

IMPROVING THE PROCESS OF PREPARING FINANCIAL STATEMENTS BASED ON THE REQUIREMENTS OF INTERNATIONAL STANDARDS

Esanbayeva Yulduz Tulkin kizi

Teacher, Tashkent institute of Finance

ABSTRACT

This article presents the requirements for the preparation of financial statements by economic entities. As a result of the research, recommendations were developed to improve the process of preparing financial statements based on international standards.

Keywords: *accounting, financial report, international standard, asset, private capital, liabilities, profit, loss.*

INTRODUCTION

Financial statements are a unified system of information on the property and financial status of the economic entity, its results. It is compiled on the basis of accounting information in accordance with certain rules and a prescribed form, and serves as the main source of information for evaluating the activity and financial situation. On the basis of the indicators of financial statements, an accurate assessment of the state of property, balance and liquidity of the enterprise as a whole, capital sources is carried out, financial stability, solvency and profitability, as well as development trends are determined.

LITERATURE REVIEW

The essence of the financial report is explained in detail in normative legal documents and economists.

According to ISA №1 entitled “Presentation of financial statements”, “financial statement is not designed to meet individual information needs, but is designed to meet the needs of all users” [1].

U.Singh conducted research on financial statements and said that “the accounting process involves recording, classifying and summarizing various business transactions. Financial statements are the result of this process, which provides various information related to profitability and financial position” [2].

According to a group of economists, “financial statements are used by the management of the company as a basis for making management decisions. Financial statement data is considered necessary for the analysis of activity, it is possible to determine the reasons for deviations from the parameters set in the plan and to identify unused production reserves” [3].

R. Buvaneswari and S. Lakshmi stated that “financial report is an official document about the financial activity of an enterprise or organization, which must be prepared based on the concept and principles of accounting” [4].

ANALYSIS AND RESULTS

The purpose of financial statement is to provide information in the necessary form to all interested users of this information, which helps to solve a number of complex and important tasks of effective management of the business entity.

The user of the financial report is any legal or natural person interested in the information about the business entity. The range of users of financial statement information is very wide and there are different levels of requirements for this information. Some are interested in the return on the capital invested in this entity, others are interested in information on taxes, others are interested in the completeness and timely payment of the payment for the labor expended, etc.

Different groups of users study the financial statements of business entities to achieve their goals. All the information required by different levels of users is reflected in the financial report and used to evaluate various economic indicators for

them. Based on the data of the financial report, models for the development of separate areas of activity are developed.

Generally, users of financial statements are divided into two groups - internal and external users.

Internal users analyze the reports of business entities in order to determine the positions of this entity in relation to the previous, current and future conditions of existence, to know the results of its financial activity and financial status. This group of users is usually divided into:

