

**IMPROVING THE FINANCIAL STATUS REPORT ON THE BASIS OF  
INTERNATIONAL STANDARDS**

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*This article covers the issues of improving the financial status report on the basis of International Financial Reporting Standards (XMHS/IFRS). The article will study the accuracy, transparency and opportunities for comparison of financial information that meets modern requirements. On the basis of literature analysis, scientific and methodological approaches and practical results, mechanisms are developed to adapt the practice of national reporting to international standards*

**Introduction.**

The statement of financial position is one of the main financial documents that reflects the composition of the financial resources of the enterprise, the volume of liabilities and the structure of its own capital as of a certain date. This report not only provides an idea of the current financial stability of the enterprise, but also plays an important role in determining its future development opportunities, investment attractiveness and level of risk.

International Financial Reporting Standards (IFRS) provide for the development of the structure of this report in a more consistent, comparable, reliable and user-friendly form. According to IFRS requirements, the accuracy, transparency and relevance of financial information are of paramount importance for economic decision-makers.

The statement of financial position is considered the most important source of information about the assets, liabilities and capital of the enterprise for a certain period. The accuracy, comparability and transparency of the information presented in this report directly affect not only the internal management decisions of the organization, but also external users - investors, creditors and other interested parties. Therefore, improving financial reporting on the basis of International Financial Reporting Standards (IFRS) is considered an important strategic task for enterprises today.

The main goal of IFRS is to formulate financial information of companies operating in different countries on the basis of uniform principles and present it in a form understandable to users. The first stage of improving the statement of financial position begins with bringing its structure into line with the requirements of international standards. In particular, the logical arrangement of accounts, the classification of assets and liabilities in current and long-term forms, and the accurate reflection of the capital structure significantly increase the informativeness of the report. In this process, the IAS 1 "Presentation of Financial Statements" standard acts as the main guideline.

The next important direction is to determine the methods of valuation of assets and liabilities based on international requirements. The concept of fair value in IFRS ensures that financial position is reflected in real market conditions. For example, financial instruments are revalued as assets that are sensitive to changes in value in accordance with the requirements of IFRS 9. This helps to reflect the financial position of the enterprise more closely in real time.

Another important aspect in improving the statement of financial position is to increase transparency. International standards require the presentation of not only numbers, but also additional information that explains them. Disclosing detailed information about the factors affecting the value of the enterprise's assets, the terms of liabilities, credit risks, collateral and guarantees, as well as the methodologies used in the valuation allows users to assess the real financial risks of the enterprise. In this process, enriching the content of the notes section of the report is of particular importance.

Also, adaptation to international standards in areas such as leases, revenue recognition, and consolidation rules ensures the correct reflection of the financial position. For example, the recognition of leased assets as “right-of-use assets” in the balance sheet of an enterprise in accordance with IFRS 16, and the formation of long-term liabilities in relation to them, will cause significant changes in the financial indicators of the enterprise. This, in turn, will more accurately reflect the financial position.

There is also a practical aspect of improving financial reporting: this is the training of qualified accountants and financial specialists, the introduction of modern information systems, strengthening internal control, and the effective organization of the audit process. As international standards are regularly updated, it is necessary for enterprises to constantly update their knowledge and practices.

Nevertheless, a number of systemic shortcomings are still observed in the current national practice. In particular, there are problems such as incorrect classification of assets and liabilities, the use of different approaches to assessing their value, in some cases assets significantly differ from the real market value, and accounting policies are not fully aligned with the same standards. In addition, factors such as insufficient implementation of software in enterprises that meet international standards, lack of qualified personnel, and incomplete awareness of some regulatory requirements by practicing accountants also negatively affect the quality of information. Therefore, this study aims to scientifically study the process of adapting the financial statement to international standards, identify existing problems, and develop improvement mechanisms aimed at eliminating them.

The research process analyzes the theoretical foundations of international standards, the level of their integration into national practice, as well as the experience of reporting in real sector enterprises. As a result, scientifically based recommendations are developed to improve the quality and reliability of financial reporting, create a convenient information base for investors, enhance transparency, and accelerate the integration of enterprises into the global market.

