system, information is considered an important resource.

Accounting is no exception to these processes. In modern enterprises, accounting processes are carried out on the basis of the following technologies: cloud computing systems, artificial intelligence, blockchain technology, big data analysis, automated management systems. With the help of these technologies, enterprises have the opportunity to monitor and analyze financial transactions in real time. As a result, accounting is becoming a faster and more accurate system. However, these changes also create a number of new problems in the accounting system [2]. With the development of the digital economy, the practice of maintaining financial statements in electronic form is becoming increasingly widespread in enterprises.

As a result of the rapid development of information technologies, accounting processes have been automated and the speed of processing financial data has increased significantly. With the help of electronic accounting systems, enterprises have the opportunity to collect, analyze and use financial data on their activities in a short time. Such systems not only accelerate the process of forming financial statements, but also serve to organize data exchange more effectively. However, a number of problems are also emerging in the process of widespread introduction of digital technologies into accounting practice. First of all, the issue of ensuring the reliability and security of financial information is of urgent importance. Since large volumes of financial information are stored and transmitted on digital platforms,

their protection level is required to be high. If the information security system is not sufficiently developed, there may be a risk of data corruption, loss or illegal appropriation as a result of various cyberattacks or technical failures. This is likely to negatively affect the financial stability of enterprises and investor confidence.

Another important problem emerging in the digital economy is the need to bring financial reporting standards into a single system. Currently, different standards for maintaining financial statements are in force in different countries. This creates certain difficulties for enterprises operating internationally. Therefore, the formation of a single electronic system that complies with international financial reporting standards is of great importance in the digital economy. Such a system will increase the transparency of financial information, create the possibility of its comparability and serve as a reliable source of information for investors.

All business entities should adhere to the conceptual framework in the preparation and presentation of financial statements. Investors, creditors, suppliers, customers, employees, as well as government institutions, ministries, departments, the public and other interested users are among the users of financial statements.

The need for financial reporting information arises from:

1. Investors, in relation to the risks associated with the investments made. Shareholders are also interested in information that allows them to assess the ability of the business entity to pay dividends and to determine whether to buy, hold or sell shares;
2. Creditors, who are interested in information that allows them to determine whether loans and interest due to them are being paid on time;
3. Suppliers and other trade creditors, who are interested in information that allows them to determine whether amounts due to them are being paid on time;
4. Buyers, who are interested in information about the continued operation of the business entity, especially if they have long-term contracts or are dependent on this business entity;
5. Employees who are interested in information about the sustainability and profitability of business entities. They are also interested in information that allows them to assess the ability of the business entity to provide for their salaries, pensions and future employment opportunities;
6. Government agencies who are interested in information about the allocation of resources and, consequently, the activities of entities. They also need information to regulate the activities of business entities, determine taxation policies and as a basis for determining national income and other statistics;
7. The public, because business entities can make a significant contribution to the local economy in many ways, including providing employment to the population and supporting local suppliers. Financial reporting helps the public by providing them with information about the latest developments and achievements in improving the well-being of business entities. In our country, large-scale reforms are being implemented to improve financial reporting based on international standards. The Resolutions of the President of the Republic of Uzbekistan No. PF-158 dated September 11, 2023 "On the Strategy of Uzbekistan-2030", No. PQ-4611 dated February 24, 2020 "On additional measures on the transition to international financial reporting standards", No. 507 dated August 24, 2020 "On approval of the Regulation on the procedure for recognizing the text of international financial reporting standards and explanatory notes thereto" are important in ensuring the implementation of the set tasks. In addition, the Resolution of the President of the Republic of Uzbekistan No. PF-158 dated February 24, 2020 The adoption of Resolution No. PQ-4611 "On additional measures for the transition to international financial reporting standards" will accelerate the transition to international financial reporting standards in our country, providing foreign investors with the necessary information environment and further expanding access to international financial markets.

This Resolution sets out the following important tasks:

Starting from January 1, 2021, to organize accounting for financial statements based on international standards and prepare financial statements based on international standards;

By the end of 2021, to prepare accountants for a document on successful completion of the subject "Financial Reporting in accordance with International Financial Reporting Standards" within the framework of international certification or to receive the certificates "Certified International Professional Accountant", "Certified Diploma Accountant", "Certified Public Accountant" and "Diploma in International Financial Reporting";

International Financial Reporting Standards popularization of successful experiences of developed countries in the world in training specialists in accounting and auditing, as well as the gradual creation and training of curricula of non-state educational institutions and higher educational institutions in the field of retraining and advanced training in accounting and auditing based on international standards;

implementing an effective system of certification of financial statements according to international standards, ensuring the quality of educational processes, transparency of examinations and assessment of results, based on the advanced experience of developed countries;

harmonization of national accounting standards in accordance with international financial reporting standards and other tasks have been set.

