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Issue **Article**

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PECULIARITIES OF IFRS IMPLEMENTATION IN THE PRACTICE OF JOINT-STOCK COMPANIES OF UZBEKISTAN

Abstract*: This article examines the financial reporting requirements of joint-stock companies in the Republic of Uzbekistan in the context of the transition to International Financial Reporting Standards (IFRS). It analyzes the key regulatory frameworks for joint-stock companies, highlighting the specifics of accounting and financial reporting. Particular attention is paid to the implementation of IFRS, the challenges of adapting the national accounting system to international requirements, and the benefits of applying international standards to enhance the investment attractiveness of companies. The study substantiates the need to improve the accounting policies of joint-stock companies and modernize the financial reporting system in a globalizing economy.*

Key words*: Joint-stock company, financial reporting, accounting, IFRS, NAS, audit, consolidated reporting, investments, corporate governance, Uzbekistan.*

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Introduction

The current globalization of the global economy requires transparency and comparability of financial reporting by economic entities. For the Republic of Uzbekistan, improving financial reporting is particularly relevant given the active attraction of foreign investment and integration into international financial markets. [2,4] Joint-stock companies play a significant role in this process, as they are the main participants in the stock market and the largest entities in the corporate sector of the economy [1].

The development of market relations in Uzbekistan has necessitated reforming the accounting and financial reporting system [2]. The transition to International Financial Reporting Standards has become a critical step in improving corporate governance and increasing trust among foreign investors, creditors, and other users of financial information.

Currently, joint-stock companies are required to ensure a high degree of transparency in their activities, provide reliable financial statements, and undergo mandatory audits. This contributes to strengthening financial discipline and the development of an effective corporate governance system.

Joint-stock companies are one of the most significant organizational and legal forms of business in the economy of the Republic of Uzbekistan. Their activities are regulated by the Law of the Republic of Uzbekistan dated April 26, 1996, No. 223-I "On Joint-Stock Companies and the Protection of Shareholder Rights," as well as a number of regulatory legal acts in the field of accounting and financial reporting.

The main difference between a joint-stock company and a limited liability company is the ability to freely trade shares on the capital market. This form of business organization allows for the attraction of significant financial resources through the issue and placement of shares among investors.

The governance system of a joint-stock company includes a general meeting of shareholders, a supervisory board, an executive body, and an audit commission. The presence of a multi-level governance system requires the formation of high-quality and reliable financial information for management decision-making.

The organization of accounting is of particular importance for the activities of joint-stock companies. The financial statements of joint-stock companies include a statement of financial position, a statement of financial performance, a statement of cash flows, and other reporting forms required by law [2, 10]. Furthermore, joint-stock companies are required to undergo an annual independent audit of their financial statements.

The key features of accounting in joint-stock companies are:

- accounting for authorized capital and share transactions;
- accrual and accounting of dividends;
- formation of reserves;
- maintenance of consolidated financial statements;
- mandatory disclosure of information to investors and shareholders. [1,6]

Accounting in joint-stock companies is based on both national accounting standards and International Financial Reporting Standards. The use of IFRS ensures comparability of companies' financial indicators with international practice, increases reporting transparency, and strengthens the confidence of foreign investors.

It should be noted that in recent years, Uzbekistan has been actively implementing a policy of transition to international financial reporting standards. In accordance with Decree of the President of the Republic of Uzbekistan No. PP-4611 dated February 24, 2020, a mandatory procedure for preparing financial statements based on IFRS was established for joint-stock companies, commercial banks, insurance organizations, and large taxpayers.

This decision marked an important step in reforming the national accounting system. The application of international standards contributes to the creation of a transparent financial environment, improved corporate governance, and expanded opportunities for attracting foreign investment.

An analysis of statistical data shows that hundreds of joint-stock companies continue to operate in Uzbekistan, a significant portion of which have foreign participation or operate as joint ventures. This confirms the need to further improve financial reporting in line with international requirements.

The implementation of International Financial Reporting Standards in the activities of joint-stock companies is one of the most ambitious areas of accounting reform in Uzbekistan. According to the requirements of the Decree 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," starting January 1, 2021, joint-stock companies are required to organize accounting and prepare financial statements based on IFRS.