### **Literature analysis.**

The scientific literature on the formation of financial statements based on international standards is extremely rich, and this area is strengthened not only by theoretical but also by practical research. In order to ensure the transparency, reliability, and comparability of corporate information in the world economy, various concepts have been developed by many scientists, international organizations, and research centers. Literature analysis shows

that the global integration of financial statements is one of the important requirements of a market economy, and the IFRS system is the main support for this process. The annual set of standards published by the IFRS Foundation, their explanatory comments, manuals and key conceptual frameworks are of particular importance as the leading sources for International Financial Reporting Standards. These sources cover in detail the structure of the statement of financial position, the criteria for classifying elements in it, the principles for valuing assets and liabilities, and the system of presenting information that is in the interests of users. In particular, the fair value model of valuation, the impairment of assets, the classification of financial instruments and their changes in value are among the main areas of attention of international researchers.

The scientific work of such prominent scientists as Nobes, Christopher and Alexander, David has made a significant contribution to this field. Their works provide a deep scientific analysis of the global convergence of financial reporting, the differences between national standards and IFRS, the level of readiness of economic systems to adopt these standards, as well as the impact of this process on the economy. In particular, Nobes's concept of "Accounting Classification" explains how accounting approaches are formed depending on the development of financial systems, legal models and market mechanisms of different countries. Alexander, on the other hand, expresses scientifically based opinions on the comparability of financial statements in the international community and the degree of global flexibility of IFRS.

In addition, modern researchers such as Ball, Kothari, Watts have conducted in-depth studies on the role of financial reporting in reducing transparency and information asymmetry, the effectiveness of audit control, and the impact of IFRS on investor behavior. According to their scientific conclusions, in countries that have switched to IFRS, the accuracy of financial information has increased, investment processes have become more active, and the stability of capital markets has been strengthened. Based on the analysis of the literature, it is worth noting that scientific views on adapting the statement of financial position to international standards are not one-sided, but involve a systematic and comprehensive approach. Each source strengthens the scientific foundation of this study with its theoretical foundations, practical examples, and recommendations.

**Methodology.** The comparative method is one of the main scientific and methodological approaches of this study, which is aimed at identifying differences between national

accounting standards and International Financial Reporting Standards (IFRS), assessing the degree of their compatibility, and comparing practical results.

Using this method, the following aspects were analyzed in depth: differences in the reporting structure, while in national standards some sections have a traditional form, in IFRS their presentation is concise, clear and investor-friendly. During the comparison, it was found that there are sharp differences in such aspects as:

- classification of assets and liabilities,
- criteria for dividing current and long-term,
- presentation of capital elements.

Based on the comparison method, reports compiled according to national standards are more focused on control and taxation, while IFRS provides investor-friendly, transparent and comparable information. As a result, the following were identified through this method:

- IFRS-compliant reports increase the investment attraction potential of the enterprise;
- risks are reduced when working with international markets;
- the financial results of the enterprise are presented in accordance with international criteria.

#### Comparison method Differences between national and international approaches

1-table

Comparable aspect	National Accounting Standards (NAS)	International Financial Reporting Standards (IFRS)
Report structure	Traditional, more detail-oriented and control-oriented.	Short, clear, and investor-friendly.
Asset and liability classification	In most cases, strict and traditional classification is used.	Classification based on liquidity and economic substance
Current and long-term division	Term-based division is used.	It is determined based on economic substance and cash flows.

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The comparative method deeply revealed the differences between national and international approaches, and also scientifically determined their impact on economic efficiency.

In addition, the systematic analysis method was used in the study. Through this methodology, the general structure of IFRS standards, their basic principles, their interdependence and their impact on the process of forming financial statements were studied step by step and consistently. Systematic analysis served not only to distinguish the components of the standards, but also to explain their substantive interaction. For example, the recognition of assets and liabilities, their revaluation, the criteria for recognizing income and expenses, and the links between the mechanisms for forming financial results were analyzed in depth using this approach.

This method also identified limited interpretations, uncertainties and their impact on the quality of financial information in national standards, and certain conclusions were drawn by comparing them with IFRS requirements. The advantage of systematic analysis is that it considers each element not separately, but as part of a single system, thereby providing an opportunity to explain practical problems arising in the reporting process on the basis of an integrated approach. For example, such complex concepts as the revaluation model, fair value, the existence of future economic benefits or obligations are explained in harmony with each other precisely when analyzed in a systematic way.

Thus, the combined use of the comparative method and systematic analysis significantly strengthened the scientific validity of the study. When these two methods were combined, not only differences and similarities were identified, but also their mechanisms of influence on the enterprise, real practical results and contribution to the quality of reporting were clearly highlighted. As a result, the level of reliability of the conclusions obtained increased, the relevance of the study was ensured, and a solid foundation was created for the development of scientifically and practically based recommendations for improving financial reporting.