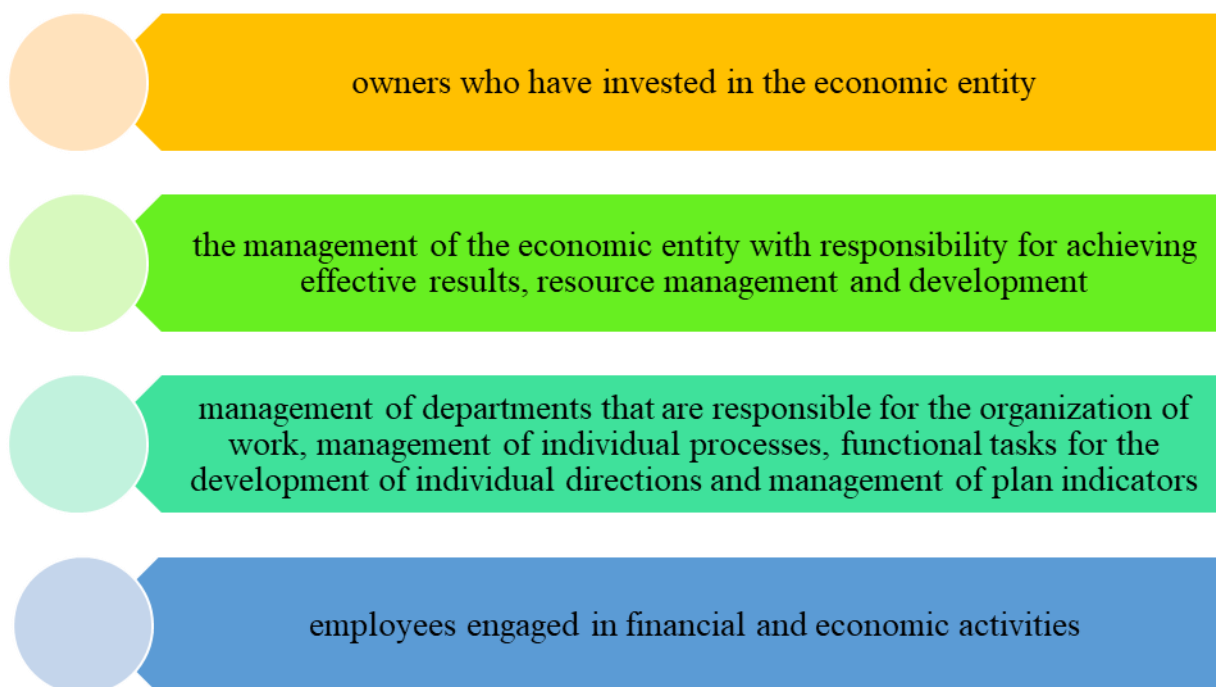


Figure 1. The group users of financial statements⁵

External users are users of information located outside the enterprise. External users interested in financial statement are interested in:

Owners should evaluate the current and projected financial and economic status of the enterprise and the effectiveness of its development strategy in terms of return on invested capital and financial stability.

⁵ Made by author

Investors and creditors see the purpose of financial analysis in the assessment of liquidity, solvency and cash flow.

State bodies assess the financial report as to whether taxes, fees, payments, etc. are calculated and paid on time and correctly to the state budget. Tax authorities are interested in the correct formation of the taxable base on the basis of financial statement data. The tax service checks compliance with tax legislation and correctness of tax benefits, assesses the tax potential of the enterprise. Forecasts of the state fiscal policy are formed based on this information. This, in turn, affects the development of state social programs.

Partners (suppliers, buyers, etc.) evaluate the solvency and stability of the economic entity.

Financial market participants collect, analyze and evaluate information about their customers in terms of creditworthiness, liquidity and investment attractiveness.

In addition to official financial statements, these users can access other public information documents. For example, information about property, the amount and stability of cash flows (according to the bank's current accounts), types of business operations, the composition of the securities portfolio. Also, for example, the following information is of interest to banks: about the size and stability of cash flow; on the types of economic operations; on the composition of the securities portfolio, etc.

Statistical offices use financial reports in the formation of macroeconomic indicators on the state of development of the gross domestic product, national income, employment, industries and regions at the country level.

Competitors use financial statement databases to evaluate information about market share, product or service quality, technological processes, pricing policies, and competitor operating conditions. In this process, information about market conditions, the structure of the business environment, financial status and payment discipline, trade policy, etc. can be used by competitors.

Business partners, creditors, suppliers and contractors, buyers and customers are interested in information about the organization's solvency, the stability of the supply of goods and the price policy, the development prospects and forecasts of the enterprise. Therefore, they determine the customer's solvency, financial stability, and competitiveness of products.

Foreign partners use financial and statement data to assess the stability of the business entity's activity, its production and financial capabilities. It is also interesting to assess the level of economic potential, investment opportunities, competitiveness, financial condition and solvency. The more complete and objective the information about the business entity is, the higher the probability of choosing it as a partner. For example, when choosing a foreign partner, exporting companies evaluate the company's financial condition and solvency, and when choosing an importer, they evaluate the competitiveness of products. It should be noted that the more complete and objective the information about the business entity is, the higher the probability of choosing the most suitable partner.

Investors are interested in the level of profitability of the enterprise and its financial stability and financial independence, the effectiveness of current, financial and investment activities based on the assessment of cash flows and its assets. They are also interested in issues such as the financial prospects of the business entity, the ability to invest capital in it, the timely repayment of loans and the payment of appropriate interest. For these purposes, investors evaluate liquidity and solvency, ability to generate cash flow, and risks in invested capital.

Owners are interested in the level and dynamics of private equity and financial performance indicators. They receive information for financial analysis and control, assessment of management quality, capital management, and general financial and economic activities. A set of indicators for assessing profitability, liquidity, financial independence and stability, payment of dividends and prospects for the development of an economic entity is also of interest.

