

**ECONOMIC ESSENCE OF FINANCIAL REPORTING AND SIGNIFICANCE OF
COMPOSING IT IN ACCORDANCE WITH THE REQUIREMENTS ON
INTERNATIONAL STANDARDS**

F. Ochilov

Associate professor of the Tashkent institute of finance

E. Ollayorov

Independent researcher

INTRODUCTION. Nowadays, new, modern approaches to the issues of evaluating the results of financial and economic activity of economic entities reflected in financial statements are very necessary. This requires conducting in-depth studies on the existing theoretical, organizational and legal bases and practical problems of improving the quality of audit activity, as well as organizing and developing external and internal audit inspections at a modern level in our republic. On the one hand, a systematic approach to the international experiences of auditing activities, their in-depth analysis, and on the other hand, making maximum use of our knowledge about the features of the Uzbek model of market economy recognized in the world community, it is clear that there is a need for the prospective development of a special organizational form of control for users of financial reporting information in the conditions of economic liberalization.

Based on the above, it is determined that the introduction of international standards of financial reporting and international standards of auditing into the practice of our country is one of the urgent tasks of today.

LITERATURE REVIEW. Financial reports are a single system of information on the property and financial status of an economic entity, its results. It is compiled on the basis of accounting data in accordance with certain rules and a prescribed form, and serves as the main source of information for evaluating the activity and financial situation. Based on 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.

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

According to Article 22 of the Law of the Republic of Uzbekistan "On Accounting", "Financial reporting consists of systematic information on the financial status of the accounting entity as of the reporting date, the financial result of its activities during the reporting period, and the movement of funds" [1].

According to NAS No. 1 entitled "Accounting policy and financial reporting", "Financial reporting is a method of presenting financial information describing the activity of this economic entity in a certain period, regardless of whether the economic entity is a separate independent economic entity or a consolidated group of economic entities" [2].

According to the "Conceptual framework for preparation and presentation of financial statements", "The purpose of financial statements is to provide information on the financial status of the accounting entity as of the reporting date, the financial results of its activities during the reporting period, and the movement of funds. However, the financial report does not contain all the information needed by the users to make economic decisions, because the report mainly reflects the results of previous events [3].

According to NAS No. 1 entitled "Presentation of financial reporting", "financial reporting is not designed to meet individual information needs, but is designed to meet the needs of all users" [4].

B.A. Khasanov, A.A. Khashimov, A.B. Mukhametov, A.A. Abdvokhidov stated that "the financial report consists of systematic information about the financial status of the accounting entity as of the reporting date, the financial result of the reporting period and the movement of funds [5].

A financial report is a set of data on the results of the sale of products (work and services) by economic entities, which reflects the state of financial economic activity of the entity for a certain period (quarterly, annually) in the form of value.

According to Z. Sobirova, "International standards of financial reporting are the rules of preparation and presentation of financial reports accepted in the public interest. It is an international accounting system [6].

IAS has a recommendation description. These standards are also used because regulatory authorities around the world recognize the importance of unifying financial reporting rules and support the work of the Committee on IFRS [7].

In the context of modernization of the economy in Uzbekistan and integration of the country's economy with the world community, the development of the quality of information supply of financial reports is of particular importance. Information provision of financial reports and expansion of information opportunities are being implemented in the direction of their alignment with international standards [8].

A comparison of the international concept and the BHMS rules entitled "Conceptual framework for preparation and presentation of financial statements" showed that approaches to the formation and presentation of financial statement indicators in our country and in international practice do not differ significantly from each other [9].

In general, it can be said that there are no significant differences between the international concept of preparation and presentation of financial statements and the conceptual framework established in Uzbekistan, as well as between the rules of international and national accounting standards.

ANALYSIS AND RESULTS. International Financial Reporting Standards (IFRS) is a system of standards and interpretations adopted by the governing body of the Committee.

International Accounting Standards (IAS) are standards developed by the IAS Committee from 1973 to 2001.

Table 1

International standards of preliminary financial reporting

IFRS	Names	Issued
IFRS 1	First-time Adoption of International Financial Reporting Standards	2008
IFRS 2	Share-based Payment	2004
IFRS 3	Business Combinations	2008
IFRS 4	Insurance Contracts	2004
IFRS 5	Non-current Assets Held for Sale and Discontinued Operations	2004
IFRS 6	Exploration for and Evaluation of Mineral Resources	2004
IFRS 7	Financial Instruments: Disclosures	2005
IFRS 8	Operating Segments	2006
IFRS 9	Financial Instruments	2014
IFRS 10	Consolidated Financial Statements	2011

IFRS 11	Joint Arrangements	2011
IFRS 12	Disclosure of Interests in Other Entities	2011
IFRS 13	Fair Value Measurement	2011
IFRS 14	Regulatory Deferral Accounts	2014
IFRS 15	Revenue from Contracts with Customers	2014
IFRS 16	Leases	2016
IFRS 17	Insurance Contracts	2017

IFRS – International Financial Reporting Standards) These are the standards that have been developed by the IFRS Council since April 2001 and are being used in practice.

