Features of Formation of Financial Statements In accordance With IFRs Requirements

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Abstract- **The article discusses the features of the formation of financial statements in accordance with the requirements of international financial reporting standards. By the author made composition of financial statements in accordance with IFRS and the legislation of the Republic of Uzbekistan.**

Keywords: Law, standard, accounting policy, accounting, chart of accounts, financial report, principles, method, rules, practice, information.

I. INTRODUCTION

The issues of transition of national enterprises to International Financial Reporting Standards have become extremely urgent. This is due to the recognition of IFRS as one of the main instruments that guarantee the provision of transparent and unified information about the financial condition of a company for a wide range of market participants, including foreign ones. At the moment, business entities continue to raise questions related to the preparation of financial statements in accordance with the requirements of IFRS, despite the fact that a lot of attention is paid to this issue both from the scientific side, and practicing accountants share their experience on the pages of magazines, in including electronic.

II. METHODOLOGY

International standards by a non-governmental non-profit organization, the International Accounting Standards Board (IASB), initiated by large companies, began to develop since 1973 in order to create unified principles of accounting and reporting in different countries. The main objective of the IASB is to develop, in the public interest, a single set of high quality, understandable and enforceable globally accepted financial reporting standards based on clearly articulated principles. [3] At present, more than 100 countries have formally prescribed or allowed to apply IFRS.

On February 24, 2020, the President of the Republic of Uzbekistan signed a resolution "On additional measures for the transition to international financial reporting standards" No. PP-4611, which opens a new page in the history of the transition to IFRS in the Republic of Uzbekistan. [2]. Unlike national accounting standards (NAS), IFRS is advisory in nature with a number of requirements for the structure of financial statements, in other words, it is not a set of requirements and laws. But at the same time, it should be noted that the application of IFRS does not cancel the NAS. Consolidated financial statements of an economic entity are drawn up along with the accounting (financial) statements of this enterprise, compiled in accordance with the law of 13.04.2016 No. 404 "On accounting" of the Republic of Uzbekistan. [1].

The empirical research on causal relationship between export and foreign investments in the economy of Uzbekistan based on granger test were made by Mustafakulov, S. I.[6], econometric model of production capacity usage of textile enterprises in Uzbekistan were researched by Tursunov B.O. [7,10], Modernization and intensification of agriculture in the republic of Uzbekistan were investigated by Yuldashev, N. K., Nabokov, V. I., Nekrasov, K. V. [8,11], regional features of industrial production dynamics in the research of textile enterprises financial security in Uzbekistan were studied by Zarova E.V.[9] and et.al.

III. ANALYSIS AND RESULTS

Before proceeding with the consideration of the features of drawing up reporting in accordance with IFRS, we concretize the concepts of IFRS / IAS and IFRS / IFRS (International Accounting Standards) and IFRS / IFRS (International Financial Reporting Standards): until 2001, the standards were called IAS, and after 01.04.2001 the name IFRS appeared, so that both standards are united by the concept of "IFRS". Most often, practicing accountants, for ease of perception, are called IAS standards for accounting, and IFRS - standards for preparing financial statements. According to the presidential decree No. PP-4611, a list of business entities that are required to apply IFRS is determined, these include: joint stock companies, commercial banks, insurance organizations and legal entities classified as large taxpayers. [4]

Formally, the reporting does not differ significantly from the national accounting reporting. Let's consider some of the features of the formation of financial statements under IFRS First of all, let's pay attention to the reporting period: in accordance with IFRS, a company can prepare statements for a year ending on any date (Paragraph 36 of IAS 1). For example, a company's fiscal year might start on October 1 and end on September 30. At the same time, paragraph 37 of IAS 1 allows companies to prepare reports for a period of 52 weeks (that is, 364 days), while the calendar year contains approximately 52.14 weeks. The next feature concerns the Chart of Accounts and reporting forms. There is no single approved or recommended chart of accounts in the international reporting structure. International Financial Reporting Standards are a set of rules for the preparation of financial statements, the information of which is intended to be presented to various organizations and persons interested in the results of operations and the financial condition of the preparer. Each company that prepares reporting in accordance with IFRS develops its own chart of accounts based on the specifics of its activities and the necessary detail of financial information. Business entities of the Republic of Uzbekistan can use the Chart of Accounts of the national accounting for the purposes of IFRS, if it prepares international reporting by the transformation method. There are no approved financial reporting forms in IFRS either.[12] Instead, IAS 1 Presentation of Financial Statements provides general guidelines for the structure of financial statements and minimum requirements for their content. [13].