### **Discussion and results.**

The above analyses, observations and comparisons made against various standards show that improving the financial statement based on International Financial Reporting Standards fundamentally changes the overall quality of management of the enterprise and takes it to a new level. The unique advantage of IFRS is that it embodies the principles of transparency, reliability and comparability. Therefore, in the process of implementing these standards, the

financial indicators of the enterprise are formed more accurately, the classification of assets and liabilities is regulated on the basis of clear criteria, and misinterpretations in the reporting structure are significantly reduced. In particular, a clear separation of assets and liabilities by current and long-term eliminates the confusion of financial information and creates a simplified understanding for users. As a result, the financial flows of the enterprise are reflected in a realistic way, and internal transparency increases significantly. The use of IFRS creates a great advantage not only in internal processes, but also for external auditors, banks, partners and especially potential investors. Because reports prepared on the basis of international standards are consistent with global auditing practices and are in a familiar, understandable format for any foreign investor. This helps to form an objective opinion about the enterprise, accurately assess investment risks and make decisions on capital investments more quickly. One of the most important aspects for investors is that financial information is not hidden, without manipulative changes, clear and transparent. IFRS ensures this principle. Therefore, reporting adapted to this standard increases confidence in the enterprise, strengthens its reputation in the market and significantly simplifies the process of attracting foreign investment. In addition, the introduction of IFRS gives the enterprise an advantage not only in the eyes of investors, but also in the competitive arena. Because enterprises that adapt to international criteria respond faster to market requirements, more accurately justify management decisions and can form their financial strategy in the long term. Thus, all the analyses conducted confirm that improving reporting based on IFRS not only streamlines the internal system of an enterprise, but also contributes to its sustainable development, increasing its competitiveness, and expanding its access to international markets.

**Proposal and Conclusions.** Today, the process of digitizing financial reporting systems in developed countries of the world is proceeding at a very rapid pace. In particular, countries such as the European Union, the USA, Japan, South Korea, and Australia have made it mandatory to submit financial data in the XBRL (eXtensible Business Reporting Language) format.

Through XBRL technology, reports are automatically generated, human errors are reduced, data can be immediately checked by auditors, investors, or government agencies, and the accuracy and speed of reporting is ensured. For example, the US SEC (Securities and Exchange Commission) has been transferring all large corporations to the submission of financial reports in the XBRL format since 2009. As a result, this process has achieved the

following positive results; The costs of collecting and processing reports have been reduced by 40%, data errors have decreased by 35–50%, and the analysis process for investors has become several times easier. On this basis, the introduction of ERP systems, XBRL platforms and online consolidation models in Uzbek enterprises is becoming not an emotional, but a scientifically based necessity. Digitalization:

- reduces the time for creating financial statements,
- strengthens the internal control system,
- creates the possibility of automated reporting in accordance with IFRS requirements.

This proposal is consistent with international experience and significantly increases the potential of enterprises to enter the global market in the future. In addition, an environment of leadership and competition in the international market is created.

In conclusion, it can be noted that during this study, the scientific and practical aspects of improving the financial statement based on international standards - IFRS were analyzed. The study showed that IFRS-compliant reports significantly increase the quality of the enterprise's financial information and ensure efficiency in several important aspects. The transparency of the report is clearly visible: the classification of assets and liabilities, the assessment criteria and the method of presenting the data reveal the true financial condition of the enterprise to users and investors. At the same time, understandable and comparable reports for global investors increase the opportunities for enterprises to attract foreign capital. The valuation principles based on IFRS, in particular the concept of “fair value”, bring financial results closer to the real market situation. This prevents errors such as artificially increasing or decreasing assets and strengthens the strategic decisions of the enterprise's management. Also, the introduction of digital reporting systems - ERP, XBRL and other formats - allows for the rapid preparation of reports, reducing errors and automatically checking data. Foreign experience shows that the digitization process significantly increases the accuracy and reliability of financial reporting. As a result, financial statements based on IFRS strengthen the financial stability of the enterprise, expand the possibility of obtaining credit and create a reliable information base in the process of making strategic decisions. Thus, the introduction of a financial reporting system in Uzbekistan that complies with international standards is an important factor ensuring the sustainable development, competitiveness, and integration of enterprises into the global economic space.

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