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**FEATURES OF THE USE OF IFRS IN THE PRACTICE OF CORPORATE
GOVERNANCE OF UZBEK ENTERPRISES**

Abstract: The article examines the features of using international financial reporting standards (IFRS) in the practice of corporate governance of Uzbek enterprises. Recently, this problem has become very relevant, as more and more companies implement or plan to implement the formation of reports under IFRS in order to attract foreign investment. The main tasks facing companies in the transition to IFRS, approaches to the process of preparing reports taking into account the Uzbek specifics, as well as the main stages of work associated with such a transition are considered.

Keywords: NAS (National Accounting Standard), IFRS (International Financial Reporting Standards), accounting process, chart of accounts, mapping.

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**ОСОБЕННОСТИ ИСПОЛЬЗОВАНИЯ МСФО В ПРАКТИКЕ
КОРПОРАТИВНОГО УПРАВЛЕНИЯ ПРЕДПРИЯТИЯМИ
УЗБЕКИСТАНА**

Аннотация: В статье рассматриваются особенности использования международных стандартов финансовой отчетности (МСФО) в практике корпоративного управления предприятий Узбекистана. В последнее время данная проблема стала очень актуальной, так как все больше компаний внедряют или планируют внедрить формирование отчетности по МСФО с целью привлечения иностранных инвестиций. Рассмотрены основные задачи, стоящие перед компаниями при переходе на МСФО, подходы к процессу

подготовки отчетности с учетом узбекской специфики, а также основные этапы работы, связанные с таким переходом.

Ключевые слова: НСБУ (Национальный стандарт бухгалтерского учета), МСФО (Международные стандарты финансовой отчетности), учетный процесс, план счетов, картографирование.

FEATURES OF THE USE OF IFRS IN THE PRACTICE OF CORPORATE GOVERNANCE OF UZBEK ENTERPRISES

Introduction. The Government of the Republic of Uzbekistan is currently implementing large-scale reforms in the political, economic and social spheres, actively working to attract foreign direct investment to the country's economy, and creating conditions for the effective work of foreign investors. One of the most important conditions for effectively attracting such investments into the activities of Uzbek enterprises is increasing the transparency of corporate governance practices through the introduction of generally accepted international financial reporting standards. For the effective integration of the country into the global economy, the Government is pursuing an active policy to implement International Financial Reporting Standards (IFRS) [3], which is designed to ensure transparency and trust of international partners in the activities of enterprises of the corporate sector of the Republic.

In this regard, it is of great interest to study the experience of implementing IFRS requirements in the corporate governance system of Uzbek enterprises. Thus, in [1,2] the main measures aimed at introducing IFRS into the activities of joint-stock companies, commercial banks, insurance organizations and legal entities included in the category of large taxpayers are indicated.

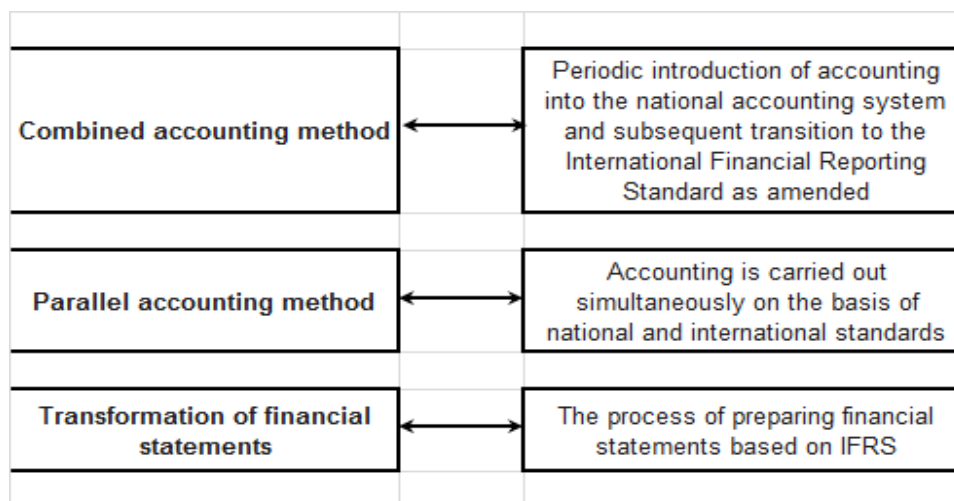
Thus, it becomes obvious that the state has taken a clear course on transferring the corporate governance system of large enterprises and companies to management according to international standards. These measures are also due to the fact that the preparation of reports in accordance with IFRS is extremely important for a company that already cooperates with foreign counterparties or is going to establish such interaction. After all, it is on the basis of the submitted financial reports that an opinion will be formed about the reliability and stability of