Today, these tasks are being implemented gradually, and in our opinion, it is advisable to further accelerate the implementation of these tasks.

In organizing measures to train specialists in financial reporting according to international standards, further improve their knowledge and skills, it is important to create a broad understanding of financial reporting according to international standards for employees and organize special online or offline courses for them on IFRS (International

Financial Reporting Standards) and GAAP (Generally Accepted Accounting Principles). In this direction, the ifrs.academy training platform was developed at the initiative of the Ministry of Economy and Finance of the Republic of Uzbekistan. Through this platform, a basic online course "Fundamentals of International Financial Reporting Standards" was organized.

The curriculum of the basic course was developed in accordance with the following international programs:

"Financial Accounting" of the Association of Chartered Certified Accountants;

"Fundamentals of International Financial Reporting Standards" of the British Institute of Professional Financial Managers.

Organizing trainings in cooperation with professional organizations, such as ACCA or local accounting associations. Currently, our specialists are being trained and improved in the training center in the form of "Tashkent Institute of Business Administration" LLC, which is accredited in the prescribed manner according to the approved training schedule, through the training course "Financial Reporting according to International Financial Reporting Standards" and "International Auditing Standards" within the framework of the international certification of ACCA accountants.

Financial reporting does not contain all the information necessary for users to make economic decisions, since the report mainly reflects the results of previous events.

Financial reporting also stores information for:

making investment decisions and decisions on granting loans;

assessing the future cash flows of a business entity;

assessing the resources and obligations of a business entity in relation to the resources entrusted to it;

assessing the work of governing bodies.

If financial statements are prepared in accordance with international standards, it will be possible to accurately assess the financial condition of the enterprise based on all of the above information elements.

Table 1

Comparison of principles on the qualitative characteristics of financial reporting information based on national and international standards

Principles Group	National standards	International standards	US generally accepted standards
Fundamental quality characteristics	Credibility; truthful representation; priority of content over form	Relevance; fair presentation; substance over form	Relevant information that influences future decisions; verifiable reliability
Auxiliary quality features	Comparability; consistency; comprehensibility	Comparability; verifiability; timeliness; comprehensibility	Comparability; consistency; comprehensibility
Principles of measurement and evaluation	Historical value; depreciation; calculation method	Fair value; amortized cost; valuation based on expected credit losses	Historical value; fair value model
Disclosure of information	Limited explanations in balance sheet and financial statement formats	Detailed disclosures on financial instruments, risks and liquidity	Disclosure of risk and value changes through additional disclosures
Scientific approach (additional line)	Financial assets are reflected in general groups	Financial assets are classified based on business model, cash flow characteristics, and risk level.	Providing risk-based information and verification capabilities

The second column of Table 1, that is, the national accounting standard, considers the qualitative characteristics of information in financial accounts and reports in general. Of course, this has a negative impact on the development of methods for accounting objects. Because there is no clear answer to the question of what exactly is the basis for determining the quality of information. In this regard, the national accounting standard and GAAP are similar. Because the national accounting standard and GAAP clearly define the description of each basis. It should also be noted that in recent years, the use of artificial intelligence technologies in accounting has also been expanding. With the help of software systems based on artificial intelligence, it has become possible to automate many accounting processes. In particular, tasks such as automatically making calculations, analyzing financial data, preparing tax reports, and forecasting the financial results of an enterprise are performed using artificial intelligence systems. This helps to increase the efficiency of accounting, reduce errors associated with the human factor, and make management decisions faster.

However, the use of artificial intelligence systems can also cause some problems. First, for the effective operation of these systems, a large, accurate and reliable database is necessary. If the initial data is incomplete or incorrect, the results provided by artificial intelligence systems may also be incorrect. Secondly, the expansion of the automation process leads to a decrease in the human factor, but this further increases the demand for the level of qualifications of

accounting specialists. A modern accountant must not only be able to perform calculations, but also have the skills to effectively use information technologies.

In the conditions of the digital economy, the accounting and financial reporting system is changing significantly. Digital technologies allow for the automation of accounting processes, rapid processing of data, and increased transparency of financial reporting. At the same time, this process also creates a number of new problems. In particular, issues such as information security, accounting for digital assets, adaptation to international standards, and training qualified personnel are gaining relevance.

CONCLUSIONS.

International financial reporting standards today serve as an important source of information in the global economy. They provide accurate, reliable, and comparable information on the financial condition, profitability, and stability of enterprises. However, modern economic and technological conditions require further improvement of international financial reporting standards. The analysis showed that the current IFRS system has shortcomings such as insufficient reflection of ESG criteria, incomplete coverage of the needs of small businesses, and insufficient use of the capabilities of digital technologies and artificial intelligence. Also, differences in interpretations are observed in the application of some standards, which makes comparison difficult. Therefore, one of the urgent issues is the improvement of financial reporting not only technically, but also conceptually.

