
Creation of Annual Capital Account on the Basis of IFRS

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Abstract: This article reveals the aspects related to the formation of private capital of joint-stock companies in accordance with international standards of financial reporting. The legal and theoretical foundations of the formation of private capital in joint-stock companies have been researched. Recommendations for the formation of private capital based on the introduction of modern corporate management methods, increasing the efficiency of the use of production, investment, material and technical, financial and labor resources and creating favorable conditions for attracting foreign investments to joint-stock companies are also presented.

Key words: the procedure for transition to international standards in presenting financial statements and thereby ensuring the validity and reliability of reports, international standard, financial statement, investor, investment assets, private capital, authorized and reserve capital.

Introduction.

By introducing foreign investment system in our country, it allows to attract foreign investors and helps to change the economic relations. Implementation and application of world standards is important for the country's integration into the world economy. We can also say that drawing up financial reports of high-profit and promising business entities based on international standards, increasing their investment attractiveness in the organization of private capital, and explaining private capital reports in an understandable economic language is an important aspect of attracting foreign investors.

Preparation of financial statements in accordance with the International Financial Reporting Standards is important for entering the international markets of business entities operating in our country, as well as attracting potential investors, and it is becoming a vital necessity. The adoption of IFRS and reporting in accordance with it will create a uniform financial information exchange environment in the global market. This process, in turn, serves to increase information transparency, accountability and economic efficiency. Also, the application of IFRS leads to the improvement of market liquidity, development of capital markets, expansion of trading volume in stock markets, penetration of foreign investments into the national market and improvement of investor protection. It should be noted that in order to achieve the positive aspects of the organization of the private capital account, it is necessary to implement measures for the effective implementation of the IFRS in the national market.

At this point, it should be noted that in the policy carried out by the president of our country, great attention is paid to raising the country's economy, its further development and diversification, as a practical expression of this, strategies, plans and road maps aimed at attracting foreign investors to our country and increasing investment attractiveness are being developed. At the same time, attention is being paid to the measures necessary to attract foreign investors to the qualification, the levers that show the country's investment attractiveness, including the President of our country dated February 24, 2020 No. PQ-4611 "Additional measures on the transition to international

standards of financial reporting" The adoption of the decision on "events" can be called an advanced step in the integration of the country into the world economy [2].

Because it is impossible to manage any economy and brewing without the help of technology. According to this rule, it serves to increase the capital ratio of the economy to the expected goal of the modern accounting policy, which is developed in the framework of the public accounting system of the financial system. According to the rules of the IFRS, the reliability and completeness of the accounting information of the joint-stock company, in accordance with the principle of prudence, must be consistent with the information in the accounting document of the accounting company. In general, in a joint-stock company, the information on the capital stock is provided in a systemized manner according to the principle of accounting.

Analysis of literature on the topic. In this regard, foreign and domestic economists have presented their own approaches as follows:

Article 19 of the Law of the Republic of Uzbekistan "On Accounting" dated 13th of 2016 ORQ-404-con. It is called accounting of private capital, and it states that private capital consists of authorized capital (authorized capital), added, reserve capital and retained earnings[1].

I.N. Ismanov is directed to create a financial report that is a source of financial information and useful for the purpose of the company's activities. These standards are not related to the jurisdiction of the country and are directed to the formation of the financial report strictly according to the type, size, organizational and legal form of the activity [3].

According to Z.N.Kurbanov and A.Akramov, "In our country, the gradual organization of the financial accounting on the basis of the global standard of the financial report and the arrangement of the financial report will provide an opportunity to expand the global integration more widely." And it will be a new stage of reform and modernization of accounting in our country" [4].

According to O. Sobirov: "In order to provide foreign investors with the necessary information and data by accelerating the processes of transformation of financial reporting to international standards, and to expand access to international financial markets, as well as to improve the system of training accounting and auditing specialists according to international standards, joint stock companies, commercial banks, insurance organizations and legal entities included in the category of large taxpayers, starting from 2021, will organize financial reporting based on international standards (IFRS) and will prepare their financial reports based on international standards starting from the end of 2021" [5].