the company's operations and its development prospects. The transformation of reports prepared according to the national standard into reports according to IFRS is necessary in cases where the enterprise plans to attract additional funds and investments by placing its securities on the stock exchange.

Studying the experience of European countries in implementing IFRS and a systematic approach to problems in this process are important issues in the transition to the process of accounting and financial reporting in accordance with IFRS in business entities operating in our country. In this regard, the following main areas can be identified as the main tasks for businesses in the transition to international financial reporting standards [4,5]:

- formation of a system of accounting and financial reporting standards that provides users of financial statements with information, primarily transparent information for investors;
- ensuring the linkage of the accounting system in business entities with the main trends of the international accounting system;
- development of methodological procedures using effective aspects of international accounting models.

The process of preparing reports of Uzbek enterprises under IFRS can be conditionally divided into 3 groups of methods (see Fig.).



The most common method of accounting among Uzbek enterprises today is parallel accounting — parallel (simultaneous) accounting both in accordance with local legislation and in accordance with IFRS. Parallel accounting is carried out by

converting the enterprise's accounting data into the IFRS reporting format. There are two types of conversion: full and step-by-step.

Full conversion means working with accounting software to record all business transactions.

Step-by-step conversion is used in companies that keep records manually. In this case, computerization is applied separately for each area of work: when accounting for non-current assets, inventories, settlements, determining financial results and other areas of accounting.

Although the use of parallel accounting is more costly for the enterprise, in our opinion, it is a reasonable measure on the part of management for the following reasons:

- almost complete lack of qualified and certified personnel in IFRS at enterprises;
- the need for mandatory accounting in accordance with NAS No. 21 (no one has canceled it);
- the need to maintain tax reporting in accordance with the requirements of the Tax Code - it has not yet been amended and provisions concerning IFRS have been made;
- the current absence of a central national body that should be responsible for managing the implementation and subsequent implementation of IFRS and ensuring the resolution of controversial issues that arise during the harmonization of the local accounting system with the requirements of IFRS.

For these reasons, the management of enterprises is forced to hire audit companies that carry out the "transfer" of accounting information to IFRS. This, of course, requires additional costs, but at the same time, it allows enterprises to maintain accounting and reporting according to local standards, and at the same time comply with the Government's requirement to provide reporting in accordance with IFRS.

In this regard, the following main stages of work can be identified that Uzbek enterprises will have to carry out as part of the transition to IFRS.

Stage 1. Creation of an information and technical base for the introduction of accounting under IFRS. Within the framework of this stage, a corporate accounting

policy in accordance with IFRS should be developed, a personnel reserve should be formed by conducting trainings among current employees or recruiting the necessary specialists, and an information base should be prepared by taking an inventory of assets and liabilities, analyzing business transactions for accounting under IFRS.

Stage 2. Development of the accounting system itself in accordance with IFRS. At this stage, a corporate chart of accounts for IFRS purposes should be developed, including analytical accounting accounts. Internal control procedures for the correctness of reporting under IFRS should be developed, and work should begin on setting up and testing the existing information system for various accounting areas - transactional, transformation and consolidation blocks.

Stage 3. Implementation of a trial implementation of accounting and reporting under international standards. The purpose of this stage is to identify errors and discrepancies in the system, make adjustments to the accounting policy, chart of accounts, and accounting methods. The experience of implementing IFRS in corporate governance practice in Uzbekistan shows the importance and necessity of the gradual implementation of reporting standards in the practice of companies. The use of IFRS allows for the maximum effect in the corporate governance system, ensuring the transparency of financial reporting, which helps attract investment in the activities of Uzbek companies, is designed to significantly facilitate relationships with foreign investors and contribute to an increase in the number of joint projects due to generally accepted rules for the formation of current financial statements.

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