Table 2

Current composition of international standards of financial reporting

№	Name	Issued
IFRS 1	First-time Adoption of International Financial Reporting Standards	2008*
IFRS 2	Share-based Payment	2004
IFRS 3	Business Combinations	2008*
IFRS 4	Insurance Contracts Superseded in 2023 by IFRS 17	2004
IFRS 5	Non-current Assets Held for Sale and Discontinued Operations	2004
IFRS 6	Exploration for and Evaluation of Mineral Resources	2004
IFRS 7	Financial Instruments: Disclosures	2005
IFRS 8	Operating Segments	2006
IFRS 9	Financial Instruments	2014*
IFRS 10	Consolidated Financial Statements	2011
IFRS 11	Joint Arrangements	2011
IFRS 12	Disclosure of Interests in Other Entities	2011
IFRS 13	Fair Value Measurement	2011
IFRS 14	Regulatory Deferral Accounts	2014

IFRS 15	Revenue from Contracts with Customers	2014
IFRS 16	Leases	2016
IFRS 17	Insurance Contracts	2017

Explanations, explanations prepared by the Committee on IFRS clarifications of IFRS on IFRS.

In recent years, several works have been carried out in our country to solve the problem of business development and its effective management. The development of services such as internal and external audit is also of urgent importance in business development, and in the audit process, collection of audit evidence, analytical processing of it, and preparation of audit reports are important issues.

A number of regulatory documents were also adopted regarding business development and ensuring the stability of entities. This indicates that the role and status of the independent audit is taking shape. However, the problems of organization of practical aspects of the preparation of audit reports in connection with the external audit activities and the insufficient resolution of the measures to solve them prevent the development of this activity. After all, the audit report is an important document reflecting the quality indicators of business activity. Paying attention to the quality of audit conclusions and reports issued by audit organizations and the recent acceleration of audit activity requires introducing scientifically based clarifications to the concept of audit report in their correct and objective assessment of the audited business activity. The reason is that the auditor's report has been interpreted differently in various literatures regarding the content of audit reports, and we can see that the content of audit reports and the essence of the concepts related to them are limited by the existing legislation in these publications.

In order to develop the above-mentioned business, the requirement for the audit report and conclusion drawn up by the external audit should change in content in the course of corporate management, and the requirements imposed on it should correspond to the level of the times. Therefore, we believe that the audit report for the corporate governance process should meet the following requirements:

1. In order for the auditor's report on financial statements to be reliable and comprehensible, first of all, it is established that the auditor's report must be prepared on the basis of international standards of auditing, and financial reports must be prepared on the basis of international standards of accounting and international standards of financial reporting.
2. The audit report and conclusion should ensure the transparency of financial reporting;
3. On the basis of financial reports, foreign investors should be able to evaluate the activities of economic entities and analyze their activities.

As a result of economic liberalization and further deepening of reforms, the need for a new form of professional service - auditor activity, which helps to successfully develop business, provides conclusions on the reliability of financial reports of economic entities, provides them with advice, guidance and other types of practical assistance in order to improve reports.

The development of auditing activities depends on the improvement of theoretical, legal-normative, and practical organizational aspects on a scientific basis. In this regard, a number of positive works on the formation and development of auditing activities have been carried out in recent years.

In international practice, there are different approaches to assessing the reliability of internal control, which are widely used by auditors. If we use international standards, the primary

assessment in assessing the reliability of internal control over the reliability of financial statements is studied during the planning of the audit, the processes related to their approval are studied and approved during the collection of audit evidence, and finally reflected in the audit report.

Another controversial situation is that in the assessment of internal control over the audit of financial statements, both in the international audit standard and in the national standards of our country, the auditor evaluates based on his professional judgment. In our opinion, when evaluating this process, if the test is conducted through a questionnaire, it would be appropriate to express the number of positive questions by the ratio of the total number of questionnaires.

CONCLUSION. Joint-stock companies belong to the category of advanced methods of organizing activities in the conditions of a multi-unit economy. In these types of companies, a large number of founders become owners by owning shares. It is important to introduce modern corporate management methods in these societies in order to protect the rights and interests of shareholders.

To protect the rights of shareholders in joint-stock companies, it is necessary to satisfy their demand for information. Accounting information is an important tool for shareholders to determine how much they are getting from their property.

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

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

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