
The Importance of International Standards in the Formation of Financial Results

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Abstract: The article describes the importance of international standards in financial statements in business entities, financial results for users of financial statements in accordance with international standards and provides requirements and proposals, goals and objectives of information required to meet investor demand and current international standards in financial results.

Keywords: import, export, investor, investment, financial results, international market, national and international standard.

Introduction: Due to the rapid economic changes in the country, more rapid development and improvement of the economy in our country, production (services) in New Uzbekistan, in the management of financial results in business entities in accordance with international standards remains one of the most pressing issues.

In particular, one of the main requirements of the head of the enterprise, foreign and international investors is to manage the reporting of financial results in accordance with international standards in the implementation of exports and imports in business entities, attracting foreign and international investors. Therefore, it is important for managers (managers) and foreign and international investors to confirm, formalize, attach and use the financial results of production (services) in accordance with international standards.

In accordance with the Resolution of the President of the Republic of Uzbekistan dated February 24, 2020 No. PP-4611 "On additional measures for the transition to international financial reporting standards", in accordance with international financial reporting standards (IFRS) to provide foreign investors with the necessary information environment and expand access to international financial markets by accelerating the transition, as well as training of accounting and auditing specialists in accordance with international standards, joint-stock companies, commercial banks, insurance companies and large legal entities included in the category of taxpayers, from January 1, 2021, will organize accounting on the basis of IFRS.¹

In accordance with the Resolution of the President of the Republic of Uzbekistan No. PP-4611, the Resolution of the Cabinet of Ministers of the Republic of Uzbekistan No. 38 of January 26, 2021 On approval of the Provisional Regulations on including joint-stock companies, commercial banks, insurance companies, relevant state-owned companies and legal entities included in the category of large taxpayers. to provide accounting services with at least 3 (three) specialists with appropriate certification in the framework of international certification, from 2021-2022 academic year - international certification in accounting and

¹ Resolution of the Cabinet of Ministers No. 38 of January 26, 2021

auditing in higher education institutions to be taught by certified teachers; From 2020 to 2025, accredited teaching staff of higher education institutions (in the disciplines of "Accounting" and "Audit"), students and graduates (within six months after graduation) and government officials Expenses for training in IFRS in training centers, as well as registration for the first registration and examination in the Republic of Uzbekistan in the framework of international certification of accountants are not prohibited by the Republican budget and legislation of the Republic of Uzbekistan mentioned at the expense of other sources, this provision is valid until December 31, 2025.²

The main purpose of the Resolution of the President of the Republic of Uzbekistan dated February 24, 2020 No PP-4611 "On additional measures for the transition to international financial reporting standards" is to provide foreign investors with the necessary information environment and expanding access to international financial markets.³

Analysis of the literature on the subject: Many foreign and Uzbek scholars have expressed their views on the accounting and control of financial results and their improvement. The International Financial Reporting Standards Board, based in London, has developed these reporting templates. The analysis of the financial condition of the enterprise can serve as a good basis for identifying its strengths and weaknesses.

One of the Uzbek scholars, Tashnazarov S.N's textbook "International Financial Accounting Standards" provides recommendations for the organization of financial results on the basis of international standards.

Research Methodology: The research used scientific methods of studying the processes of economic reality - experimental research, generalization, grouping, logical and comparative methods of analysis, abstract-logical thinking, comparative analysis, statistical analysis, prospective forecasting and other methods.

Analysis and results: The Republic of Uzbekistan is also gradually transitioning to IFRS. In the Development Strategy for 2022-2026, Chapter 3 focuses on Goal 26 "Accelerated development of the national economy and high growth rates" to further improve the investment climate in the country and increase its attractiveness, over the next five years 120 billion. Take steps to attract U.S. dollars, including \$ 70 billion in foreign investment. International financial accounting standards also play an important role in achieving this goal. Because financial reporting is of great importance to investors today. At present, the report on financial results is called "profit and loss" in accordance with international standards. The purpose of the profit and loss statement is to classify income and expenses as a result of the entity's primary (normal) activities and non-core (non-ordinary) activities, and to determine the profit (loss) of operating activities, profit before tax and providing information on net profit along with factors of their income and expenses. The main purpose of the report is to provide information on net profit. For example, the Profit and Loss Report, prepared in accordance with international standards, is based on the Stone X Group.

² Annex 1 to the Resolution of the President of the Republic of Uzbekistan dated February 24, 2020 No. №-4611

³<https://lex.uz/docs/-5841063>

StoneX Group

2018 hisobot yili uchun foyda va zararlar to'g'risidagi hisobot*, ** (ming AQSH dollarhisobida)1-jadval

	2017 y.	2018 y.
1. <i>Netsales</i>	4,308,490	4,285,445
2. Cost of sales	<u>2,712,570</u>	<u>2,695,400</u>
3. Grossprofit [1-2]	1,595,920	1,590,045
4. Sales costs	1,145,171	1,137,681
5. Research and development costs	6,415	3,485
6. General administrative expenses	256,035	265,436
7. Other operating income	15,650	15,323
8. Other operating expenses	<u>180,200</u>	<u>179,381</u>
9. Operational results [3-4-5-6+7-8]	23,749	19,385
10. Income from investments in subsidiaries	2,845	4,245
11. Net interest expense	415	377
12. Other non-operating expenses	<u>8,419</u>	<u>7,839</u>
13. Outcomes of non-operating activities [10-11-12]	5,989	3,971
14. Profit before income tax[9+yoki-13]	17,760	15,414
15. Income tax	2,960	
16. Profit after tax[14-15]	14,800	2,569
17. Shareholder Deficit Contribution		12,845
18. Net profit[16-17]		
19. Profit for the campaign	14,800	12,845
	0.074	0.063

**Note: Costs are classified by function*

The income statement based on these international standards has a number of features. The report lists research and development costs as a separate item, not included in operating expenses. The results of non-operational activities are presented separately. This allows users to see the results of operational and non-operational activities in a clear distinction.

Conclusions and Suggestions: In conclusion, before thinking about the current state of the traditional national accounting system, it should be noted that in Uzbekistan, as in other countries, there are clear procedures for accounting services in business entities. Law No. RQ-404 amended and supplemented the Law "On Accounting" (No. 279 of 30.08.1996), its new edition was approved.

The management of business entities, on the one hand, is explained by the fact that the functionality in addressing the accumulated shortcomings in the development and financing of activities cannot go beyond its shell, on the other hand, the structure of production and sales costs and financial the database related to the results did not meet the requirements of external stakeholders, both in form and content. That was the main factor. However, any business thrives where there is clarity and transparency. Our suggestions are as follows:

Our first suggestion is that if we ensure transparency and accuracy of financial results, we will meet the demand of investors and the flow of investment to us will increase.

Our second suggestion is that no matter how much the national accounting standards are brought into line with international financial reporting standards, it will not be possible to

accurately reflect the real financial condition, results and changes of business entities if the flow of information is not disclosed.

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