However, the transition to international standards is accompanied by a number of organizational, methodological, and technical difficulties. Unlike national standards, IFRS do not contain a rigidly defined chart of accounts and do not provide for uniform forms of accounting entries [5]. This requires the adaptation of the current accounting system and the modernization of enterprise software.

Experience shows that many companies are forced to implement parallel accounting: separately for IFRS purposes and separately for tax purposes. This is due to the differences between the requirements of international standards and the provisions of the tax legislation of the Republic of Uzbekistan. [3]

One of the most complex aspects of the transition is the accounting of fixed assets. Companies are required to review the useful lives of assets, determine the fair value of real estate, and adjust depreciation policies in accordance with the requirements of IAS 16. The accuracy of determining fixed assets and their value at the date of transition to IFRS (taking into account the requirements of IFRS 1, as well as the requirements of IAS 16 for components, land, etc.), as well as the accuracy of subsequent accounting for fixed assets under IAS 16 (initial cost of new fixed assets, including those imported, useful lives, initial cost model, etc.) and other applicable IFRSs. In other words, if there are material errors made on the date of transition to IFRS and/or during the subsequent 7-year period of application of IFRS, the company will need to correct them retrospectively, in accordance with the requirements of IAS 8.

At the same time, for the period beginning on January 1, 2021, when determining the tax base for income tax, it is necessary to take into account the requirements of Article 306 of the Tax Code of the Republic of Uzbekistan (in the new edition) regarding depreciation expenses, which in general do not coincide with the requirements of IAS 16. That is, from this date, the company will generally have to maintain parallel accounting of fixed assets: separately for IFRS purposes and separately for income tax purposes. [3,5,7]

Furthermore, significant difficulties arise in preparing consolidated financial statements. The problem is that not all subsidiaries comply with IFRS accounting. As a result, parent companies face additional time and resource expenditures on reorganizing the financial statements of their subsidiaries. [6,8]

Under IFRS 10, parent companies are required to prepare consolidated financial statements, combining the financial statements of their subsidiaries as a single economic entity. IAS 27, "Separate Financial Statements," applies to accounting for investments in subsidiaries, joint ventures, and associates if the entity elects or is required by local law to present separate financial statements. IAS 34, "Interim Financial

Reporting," applies if the entity is required or elects to publish an interim financial report in accordance with IFRS. [8,9]

Tax accounting is also a significant consideration. According to Article 76 of the Tax Code of the Republic of Uzbekistan, accounting for tax purposes is based on accounting data. This means that the transition to IFRS directly impacts the formation of the tax base and the calculation of tax liabilities for enterprises.

Despite the existing difficulties, the implementation of IFRS provides significant advantages for joint-stock companies. The main advantages include:

- ➢ increasing the transparency of financial reporting;
- ➢ growing confidence among foreign investors;
- ➢ simplifying access to international financial markets;
- ➢ improving the quality of corporate governance;
- ➢ improving the investment attractiveness of companies;
- ➢ improving the comparability of financial indicators.

Furthermore, the implementation of IFRS contributes to the professional development of accounting personnel and the development of a modern financial management system at enterprises.

At the same time, the successful implementation of reforms requires a comprehensive approach. It is necessary to improve the legislative framework, develop a system for training IFRS specialists, introduce modern information technologies, and provide methodological support to enterprises.

Thus, the implementation of International Financial Reporting Standards in the practices of joint-stock companies of the Republic of Uzbekistan is an important stage in the development of the national economy and corporate governance system. The use of IFRS contributes to increased transparency of financial reporting, strengthens investor confidence, and integrates domestic companies into the international economic space.

The study showed that the transition to international standards is accompanied by a number of difficulties related to the adaptation of the accounting system, the need to maintain parallel accounting, and the preparation of consolidated financial statements. However, the benefits of implementing IFRS significantly outweigh the resulting organizational and financial costs.

In today's environment, further improvement of financial reporting in joint-stock companies should be aimed at harmonizing national standards with international requirements, developing digital accounting technologies, and improving the quality of training for financial reporting specialists.

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