

**FOREIGN EXPERIENCE IN FORMING ACCOUNTING POLICY
IN SMALL BUSINESSES***M.H.Toshev**Asia international university, Bukhara*

Abstract: Learning about foreign accounting policies in small businesses provides multiple benefits. First, adopting International Financial Reporting Standards (IFRS) increases transparency and comparability, which is essential for attracting global investors and fostering collaboration. Second, integrating advanced accounting technologies increases efficiency, reduces errors, and provides real-time financial insights that are essential for decision-making. Third, understanding foreign regulatory frameworks ensures compliance, reduces risks, and builds trust with stakeholders. Training in international standards allows your team to stay up-to-date and make strategic contributions. Benchmarking with global indicators increases competitiveness and identifies areas for improvement. Culturally, appreciating different financial practices helps improve global collaboration. In addition, using foreign accounting policies aligns your business with global best practices, contributing to sustainable growth and success in a competitive international environment.

Keywords: International standards, financial reporting, Accounting, Small business, accounting policy.

Adopting International Financial Reporting Standards (IFRS) can bring significant benefits to small businesses by providing a globally recognized framework for financial reporting. For example, in India, when a small technology startup adopted IFRS, it was able to align its financial statements with global standards, making it easier to attract investment from international venture capitalists or strategic partners familiar with IFRS. This is because IFRS increases the transparency and comparability of financial statements, allowing stakeholders to make informed decisions, regardless of their geographic location or origin.

In addition, the implementation of IFRS can streamline financial reporting processes. Consider a small manufacturing company in Brazil that is transitioning to IFRS reporting. In doing so, they not only meet international accounting standards, but also increase the accuracy and consistency of their financial information. This, in turn, increases credibility among creditors, shareholders, and potential investors who value standardized financial information.¹

In addition, adopting IFRS makes it easier to expand and integrate across borders. For example, a small consulting firm in Germany that complies with IFRS can seamlessly merge or collaborate with a similarly sized firm in Canada because both parties understand and use the same financial reporting framework. This alignment reduces the complexity of the necessary review and integration processes, leading to smoother business transactions and synergies.

Overall, the adoption of IFRS by small businesses is superior to compliance with a simple rule - it provides transparency, increases investor confidence, simplifies transactions, and facilitates international business interactions. These advantages are especially important in today's interconnected global economy, where standardization in financial reporting enhances trust and allows businesses to thrive across borders.

¹Qutbiddinovich, S. I., & Abdulazizovich, X. U. B. (2023). GAAPASOSIGAQO'YILGANMOLIYAVIYHISOBKONTSEPTSIYALARI. *Interpretationandresearches*, 1(3), 42-50.

The integration of technology into accounting processes can revolutionize small businesses, especially when using advanced solutions used by foreign companies. For example, adopting cloud-based accounting software like Xero or QuickBooks Online can simplify bookkeeping, automate tasks, and facilitate collaboration between team members regardless of location. Such tools provide real-time access to financial information, enabling timely, informed decisions.²

Additionally, implementing sophisticated reporting and analytics tools like Tableau or Power BI can provide deep financial insights. These platforms can integrate data from multiple sources, create customizable reports, and visualize trends, allowing business leaders to identify opportunities or quickly address issues. For example, a small manufacturing firm can use these tools to analyze production costs, identify inefficiencies, and optimize resource allocation for better profitability.³

Additionally, integrating AI-based solutions such as receipt scanning software (e.g., Receipt Bank) automates data entry, reduces manual errors, and speeds up expense processing. This not only increases accuracy, but also frees up valuable time for finance teams to focus on strategic tasks such as budget planning or financial forecasting.⁴

In general, technology integration inspired by foreign practices can enable small businesses to operate with greater efficiency, accuracy, and agility in their accounting processes. By investing in the right tools and strategies, businesses can unlock insights, reduce costs, and remain competitive in today's dynamic business environment. Studying foreign regulatory frameworks is essential for small businesses that aim to adopt strict compliance and governance practices. This includes understanding the intricacies of financial regulations, reporting standards, tax laws, and other legal requirements in foreign markets. In doing so, small businesses can gain valuable insights into best practices that can be applied to their operations.⁵

For example, consider a small US-based tech startup expanding its operations into the European Union (EU). The EU has strict rules regarding the General Data Protection Regulation (GDPR). By learning about GDPR requirements, the startup can implement necessary measures such as data encryption, user consent mechanisms, and data breach notification protocols. This not only ensures compliance with EU law, but also improves data security practices and builds trust among EU customers and partners. Similarly, learning about International Financial Reporting Standards (IFRS), which are widely used in financial reporting in Europe, Asia, and other regions, can help streamline accounting processes. For example, understanding IFRS guidelines for revenue recognition or asset valuation can increase the accuracy and transparency

²Qutbiddinovich, S. I., & Abdulazizovich, X. U. B. (2023). GAAP ASOSIGA QO'YILGAN MOLIYAVIY HISOB KONTSEPTSIYALARI. *Interpretation and researches*, 1(3), 42-50.

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⁵Qutbiddinovich, S. I., & Abdulazizovich, X. U. B. (2023). GAAP ASOSIGA QO'YILGAN MOLIYAVIY HISOB KONTSEPTSIYALARI. *Interpretation and researches*, 1(3), 42-50.

of financial statements, which is crucial for attracting international investors or pursuing global partnerships.⁶

Small businesses often struggle to navigate the complexity of financial reporting requirements. This can be daunting for those without a financial background. This involves understanding and adhering to regulatory frameworks such as Generally Accepted Accounting Principles (GAAP) or International Financial Reporting Standards (IFRS). To address this, a curriculum can be designed that focuses on simplifying these concepts into easy-to-understand modules. Seminars led by financial experts and complex topics such as financial reporting, cash flow management, and tax compliance can be broken down and taught. Practical exercises and case studies tailored to small business scenarios can provide hands-on experience in applying accounting principles. Additionally, the use of digital tools and software for financial management can simplify reporting processes and increase clarity for small business owners and managers.

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