Unlike IFRS, Uzbekistan still recognizes the balance sheet and the statement of financial results as the main accounting reports. The main purpose of information generated according to the rules of International Accounting and Reporting Standards is external consumers, but it can also be useful for use within the organization, for the needs of internal control and management. Note that the names of the reporting forms in accordance with IFRS requirements are also optional - the main thing is that the principle of comprehensibility to users of reporting is observed. The balance sheet in IFRS can be drawn up in two ways (at the option of the company): (or) with a division into short-term and long-term assets and liabilities, that is, as in the NAS; (or) without such division, but in order of decreasing or increasing liquidity. The submission form should provide reliable and relevant information. In the statement of financial results, expenses related to core activities can also be presented in two ways (at the option of the organization): (or) by the function of expenses (cost, selling expenses, administrative expenses, etc.), that is, as in the NAS; (or) by the nature of expenses (depreciation expenses, employee benefits expenses, etc.) The main differences in the composition of reporting forms are presented in the following table 1.

Table 1: Composition of financial statements in accordance with IFRS and the legislation of the Republic of Uzbekistan

IFRS	Legislation of the Republic of Uzbekistan.
Statement of financial position	Balance sheet form No. 1
Statement of comprehensive income (income statement), statement of other comprehensive income	Statement of financial results - form No. 2;
Capital flow statement	Equity statement - form No. 5;
Cash flow statement	Cash flow statement - form No. 4;
Accounting policy and explanatory note	Notes, calculations and explanations.
-	Auditor's report confirming the accuracy of the financial statements, if they are subject to mandatory audit

The formation of reporting in accordance with the requirements of IFRS and NAS is influenced in different ways by the economic and legal features of the environment in which the two accounting systems were formed. So, in IFRS, there is a minimal connection between taxation and accounting, a weak legal impact on accounting, but at the same time a strong economic one, the emphasis is not on government regulations, but on the professional judgment of specialists, strict (up to criminal) liability for distortion of financial statements, etc. This is due to the fact that an enterprise is perceived by the state not so much as a taxpayer, but as a creator of GDP and jobs, as a link in one large economic chain, the collapse of which, to a greater or lesser extent, can affect the well-being of the economy as a whole - from local to global. [5]

IFRS sets a realistic assessment of balance sheet items with a prospect for the future: fair value measurement (the amount by which the asset can be replaced), present value, adjustments for hyperinflation, asset value in use, arising out of practice liabilities, etc. For national accounting, these concepts are practically unfamiliar.

IV. CONCLUSION

In conclusion, we note that the financial statements prepared in accordance with the requirements of IFRS provide a greater amount of information about the company, both qualitatively and quantitatively, compared to the national analogue. It should also be noted that despite the fact that preparations for the transition to international standards have been carried out since 2003, and during this time changes have been made to the Accounting Rules, a number of basic points do not coincide with the accounting forms in force in other countries.

At present, Uzbekistan has retained the accounting principles that existed in the pre-reform economy. Attention should be paid to the "gaps" of the conceptual apparatus of national accountants of such basic elements of accounting and reporting as assets, liabilities, capital, income, expenses. The main conclusion can be made as follows: IFRS, as a single regulation of monetary accounting, is not affected by international differences: cultural realities, traditions, financial models, legislative norms of different states. Economic laws are objective regardless of how they are applied. Therefore, the fundamental principle of IFRS is the predominance of economic content over form.

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