Improving accounting in our country in accordance with the requirements of international standards is one of the current issues. In our opinion, it is advisable to implement the following tasks in the preparation of financial statements in accordance with the requirements of international standards.

Develop new mechanisms for further improving the preparation of financial statements in accordance with the requirements of international standards;

Organize training courses using modern pedagogical technologies for retraining and training specialists in international financial accounting standards, and further improving their qualifications;

Apply the experience of countries with advanced foreign experience in this area and involve specialists in organizing training courses;

Implement the transition to international financial reporting standards in stages, and in our opinion, this is more effective if it is carried out as follows:

First, harmonize existing legislative norms in the transition to international financial reporting standards;

secondly - transformation of existing national accounting standards while preserving the basis of the transition to international financial reporting standards;

thirdly - use of modern accounting software that meets the requirements of international standards;

fourthly - training and retraining of personnel in the transition to international financial reporting standards;

fifthly - organization, maintenance and preparation of financial statements in accordance with the requirements of international standards;

sixthly - continuous development of organization, maintenance and preparation of financial statements in accordance with international standards, taking into account international requirements.

Table 2
Directions for improving financial reporting based on international standards

№	Direction of improvement	Description	Results
1	Integrating digital technologies	Using modern digital solutions	Increased accuracy, speed, and automated analysis of reports
2	Harmonization of global standards	Reducing differences between IFRS and local standards	Achieving a single global financial consensus
3	Artificial intelligence and automated auditing	Creating analysis and recommendations using AI, real-time monitoring	Faster accuracy, fewer errors, lower audit costs
4	Adaptation to user needs	Taking into account the needs of investors	Standards will become closer to practice, reports will be relevant and useful

The analysis of the directions of improvement of international financial reporting standards shows that in the modern economic environment it is not enough for these standards to be based only on traditional financial indicators. The increasing demand for investment transparency and comparability worldwide, the demand for technological progress and sustainability criteria create the need for a fundamental update of financial reporting.

To develop the accounting system, it is necessary to pay attention to the following areas:

full digitalization of accounting processes;

strengthening information security;

widespread implementation of international financial reporting standards;

training of qualified specialists in digital technologies. The implementation of these measures will create a basis

for further increasing the efficiency and reliability of the accounting system in the digital economy.

By improving accounting in business entities, the following will be achieved:

accelerating the processing of information in accounting documents;

reduces the number of employees involved in the processing of financial and economic data and increases labor productivity;

ensures increased accuracy and consistency in accounting;

reduces costs associated with accounting.

One of the main tasks of accounting is to collect and process the necessary information, and modern accounting programs play a significant role in this regard. The rational and effective use of computer technology and modern accounting programs has created new ways of organizing accounting.

It is impossible to switch directly to international financial reporting standards at any time, without preparation. If financial statements are transformed without preparation, they will not give the expected results even if they are transformed according to international standards. Therefore, when applying international standards for financial statements for the first time or before transforming financial statements prepared on the basis of national standards, it is necessary to take into account the environment, conditions and certain preparatory work. We believe it would be appropriate to include the following factors:

The country's financial, monetary, tax, and labor legislation must be in line with world standards.

It is necessary to achieve free convertibility of the national currency;

The country's economy should not have a high inflation rate.

Figure 1. Factors influencing the transformation of financial reporting.

We must ensure that the system of national accounting standards of the Republic of Uzbekistan is as close as possible to international standards of financial reporting. If the difference is large, the transformation process will be difficult, and even if it is transformed, it will not give the expected result;

The only regulatory legal act for maintaining accounting and compiling and presenting financial statements should be the Law on Accounting and accounting standards. We must also gradually transform regulations, instructions and rules into standards;

We must not envisage the existence of separate accounting standards for economic entities, the budget system, banking systems and public funds (regardless of whether they aim to make a profit or not), but rather create a single system of standards, the rules of which must be applied to all types of companies and organizations in the same content;

Opportunities should be created to transition to the procedure for freely determining the currency of presentation of financial statements in accordance with international standards;

It is necessary to establish an institute of professional accountants in the country, improve the professional qualifications of certified accountants and auditors within its competence, and expand the widespread introduction of SAR and CIPA certificates.

It is necessary to improve the qualifications of accountants abroad, study foreign languages (IELTS), and develop skills in working with international accounting programs for practicing accountants;

It is necessary to bring the corporate governance system in companies and joint-stock companies into line with the requirements of international standards;

It is necessary to improve the system of material incentives for accountants, ensure their compliance with the rules of ethics;

It is necessary to improve the accounting policy in companies, to draw it up in full compliance with the principles of financial reporting and to have a truly sound accounting project, as well as to develop a working chart of accounts in accordance with the requirements of international standards in the company;

We believe that it is necessary to ensure that accounting and financial reporting in the company are maintained on the basis of special programs and to carry out a number of other works.

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