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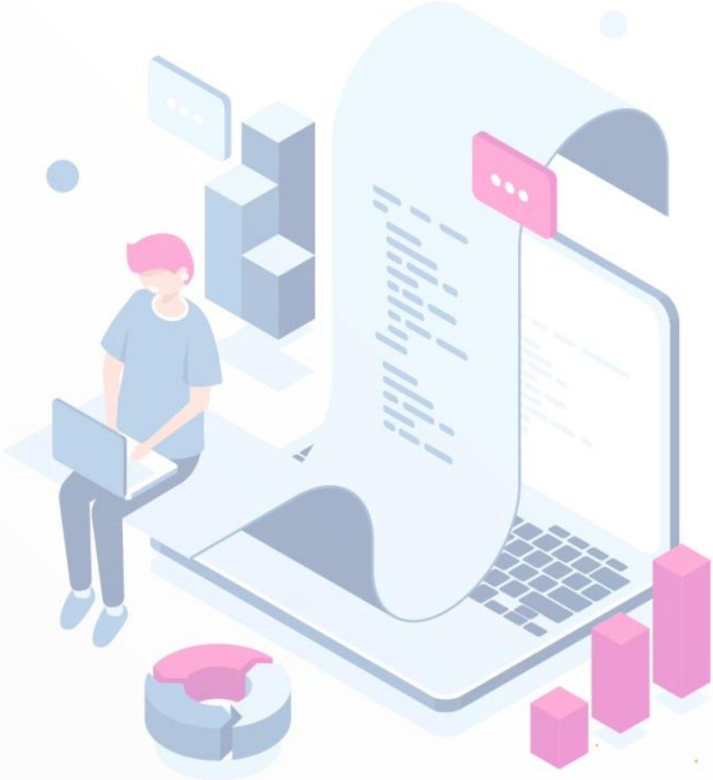

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"FUNDAMENTALS OF FINANCIAL REPORTING IN ACCORDANCE WITH IFRS" AND METHODS OF ITS IMPLEMENTATION IN PRACTICE IN UZBEKISTAN

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Abstract. This article examines the conceptual foundations of "expanding horizons" in the application of International Standards. As the rules formulated in IFRS (IAS) 8 "Accounting policy, changes in Accounting estimates and errors" (paragraphs 10-12). The standard states: in the absence of a specific IFRS applicable to an operation, event or condition, management should use its own judgment in developing and applying accounting policies to generate information.

Keywords: financial statements, IFRS.

Introduction

IFRS financial statements are mainly focused on external users. First of all, the Conceptual Framework identifies the circle of persons who are the main users of financial statements under IFRS: investors, potential investors, lenders and other creditors. Among other users are also named: own management, regulatory authorities, the public. At the same time, it is prohibited to focus only on a separate group of users (for example, investors) when preparing reports, since IFRS reporting should be compiled reliably, and not reflect the interests of a separate group of users.

The purpose of preparing financial statements under IFRS according to the Conceptual Framework is to provide users with reliable information that will be useful to them for making economic decisions.

It can be noted that the Conceptual Framework pursues the main goal - to make IFRS reporting as useful as possible for users. Qualitative characteristics, both fundamental and other, are designed to help specialists according to international standards in this, however, it is not worth giving priority to any one single characteristic, otherwise there will be no usefulness of the information.

Company A is a major supplier to Company B and supplies products to it by more than 75%, the remaining 25% of products are supplied by smaller suppliers. In this case, the production process of company B and subsequent sales largely depend on cooperation with company A. IFRS do not provide for disclosure of information about large suppliers in the financial statements. However, this information should be disclosed, as it is relevant and will contribute to the risk assessment by users of the financial statements.

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Fundamental qualitative characteristics include a number of other characteristics. Thus, the relevance of the information is influenced by the forecast value, the materiality of the information. A number of characteristics also affect the truthful presentation: the usefulness of information, neutral display (although it is noted that a truthful presentation does not always ensure the usefulness of information), the absence of errors. Relevance is also a fundamental qualitative characteristic. The relevance of the information means that it is possible to make decisions and evaluate articles based on it.

