

**COMPARATIVE ANALYSIS OF THE NATIONAL ACCOUNTING SYSTEM AND  
INTERNATIONAL FINANCIAL REPORTING STANDARDS IN UZBEKISTAN**

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**Abstract:** This study presents an in-depth comparative analysis of the national accounting system of the Republic of Uzbekistan and International Financial Reporting Standards (IFRS) from the perspective of institutional economics and the theory of information transparency. The aim work is identifying conceptual and practical differences between the two accounting models, as well as assessing their impact on the quality of financial reporting and the investment attractiveness of business entities.

The study's methodological basis consisted of comparative, systemic, and structural-functional analyses, as well as elements of a content analysis of regulatory documents. It was established that the national accounting system is characterized by a high degree of regulation and fiscal focus, while IFRS is based on principles aimed at satisfying the information needs of investors and other interested users.

Key barriers to IFRS implementation were identified, including a shortage of qualified personnel, institutional inertia, and high transformation costs. A conclusion was reached regarding the need for a phased harmonization of the accounting system, with an emphasis on developing professional judgment and digitalizing accounting.

**Introduction.** In the context of deepening globalization processes and the integration of national economies into the global financial system, the comparability of financial statements is becoming especially important. Unification accounting approaches is considered a key factor in increasing the country's investment attractiveness and reducing information asymmetry in the capital market.

International Financial Reporting Standards (IFRS) currently serve as the de facto global reporting standard. Their implementation ensures the transparency, reliability, and comparability of financial data, which is especially important for countries with transition economies.

In recent years, the Republic of Uzbekistan has been actively implementing reforms aimed at transitioning to IFRS, including mandatory application of the standards for large enterprises and joint-stock companies. However, this process is fraught with a number of methodological and practical difficulties.

Thus, the relevance of the study is determined by the need for a comprehensive assessment of the differences between the national accounting system (NAS) and IFRS, as well as identifying areas for their convergence.

**Theoretical part.** The national accounting system of Uzbekistan is based on the continental accounting model and is characterized by strict regulatory frameworks. The primary function of accounting in this system is to ensure tax control and compliance with the law.

In contrast, IFRS are based on a fundamentally different concept – a principle -based approach, in which the professional judgment of the accountant plays a key role.

Key conceptual differences include:

- priority of economic essence over legal form;
- widespread use of fair value;
- orientation towards reporting users (investors, creditors);
- expanded disclosure requirements;

- flexibility and adaptability of standards.

Thus, the differences between NAS and IFRS are not only methodological, but also institutional in nature.

Extended comparative analysis

NAS are based primarily on historical cost, which reduces financial reporting volatility but compromises its relevance. IFRS, on the other hand, uses fair value, providing a more relevant valuation of assets. (Figure 1)



Figure 1 - Comparison of approaches to asset valuation

IFRS require significantly more detailed disclosures, including notes, risks, and judgments, which increases investor confidence. (Figure 2)

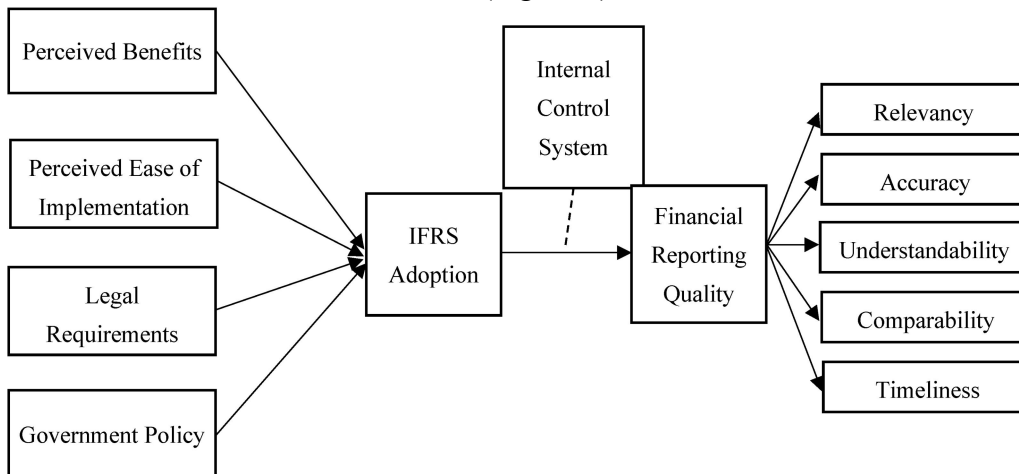


Figure 2 – Comparison of the level of information disclosure in NAS and IFRS

#### Problems of IFRS implementation in Uzbekistan

The transition to International Financial Reporting Standards in the Republic of Uzbekistan is accompanied by a number of systemic and institutional constraints that significantly impact the effectiveness of the reforms. Analysis has shown that these challenges are complex and encompass human resources, methodological, institutional, and economic aspects.

##### 1. Personnel shortage and insufficient level of competence

One of the key barriers is the lack of qualified specialists with knowledge and practical skills in applying IFRS. Unlike the national accounting system, which is based on strict regulations, IFRS requires developed professional judgment, analytical thinking, and the ability to interpret standards. A lack of sufficient specialist training leads to a perfunctory application of the standards and a decline in the quality of financial reporting.

##### 2. Institutional inertia of the accounting system

A significant obstacle is the persistence of established accounting practices, focused primarily on tax requirements, despite the transition to IFRS. In some organizations, accounting

continues to be perceived as a tool for fiscal control rather than as a source of information for investors and other interested users. This distorts the essence of IFRS and reduces the effectiveness of their implementation.

3. High complexity and abstractness of standards

IFRS are highly conceptual and require the use of estimation judgments, discounting, fair value models, and other complex tools. For organizations previously operating under regulated accounting, this creates significant methodological challenges and increases the risk of reporting errors.

4. Financial and organizational costs

Implementation of IFRS involves significant costs, including:

- \* Staff training;
- \* Modernization of information systems;
- \* Involvement of consultants and auditors;
- \* Transformation of financial statements.

For many businesses, especially medium-sized ones, these costs are a significant limiting factor.

5. Formal nature of the implementation of standards

In some cases, the transition to IFRS is declarative, with the standards being applied formally without changing the economic essence of accounting. This translates into a transformation of financial statements "on paper" without the actual implementation of IFRS principles into accounting practice. As a result, the reliability and analytical value of financial information are reduced.

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