According to S.N. Tashnazarov, "an important conclusion can be drawn based on the study of the laws of development of accounting and financial reporting, if the idea of accounting based on "double-sided writing" was created in 1494, and the international integration of financial reporting began in 1973 with the creation of international standards of accounting, by 2030, full international harmonization and uniformity of financial reporting will be achieved worldwide" [6].

M.L. Pyatov and I.A. Smirnova noted that "in the organization of private capital account on the basis of MHXS, an important theoretical issue based on accounting methodology is the so-called concept of capital. The essence of the concept of capital is to rely on accounting information to determine the profit and capital of the company" [7].

E.L. Putnikova, V. A.Urbanlar explains the transition to the international standards of financial reporting as follows: "The change of the financial statements of the Republic of Belarus in accordance with the international financial reporting standards is the first, very important and mandatory step on the way to the transition to the International Financial Reporting Standards" [8].

M. Suntsova said: "Statement of changes in equity" is prepared for company owners in accordance with the International Standard of Financial Reporting (IFRS) 1 - "Presentation of Financial Statements" [9].

IAS 1 - "Presentation of Financial Statements" standard states that "financial statements are a regulated expression of the financial position and financial results of a business entity.

(a) assets; (b) liabilities; (v) capital; (g) revenues and expenses, including profits and losses; (d) contributions made by property owners in their capacity as property owners and amounts distributed to them; and (e) cash flows"[10].

Research methodology. There are cases that transition to international standards of financial reporting is one of the requirements of the time in the socio-economic stable development of our country, ensuring the reliability of financial and social reports, increasing investment attractiveness. The theoretical and practical aspects of the procedure related to the preparation of financial reports in joint-stock companies, the implementation of international standards of financial reporting in the organization of private capital accounts, and their application in practice were studied.

Analysis and discussion of results. Ensuring economic development by ensuring the integration of the economy of Uzbekistan with the world economy is considered one of the most favorable years. Therefore, the role of accounting in the integration of our republic into the international community and the expansion of cooperation with international organizations is of great importance. The main goal of establishing and conducting production, commercial and entrepreneurial activities in business entities is to achieve high productivity. The correct organization of accounting serves to ensure its reliability in the preparation of financial statements. Privatization, expropriation and corporatization, the potential of economic entities based on different ownership is characterized by the indicator of their private capital. Joint-stock companies cannot continuously develop their activity without having enough private capital, and their ability to withstand the competition that arises in the market is weak. Therefore, having private capital, constantly increasing it, is an important element that guarantees the development of joint-stock companies. First of all, in the organization of accounting work, it is necessary to create methods such as the formation of an accounting policy in a perfect manner, the preparation of financial reports that are understandable for any users and provide effective management. The economic stability of business entities is directly related to the development of the country's economy, and serves the production, development and strengthening of the conceptual basis of financial reporting.

The principle of reliability is considered important in the organization of the accounting policy, and economic processes in joint-stock companies are conducted based on objective data. The principle of prudence serves to prevent the creation of an unreliable balance sheet by assessing the financial condition of joint-stock companies with the help of current liquidity, self-sufficiency and solvency coefficients, which are directly related to the solvency of joint-stock companies in the implementation of business processes. Accounting is based on the principle of priority of content over form.

The specific features of the formation of the private capital structure of the joint-stock company can be seen in Figure 1.

