

**MODERNIZATION OF ACCOUNTING AND FINANCIAL SYSTEMS BASED ON
INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)**

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Abstract. This article examines the process of modernizing accounting and financial systems based on International Financial Reporting Standards (IFRS). The study analyzes how the implementation of IFRS enhances the transparency, comparability, and reliability of financial reporting in enterprises, while also contributing to the improvement of the investment environment. Furthermore, the article discusses the challenges arising during the adaptation of the national accounting system to international standards and explores possible solutions. Particular attention is given to the role of digital technologies and automated systems in the implementation of IFRS.

Keywords: International Financial Reporting Standards, accounting, financial system, modernization, transparency, investment, financial reporting.

Introduction. The integration of Uzbekistan into the global economy requires the implementation of profound reforms in the accounting and financial reporting system. A modern accounting system plays a significant role in reducing uncertainties arising in the assessment of economic processes and in accurately analyzing changes in financial conditions. In the context of economic modernization, international standards, particularly International Financial Reporting Standards (IFRS), occupy an important place in the development of accounting systems. These standards facilitate the assessment of risks and opportunities on a global scale for investors and contribute to the efficient allocation of capital flows.

IFRS serves as a key instrument for harmonizing financial reporting worldwide, improving comparability, and enhancing the quality of financial information. These standards are not merely a set of complex rules but are based on fundamental accounting principles aimed at presenting financial information in a fair and reliable manner.

Today, extensive reforms are also being carried out in Uzbekistan in the field of accounting. The national accounting system is being gradually aligned with international standards. In this regard, the Law of the Republic of Uzbekistan “On Accounting,” adopted in 1996, along with subsequent amendments, serves as an important legal foundation. In addition, Presidential resolutions have accelerated the transition to IFRS with the objective of creating a favorable information environment for foreign investors.

Main Directions of IFRS Implementation in Uzbekistan

Table 1

No.	Directions	Description	Expected Outcome
1	Financial reporting	Maintaining reports in accordance with international	Increased openness and reliability of information

	transparency	standards	
2	Investment environment	Providing understandable financial information for foreign investors	Growth in investment inflows
3	Comparability of reports	Comparing reports of different companies and countries	Strengthened competitiveness in global markets
4	Modernization of accounting systems	Introduction of digital technologies and automation	Increased speed and accuracy of accounting processes
5	Human resource development	Training specialists in IFRS	Growth in the number of qualified accountants
6	Economic stability	Accurate assessment of financial risks	Reduction in the risk of financial crises

According to academic sources, financial statements prepared under IFRS facilitate cost analysis, accurately reflect profits and losses, and enable a proper assessment of enterprise performance. While some countries have fully adopted IFRS, others have adapted the standards to their national characteristics. Large international corporations prefer IFRS because it simplifies their operations in global markets.

In developed countries, accounting systems serve not only for regulatory reporting but also as an effective management tool for enterprises. Therefore, Uzbekistan is actively working on establishing a unified financial reporting system based on IFRS, training specialists, and enhancing their professional qualifications.

Economic Impact of IFRS Implementation

Table 2

No.	Indicators	Before IFRS Implementation	After IFRS Implementation	Result
1	Financial reporting transparency	Low level, based on national standards	High level, based on international requirements	Increased investor confidence
2	Foreign investments	Limited access	Easier and broader access	Increased capital inflow
3	Comparability of reports	Difficult due to different systems	Unified standards applied	Easier global comparison
4	Corporate governance	Focused on internal needs	Based on strategic management principles	Improved efficiency
5	Financial risks	Not fully identified	Higher accuracy in assessment and evaluation	Reduced risks
6	Competitiveness	Limited	Higher international competitiveness	Expanded market share

The table reflects the economic impact of implementing International Financial Reporting Standards (IFRS) on enterprise activities. The analysis demonstrates that the practical application of

IFRS contributes significantly to improving the quality of financial reporting, investment attractiveness, and the effectiveness of corporate governance.

The first indicator concerns financial reporting transparency. Before IFRS implementation, reports were primarily based on national standards, and the level of transparency was relatively low. Following the adoption of IFRS, reports began to be prepared according to international requirements. As a result, the confidence of investors and other stakeholders in enterprises increased.

The second indicator relates to foreign investments. Prior to IFRS implementation, foreign investors faced limitations in evaluating enterprise performance. With the adoption of international standards, the understandability and comparability of financial information improved considerably. This created a more favorable environment for foreign investors and contributed to increased capital inflows.

The comparability of financial statements is also one of the major advantages of IFRS. Previously, the existence of different accounting systems made it difficult to compare the performance of enterprises. After IFRS implementation, the use of a unified reporting framework expanded opportunities for comparing enterprises at both national and international levels.

Significant changes have also been observed in the area of corporate governance. Before IFRS implementation, management was largely focused on internal needs. After the adoption of IFRS, strategic management principles became more prominent. Consequently, the quality of managerial decisions improved, and enterprise performance became more efficient.

From the perspective of financial risk management, positive outcomes have also been achieved. Previously, certain risks were neither fully identified nor adequately assessed. In accordance with IFRS requirements, mechanisms for identifying and evaluating risks have been improved. This has helped enterprises reduce financial uncertainties and vulnerabilities.

Furthermore, IFRS implementation has had a positive impact on the competitiveness of enterprises. In earlier periods, opportunities to compete in international markets were limited. However, financial reporting based on international standards has enhanced the reputation of enterprises and contributed to expanding their market share.

Conclusion. In conclusion, Uzbekistan's integration into the global economy necessitates the improvement of accounting and financial reporting systems in accordance with international standards. The implementation of International Financial Reporting Standards (IFRS) significantly increases the transparency, reliability, and comparability of financial information. This creates a favorable information environment for investors and contributes to attracting greater volumes of foreign investment. Moreover, IFRS facilitates the modernization of the national accounting system, enables a more accurate assessment of the financial condition of enterprises, and improves the process of economic decision-making. When integrated with digital technologies, these standards enhance economic efficiency and strengthen competitiveness in global markets. Overall, the implementation of IFRS represents an important factor in ensuring the sustainable development of Uzbekistan's economy and its deeper integration into the international financial system.

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