The balance sheet provides information about the financial position of the business entity from the point of view of stability of activity by reflecting the financial position on a certain date. The report on financial results reflects the results of the business entity's activity in the statement year. Also, this report makes it possible to draw conclusions about the efficiency and reasonableness of the activity, as well as to determine the factors affecting the efficiency of the economic entity.

It should be noted that in the analysis of activities, it is important to use information in the form of financial statements to reliably reflect the property and financial situation and financial results.

CONCLUSION

1. Accounting information is summarized in the form of financial statements. There are strict requirements for the preparation of financial reports in our country, and their timely preparation and presentation are among the main tasks of accounting service employees.

2. The financial report is an open document prepared in a unified manner and intended for internal and external users. The use of financial statement information is of particular importance for stakeholders in making important economic decisions.

3. The obligation of joint stock companies operating in our country to prepare reports based on international standards of financial statement is defined in regulatory legal documents. Compilation of financial statements by joint-stock companies based on the requirements of international standards contributes to increasing their investment attractiveness.

LIST OF REFERENCES

1. ISA №1 "Presentation financial statements". www.iasplus.com
2. Upma Singh. Analysis of Financial Statement. // International Journal of Recent Research in Commerce Economics and Management (IJRRCEM) Vol. 3, Issue 2, pp: (1-10), Month: April 2016 - June 2016

3. Osadchy E.A., Akhmetshin E.M., Amirova E.F., Bochkareva T.N., Gazizyanova Yu.Yu., Yumashev A.V. Financial Statements of a Company as an Information Base for Decision-Making in a Transforming Economy. //European Research Studies Journal Volume XXI, Issue 2, 2018. pp. 339-350.

4. Buvaneswari R., Lakshmi S. A study on financial statement analysis of sriram perfumes. // International Journal of Advanced Research in Management and Social Sciences. Vol. 4 | No. 7 | July 2015

5. Avlokulov, A. Z., Abdieva, N. S., & Sayfutdinov, B. N. (2021). Issues of Evaluating the Effectiveness of the Internal Control System in Audits. International Journal of Multicultural and Multireligious Understanding, 8(9), 384-389.

6. Avlokulov, A. Z. (2021). MAIN AREAS OF PREPARATION OF FINANCIAL STATEMENTS ON THE BASIS OF INTERNATIONAL STANDARDS. Theoretical & Applied Science, (1), 62-65.

7. Avlokulov, A. (2018). International Journal of Management Science and Business Administration Return on Assets and Financial Soundness Analysis: Case Study of Grain Industry Companies in Uzbekistan. International Journal of Management Science and Business Administration, 4(6), 52-56.

8. Karimov, A. A. (2004). Accounting: A Textbook for University Students/Authors: AA Karimov, FR Islomov. AZ Avloqulov. T.:«Sharq.

9. Ochilov, I. K., Kh, A. D., & Avlokulov, A. Z. (2003). Financial accounting-2. Textbook. "Iqtisod-moliya.

10. Очиллов, И. К., Азларов, Д. Х., & Авлоқулов, А. З. (2003). Молиявий ҳисоб. Ўқув қўлланма.-Т.: "IQTISOD-MOLIYA, 326.

11. Ochilov, F. (2020). ECONOMIC ESSENCE OF LIABILITIES AND THEIR THEORETICAL ASPECTS IN ACCOUNTING. International Finance and Accounting, 2020(4), 28.

12. Shavkatjonovich, O. F., & Mukhtarovich, R. B. (2023). PROBLEMS OF SETTLEMENTS WITH SUPPLIERS AND CONTRACTORS. SCHOLAR, 1(1), 33-41.

13. Israpilovich, K. M., & Shavkatjonovich, O. F. (2023). PROBLEMS IN CONDUCTING INVENTORY AUDIT AND WAYS TO ELIMINATE THEM. *Galaxy International Interdisciplinary Research Journal*, 11(4), 84-90.

14. Ochilov , F. S. ugli. (2023). IMPROVING THE AUDIT OF LIABILITIES. *SCHOLAR*, 1(29), 4–10.

15. Nematovich, K. I. (2023). Accounting of Provisions and its Prospects for Application in Uzbekistan. *EUROPEAN JOURNAL OF BUSINESS STARTUPS AND OPEN SOCIETY*, 3(5), 51-57.