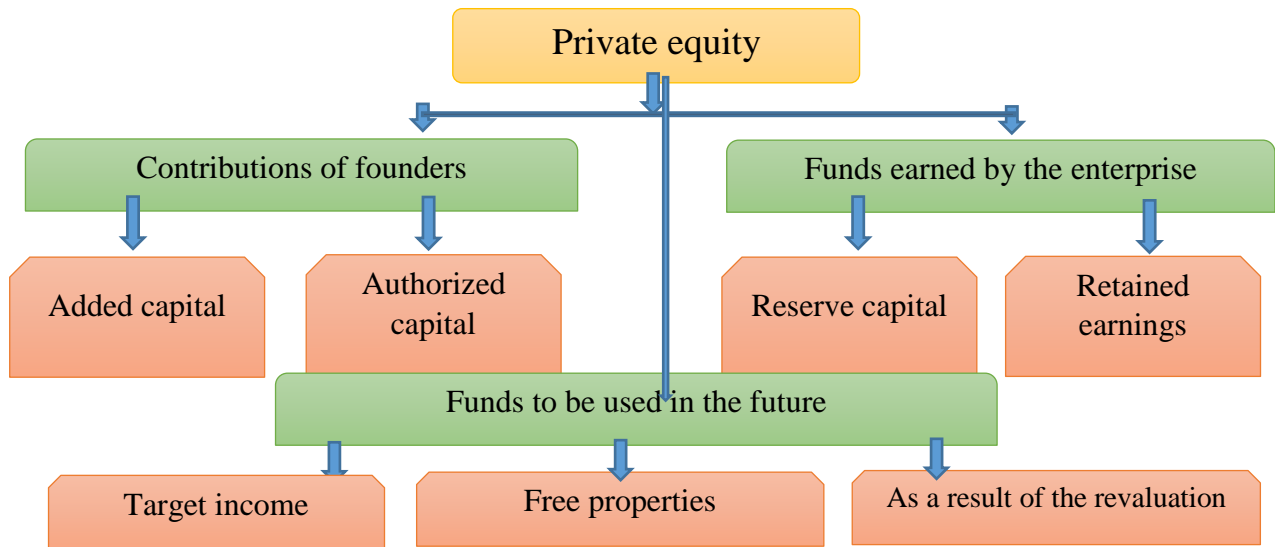


Figure 1. Private capital structure of the joint-stock company¹

The private capital of the joint-stock company consists of the sum of the contributions of the founders, the funds earned by the enterprise and the funds for determining the value and future appropriation. The sum of the company's added capital and authorized capital is equal to the sum of its founders. The sum of reserve capital and retained earnings equals the company's earnings. The sum of target revenues and future period costs is made up of funds for determining value and future appropriations.

Joint-stock companies aim to increase the level of income by effectively using the capital of the owners and other creditors. The minimum level of return on assets of economic entities is determined by the cost of capital. Having enough capital in economic entities means its financial stability. It is important to form not only the main funds, but also working capital. It consists in increasing the importance of financial resources in economic entities, using it to form capital fund and increase production potential, as well as financing of current activities. The financial stability of the economic entity depends on what kind of funds it has in the results of the activity, and the appropriate formation of their long-term and current assets.

In the present conditions, the organization and improvement of the accounting of private capital based on the requirements of MHXS is one of the urgent issues. The study of foreign experience in the formation and use of private capital in developed countries allows to bring the private capital accounting for enterprises closer to the MHSS.

According to the conceptual framework of international financial reporting standards, the private capital of economic entities is defined as the remaining part of the assets after deducting all the liabilities.

The economic essence of private capital can be revealed through its functions. The functions of private capital are as follows:

- long-term financing of economic activity;
- responsibility to protect the rights of creditors;
- compensation for the damage caused;
- the right to independence and ownership of property;
- distribution of income and assets, etc. As can be seen from its functions, private capital is the financial foundation of the enterprise.

Equity accounting is one of the less scientifically researched problems. The main purpose of the

¹ Developed by the author.

private capital account is to provide information users with information on the formation of private capital, processes related to it, and the state of private capital.

Thus, the advantages of private capital accounting and reporting in joint-stock companies based on the International Standards of Financial Reporting provide transparency of information and increase investment attractiveness. It provides an opportunity to exchange experience between countries, expand opportunities for mutual cooperation, and increase the trust of interests.

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