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## The First Steps and History of Origin in the Transition of Financial Reporting to International Standards in Uzbekistan

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**Annotation:** The article covers the first steps and history of origin in the transition of financial reporting to international standards (IFRS) in Uzbekistan. In our country, in the decree of the president of the Republic of Uzbekistan on the satrategia “Uzbekistan – 2030”, the transition to international standards of financial reporting is revealed priority tasks as well as specific measures established. Conclusions and suggestions on the topic are presented.

**Key words:** Financial Reporting International Standards (IFRS), strategy, task, goal, decree, decision, provision, National Association of accountants and auditors of Uzbekistan (Uzbama), qualification, accountant.

One of the important tasks of the decree of the president of the Republic of Uzbekistan on satrategia “Uzbekistan – 2030”<sup>1</sup> in our country is to take place among the countries whose income is above the average through sustainable economic growth, to establish a system of education, medicine and social protection that fully meets the requirements of the population and international standards. In achieving the tasks set out in the strategiai, increasing the income of the population, increasing economic entities, maintaining an account that fully meets the population requirements and international standards in these entities, on the basis of international standards, is one of the pressing issues today.

Therefore, a number of decrees and decisions made to ensure the implementation of this strategy, namely the decisions of the president of the Republic of Uzbekistan No. 24.02.2020 PQ-4611 “On additional measures for the transition to international standards of financial reporting”<sup>2</sup>, the decisions of the president of the Republic of Uzbekistan No. 04.08.2021 PQ-5210”on improving the system of certification of Auditors”<sup>3</sup>, Resolution of the Cabinet of Ministers of the Republic of Uzbekistan No. 38 of 26.01.2021 “On approval of the temporary regulation on the procedure for covering the costs of training financial statements by international standards and passing exams within the framework of international certification of accountants”<sup>4</sup>, as well as the transition to international standards of financial statements in state programs priority tasks.

Financial statements the importance and description of international standards have their own characteristics and principles of conduct. In order for us to understand these features and principles, let's dwell on the history of the origin of international standards of Financial Reporting.

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<sup>1</sup> Presidential Decree of the Republic of Uzbekistan on satrategia “Uzbekistan-2030” No. 158 PF-11.09.2023

<sup>2</sup> Decisions of the president of the Republic of Uzbekistan on additional measures to transition to International Financial Reporting Standards PQ-4611 of 24.02.2020

<sup>3</sup> Decisions of the president of the Republic of Uzbekistan dated 04.08.2021 PQ-5210 “on additional measures to improve the system of certification of Auditors”

<sup>4</sup> Resolution of the Cabinet of Ministers of the Republic of Uzbekistan No. 38 of 26.01.2021 " on approval of the provisional regulation on the procedure for covering the costs of training financial statements by international standards and taking exams within the framework of international certification of accountants

Financial Reporting in Internet sources international standards began to be used from 1973.<sup>5</sup> International Financial Reporting Standards, known as International Financial Reporting Standards (IFRS), are accounting standards developed by the IFRS Foundation and the International Accounting Standards Board (IAS).<sup>6</sup>

They are a standardized way of describing the financial indicators and state of a company, and are a guideline that complements the financial information sources that make the company's financial statements understandable and comparable at the international market business entities scale. In the International Market, International Financial Reporting Standards (IFRS), shares or securities are important for companies listed on the exchange.

The beginning of reforms on the transition to International Financial Reporting Standards (IFRS) was greatly stimulated by the decision of the president of the Republic of Uzbekistan dated November 26, 2010 “on the priority areas of further reform and stability of the Republican financial and banking system in 2011-2015 and achieving high international rating indicators”. By this decision, priority directions were set by banks on the transition to the preparation of reports on the basis of MHXS and the receipt of international credit ratings.

For the first time in our republic, in 2013, the National Association of accountants and auditors of Uzbekistan (Uzbama), in cooperation with relevant state bodies and international financial institutions, translated the International Financial Reporting Standards (IFRS) into Uzbek. The Chamber of Auditors of Uzbekistan, the Ministry of finance, the central bank and large audit organizations took part in the translation process as members of the “Review Commission”. Although the translation of the 2013 International Financial Reporting Standards (IFRS) documents was completed, they were not subsequently updated on the ongoing changes made by the IFRS Foundation. As the main reason for this, it can be shown that they are not recognized by low demand and need, as well as by the legislation of the IFRS acts.

According to the decree of the president of the Republic of Uzbekistan dated April 24, 2015 “on measures to introduce modern corporate management methods in Joint-Stock Companies”, in 2015-2018 all joint-stock companies were prescribed to publish annual financial statements and conduct external audits in accordance with international standards of audit and financial statements. At the same time, it should be noted that the majority of accountants, tax and finance specialists operating in our country at that time did not have sufficient knowledge of IFRS. On top of that, IFRS documents were not provided with a permanently updated version for use in the Uzbek language. As a result, most companies were forced to hire auditors and other external experts to prepare financial statements based on IFRS. As a result of this, in the past 2015-2018 years, the experience of the practical application of IFRS in our country has not appeared.

The decision of our president of February 24, 2020 “on additional measures to transition to International Financial Reporting Standards” ushered in a new phase of transition to IFRS. With this decision, the list of organizations that must pass to IFRS from 2021 has been approved, and the Accounting Service Department of organizations defined in this list states that there must be at least three certified specialists with IFRS skills.<sup>7</sup>

One notable aspect of this decision was that it addressed the issue of recognition of the documents of the International Financial Reporting Standards (IFRS) in the Republic of Uzbekistan. The recognition of IFRS documents and the designation of the companies that apply it requires that the

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<sup>5</sup> <https://www.itan.ru/o-kompanii/metodologiya/istoriya-poyavleniya-msfo/>

<sup>6</sup> [https://translated.turbopages.org/proxy\\_u/en-ru.ru.1b730685-66390257-dddeec24-74722d776562/https/en.wikipedia.org/wiki/International\\_Financial\\_Reporting\\_Standards](https://translated.turbopages.org/proxy_u/en-ru.ru.1b730685-66390257-dddeec24-74722d776562/https/en.wikipedia.org/wiki/International_Financial_Reporting_Standards)

<sup>7</sup> [https://uza.uz/oz/posts/ozbekistonda-moliyaviy-hisobotning-xalqaro-standartlariga-otishi-yangicha-yondashuv-va-imkoniyatlar\\_190587](https://uza.uz/oz/posts/ozbekistonda-moliyaviy-hisobotning-xalqaro-standartlariga-otishi-yangicha-yondashuv-va-imkoniyatlar_190587)

accountant and financial professionals of this company work continuously on their qualifications and feel a serious sense of responsibility.<sup>8</sup>

Based on the data presented above, we can draw the following conclusions:

First of all, the Presidential Decree of the Republic of Uzbekistan on the strategic “Uzbekistan – 2030” defines the scope of application of the principles required by international standards;

Secondly, a number of the above-mentioned decisions made in recent years in Uzbekistan require issues and methodology of radical improvement in the field of accounting;

Thirdly, in international practice, Financial Reporting International Standards (IFRS) have been formed since 1973, gradually achieving the success of today. Therefore, in Uzbekistan, the first step steps of the International Financial Reporting Standards (IFRS) have been initiated and are being introduced into practice, training systems.

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