The most important difference between the current version of the Conceptual Framework from the previous ones is the absence of the principle of priority of economic content over the legal form. We believe that this principle has not taken root, since the legislation of many countries of the world establishes financial reporting forms in which economic information needs to be entered. In addition, the principle of prudence is not currently used in the Conceptual Framework, since the emphasis is on the truthfulness of the presentation of information, because IFRS reporting is intended for this purpose.Что касается основополагающих допущений, к ним относят принцип (метод) начисления и принцип (метод) непрерывности деятельности компании.

The principle (method) of accrual is that business transactions should be reflected in the period in which they occurred.

The principle (method) of continuity of the company's activities means that the company does not plan to terminate its activities in the near future.

Indeed, if the IFRS reporting does not comply with these principles, such reporting is unlikely to interest users of financial statements, for example, investors, because untimely reflection of information may lead to distortion of information in accounting, and if the company does not plan to continue its activities in the near future, then why, for example, investors (as potential users) invest in this company?

Elements of IFRS reporting according to the Conceptual Framework

The elements of the financial statements of the Conceptual Framework include assets, liabilities, capital, income and expenses (Fig. 1).

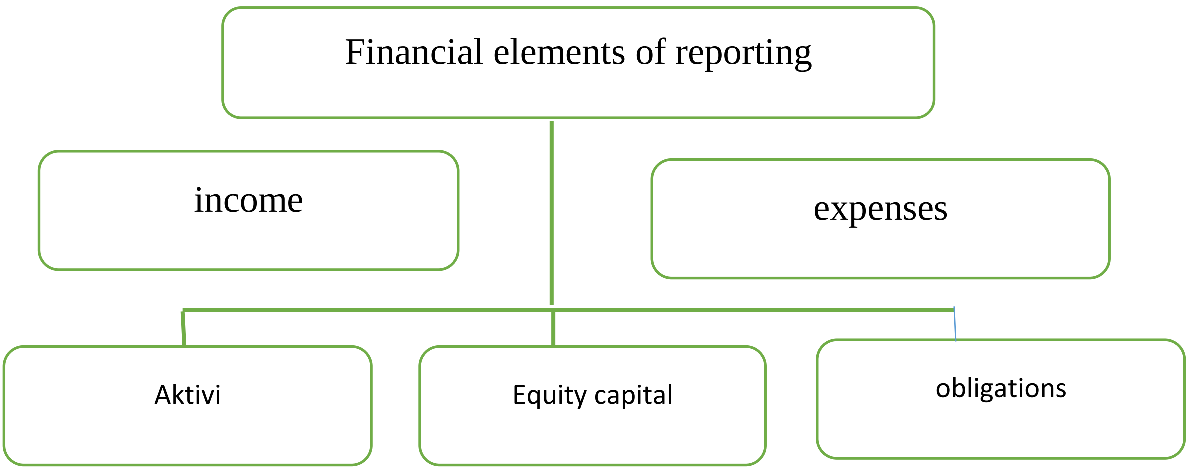

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Fig. 1. Elements of financial statements and their definitions in the Conceptual Framework of IFRS

There are two concepts associated with the concept of capital - the concept of physical and financial capital, which are used by companies to prepare financial statements under IFRS. The concept of financial capital considers capital in terms of net assets or equity. The concept of physical capital considers this element of financial reporting in terms of the production capacity of the organization or based on the number of units produced per day.

The choice of a physical or financial concept of capital maintenance depends on the need to provide information to users of financial statements. For example, users may be interested in the operational capability of an organization, in which case the physical concept of capital is used. If users are primarily interested in the value of the company's net assets, then the concept of maintaining financial capital is used.

Before classifying an object as an asset, liability, capital, income or expense, it is necessary that the object meets the definition of an element of financial statements. Criteria for the recognition of elements of financial statements:

• It is probable that future economic benefits associated with this object will be received by the organization or disposed of.

• The object has an initial value or a value that is subject to reliable assessment.

Most often, the reliability of the assessment of the elements of financial statements is determined on the basis of the professional judgment of the accountant, however, this method of assessment may not always be considered reliable. Therefore, it is necessary to document the validity of obtaining calculated data.

The conceptual framework notes that the initial cost (cost) serves as the basis for the assessment when preparing financial statements under IFRS.

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