THE IMPACT OF INTERNATIONAL FINANCIAL REPORTING STANDARDS FOUNDATION ON THE ACCOUNTING SYSTEM OF UZBEKISTAN

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Abstract: *This article provides a detailed analysis of the impact of the standards developed by the International Financial Reporting Standards Foundation on the accounting system of Uzbekistan. The study examines the process of implementing International Financial Reporting Standards (IFRS), their importance in improving financial transparency, increasing investment attractiveness, strengthening corporate governance, and integrating the national economy into the global financial system. The paper also analyzes the economic and institutional reforms carried out in Uzbekistan regarding IFRS adoption, identifies existing challenges, and proposes recommendations for further development of the accounting sector.*

Keywords: *IFRS, accounting system, financial reporting, transparency, investment climate, corporate governance, Uzbekistan economy.*

Introduction

In the era of globalization and digital transformation, the role of accounting systems in ensuring economic stability and sustainable development has significantly increased. Modern economic relations require countries to adopt internationally recognized accounting standards in order to maintain transparency, reliability, and comparability of financial information. For this reason, the standards established by the International Financial

Reporting Standards Foundation have become an essential component of the global financial architecture.

International Financial Reporting Standards (IFRS) are designed to create a unified accounting language that can be understood and trusted by investors, creditors, governments, and other stakeholders across the world. The adoption of IFRS contributes to improving the quality of financial reporting and increasing confidence in financial markets.

In recent years, Uzbekistan has implemented significant economic reforms aimed at liberalizing the economy, attracting foreign investment, and improving corporate governance. One of the most important directions of these reforms has been the modernization of the accounting and auditing system through the introduction of IFRS standards.

The transition from national accounting standards to IFRS represents not only a technical reform but also an institutional transformation that affects financial management, taxation, investment policy, and business operations. Therefore, studying the impact of IFRS on the accounting system of Uzbekistan is highly relevant both theoretically and practically.

Literature Review

Many international scholars and economists have emphasized the importance of IFRS standards in strengthening financial systems and supporting economic growth. According to modern accounting theory, financial information should possess qualities such as reliability, comparability, transparency, and relevance. IFRS standards aim to ensure these characteristics.

Researchers note that countries adopting IFRS generally experience:

- increased foreign direct investment;
- improved access to international capital markets;
- stronger investor confidence;
- better corporate governance mechanisms;



• enhanced financial transparency.

Several studies also indicate that IFRS implementation helps reduce information asymmetry between companies and investors. Transparent financial reporting allows investors to make informed decisions and reduces the risks associated with investments.

At the same time, some scholars point out that IFRS implementation can be challenging for developing economies due to educational, financial, and technological barriers.

Research Methodology

This research is based on qualitative and analytical methods. Comparative analysis, systematic observation, and theoretical interpretation were used to study the implementation of IFRS standards in Uzbekistan.

The study analyzed:

• national reforms related to accounting modernization;

• the current state of IFRS implementation;

• advantages and disadvantages of IFRS adoption;

• economic effects of financial transparency;

• institutional challenges faced by enterprises.

The research also considered international experiences from countries that successfully implemented IFRS standards.

Theoretical Foundations of IFRS

The International Financial Reporting Standards Foundation was established to develop globally accepted accounting standards that improve financial communication and economic cooperation between countries.

The primary objectives of IFRS include:



• ensuring transparency in financial reporting;
• increasing accountability of companies;
• improving comparability of financial information;
• supporting international investment activities.

Unlike traditional accounting systems focused mainly on tax reporting, IFRS emphasizes economic reality and fair presentation of financial information. This approach allows investors and stakeholders to obtain a more accurate understanding of a company's financial condition.

The Process of IFRS Implementation in Uzbekistan

The government of Uzbekistan has undertaken a number of reforms aimed at introducing IFRS standards into the national accounting system. Presidential decrees and regulatory documents have encouraged large enterprises, commercial banks, insurance companies, and joint-stock companies to prepare financial statements in accordance with IFRS.

The implementation process includes:
• reforming accounting legislation;
• organizing professional training programs;
• introducing international certification systems;
• modernizing accounting software;
• strengthening audit institutions.

Particular attention has been paid to increasing cooperation with international financial organizations and improving professional education in accounting and auditing.

Positive Impact of IFRS on Uzbekistan's Accounting System

1. Improvement of Financial Transparency

One of the most important effects of IFRS adoption is the improvement of financial transparency. Financial statements prepared according to international standards provide accurate and understandable information for investors and stakeholders.

2. Attraction of Foreign Investments

Foreign investors usually prefer countries where financial reporting complies with international standards. IFRS adoption improves Uzbekistan's investment attractiveness by providing reliable financial information.

As a result:

• investment risks decrease;

• investor confidence increases;

• opportunities for international financing expand.

3. Development of Corporate Governance

IFRS standards contribute to improving internal control systems and corporate governance practices. Companies become more accountable to shareholders and stakeholders.

Improved governance leads to:

• better management decisions;

• efficient resource allocation;

• increased organizational effectiveness.

4. Integration into the Global Economy

The implementation of IFRS facilitates Uzbekistan's integration into international financial and economic systems. National companies gain access to international stock exchanges and financial markets.

Challenges of IFRS Implementation in Uzbekistan

Despite significant progress, several challenges remain.

Lack of Qualified Specialists

One of the major problems is the shortage of professionals with deep knowledge of IFRS standards. Many accountants were educated according to traditional accounting methods and require retraining.

Educational Limitations

Universities and educational institutions still need to modernize accounting curricula to meet international standards.

High Financial Costs

The transition to IFRS requires substantial financial resources for software modernization, employee training, consulting services, and auditing procedures.

Technical and Digital Problems

Some enterprises still use outdated accounting systems that are incompatible with IFRS requirements. Digital transformation is therefore essential for effective implementation.

RECOMMENDATIONS FOR IMPROVING IFRS IMPLEMENTATION

To ensure effective implementation of IFRS standards in Uzbekistan, the following measures are recommended:

1. Expanding professional education and training programs;
2. Increasing cooperation with international accounting organizations;
3. Introducing modern digital accounting technologies;

4. Supporting small businesses during the transition process;

5. Developing national IFRS methodological guidelines;

6. Improving audit quality and financial supervision.

Future Prospects

The future development of Uzbekistan's accounting system largely depends on successful integration with international financial standards.

Continued implementation of IFRS will contribute to:

• sustainable economic growth;

• stronger financial institutions;

• increased global competitiveness;

• higher levels of foreign investment.

In the long term, digital accounting systems, artificial intelligence technologies, and automated financial analysis tools may further improve the effectiveness of IFRS implementation.

Conclusion

In conclusion, the standards developed by the International Financial Reporting Standards Foundation have a significant impact on the accounting system of Uzbekistan. Their implementation improves financial transparency, strengthens investor confidence, enhances corporate governance, and supports integration into the global economy.

Although several challenges remain, including educational, financial, and technical barriers, ongoing reforms and institutional support can ensure the successful transition to international standards.

The modernization of accounting practices based on IFRS principles represents an important step toward sustainable economic development and the formation of a competitive market economy in Uzbekistan.

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