



TRANSFORMATION OF FINANCIAL STATEMENTS OF SMALL AND MEDIUM BUSINESS ENTITIES BY THE REQUIREMENTS OF IFRS

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ABSTRACT

The article discusses the features of audit in small and medium-sized businesses, as well as the interaction of international financial reporting standards and international standards on auditing. Contradictions between the standards are described and suggestions are made to resolve these issues.

KEYWORDS: *international financial reporting standards board (IASB), IFRS for small and medium-sized enterprises, acca, audit*

INTRODUCTION

International Financial Reporting Standards (IFRSs) are primarily aimed at meeting the information needs of investors and are mandatory for most companies that are represented in capital markets. The IFRS includes comprehensive disclosure requirements and a certain level of cost is required to provide a quality report. For small businesses, such costs are not always affordable due to their financial capabilities. In July 2009, an independent document in the system of international standards - IFRS for Small and Medium Businesses (SMEs) was officially published. By 2015, the standard requirements had been revised and improved. By its very nature, it is a simplified version of the full IFRS. Achieving economic growth and strategic goals for the countries of the world depends not only on the efficient operation of large state-owned enterprises, but in many respects on the efficient operation of small and medium-sized enterprises. Small and medium enterprises have traditionally been the leading force in the economy and the largest representatives of the business environment. The advantages of a report prepared in accordance with IFRS are quality, transparency, and comparability. However, in order to fully achieve such usefulness, in-depth scientific study, high experience is required. If the cost of preparing a complete set of IFRS reports for large public companies is justified, the costs for small and medium-sized businesses can be excessive and even unbearable. In addition, the needs of users of financial statements of small enterprises are different from those of large enterprises. In small business, the focus is on short-term goals, current liquidity, and solvency. Within the framework of the Law of the Republic of Uzbekistan "On Accounting", the company is included in the list of legal entities of public interest. As a result, regardless of the volume of cash flows, enterprises are required to prepare financial statements in accordance with IFRS. Simplified standards are not appropriate. The advantage of using IFRS for small and medium-sized businesses is mainly related to the development of small and medium-sized businesses. If a medium-sized enterprise becomes a large public company in the future, it is a process of transition to international standards. easier than national standards.

The organizational sequences of the transition to IFRS are interpreted differently in different legislation. However, all of this ultimately serves the same purpose, namely - to make financial statements equally understandable, transparent, and fair to all. For financial statements to be complete, clear, and transparent, all components of the reporting system must be reflected in it. To study and analyze the components of the reporting system, we consider the data in Table 1 below.

IFRS-based Financial Reporting System components ¹**Table 1**

№	Components	Note
1	Accounting methodology	IFRS Reporting Standards, Chart of Accounts and Accounting Policies, Closing Rules, Control and Analysis Rules
2	Processes	Effective organization of standardization, optimization, centralization and adaptation processes determines the timing and quality of reporting
3	Information	Data quality allows you to speed up the reporting process based on IFRS
4	Staff	Availability of IFRS certified professionals
5	Information technology	Adequacy of analysts in the information technology system is the ability to collect data quickly
6	Management	An effective management system provides monitoring and control of the reporting process, as well as coordination of all the above processes

The fact that the components of the financial reporting system reflected in the data in Table 1 are presented in a unified manner requires the emergence of financial statements based on international standards. A breach of such a sequence, or the incompleteness of one, will result in incorrect reporting. Because of this, it is not clear whether these components are important or insignificant. They co-exist and remain components of a system. When transferring financial statements to IFRS, the components of the reporting system appear in a total of five stages. If the results of these five stages are positive, then it is advisable to transfer the financial statements directly to IFRS. We can see this in the data in Table 2 below.

Stages of transition from the US GAAP system to the IFRS ²**Table 5**

stages of transition to international financial accounting standards	The processes that must be carried out
The first stage	Тайёрлов босқичи-ўтиш режасини тузиш, лойиҳа бўйича ишчи гуруҳларни белгилаш, ҳисобот кўрсаткичларининг дастлабки ҳисоби
The second stage	Бухгалтерия ҳисобининг муаммоли жиҳатларини аниқлаш, ўтиш методологиясини, ички ҳужжатларни, ҳисоб сиёсатини ишлаб чиқиш
The third stage	Компания фаолияти ҳажмига қараб дастурий маҳсулот ёки Excel дастуридан фойдаланган ҳолда МҲХС(синов ҳисоботи)га муаммоли ўтиш
The fourth stage	АҚШ GAAP тизимидан МҲХСга ўтиш натижалари ва самарадорлигини баҳолаш
The fifth stage	Ижобий баҳоланган тақдирда тўғридан-тўғри МҲХСга ўтиш

The data in this table represent the stages of the transition from the US GAAP system to the IFRS. It is worth noting that initially the project of the transition to the international standard will be developed. On the basis of the project, a problematic study of the difference between national and international standards is shown. This is eliminated by identifying data, adapting existing data, coordinating when moving to international standards. Of course, with the use of Information Technologies, the necessary results will be achieved. After a positive evaluation of the materials of the preliminary report prepared, the reports will be published on the basis of the requirements and standards of the IFRS.

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¹https://gaap.ru/articles/Optimizatsiya_resursov_pri_perekhode_na_MSFO_s_sistemy_US_GAAP/

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