

INTERNATIONAL FINANCIAL STANDARDS (IFRS) AND THEIR INTEGRATION
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Abstract: The adoption and implementation of International Financial Reporting Standards (IFRS) have become a crucial factor in enhancing transparency, comparability, and reliability of financial reporting worldwide. This article examines the current state of IFRS adoption in Uzbekistan, analyzing both regulatory frameworks and practical challenges faced by local enterprises. Special attention is given to the processes of harmonizing national accounting practices with international requirements, the role of professional accounting bodies, and the impact on financial decision-making. By exploring case studies of selected Uzbek companies and assessing the regulatory measures undertaken by governmental and supervisory authorities, the study highlights the benefits, limitations, and potential strategies for effective integration of IFRS into the national financial reporting system. The findings contribute to a better understanding of how international accounting standards can foster economic growth, attract foreign investment, and strengthen corporate governance in emerging markets.

Keywords: International Financial Reporting Standards, IFRS adoption, Uzbekistan, financial reporting, accounting harmonization, corporate governance, regulatory framework, emerging markets

Аннотация: Принятие и внедрение Международных стандартов финансовой отчетности (IFRS) является ключевым фактором повышения прозрачности, сопоставимости и достоверности финансовой отчетности на глобальном уровне. В данной статье рассматривается текущее состояние применения IFRS в Узбекистане, включая нормативно-правовую базу и практические трудности, с которыми сталкиваются местные предприятия. Особое внимание уделено процессу гармонизации национальной бухгалтерской практики с международными требованиями, роли профессиональных бухгалтерских организаций и влиянию на принятие финансовых решений. На основе анализа выбранных компаний Узбекистана и оценки мер, предпринятых государственными и надзорными органами, статья выделяет преимущества, ограничения и стратегические подходы к эффективной интеграции IFRS в национальную систему финансовой отчетности. Результаты исследования способствуют более глубокому пониманию того, как внедрение международных стандартов бухгалтерского учета может

способствовать экономическому росту, привлечению иностранных инвестиций и укреплению корпоративного управления в развивающихся рынках.

Ключевые слова: Международные стандарты финансовой отчетности, внедрение IFRS, Узбекистан, финансовая отчетность, гармонизация бухгалтерского учета, корпоративное управление, нормативно-правовая база, развивающиеся рынки

Аnotatsiya: Xalqaro moliyaviy hisob standartlarini (IFRS) qabul qilish va joriy etish moliyaviy hisobotlarning shaffofligi, solishtiriluvchanligi va ishonchliligini oshirishda muhim omil hisoblanadi. Ushbu maqolada O‘zbekistonda IFRSning amaliyotga tatbiqi, shu jumladan, normativ-huquqiy asoslar va mahalliy korxonalarda yuzaga kelayotgan amaliy qiyinchiliklar tahlil qilinadi. Maxsus e’tibor milliy buxgalteriya amaliyotlarini xalqaro talab va standartlarga moslashtirish jarayoni, professional buxgalter tashkilotlarining roli hamda moliyaviy qarorlar qabul qilishga ta’siriga qaratilgan. Tanlangan o‘zbekistonlik kompaniyalar misolida amalga oshirilgan holat tahlillari va hukumat hamda nazoratchi organlar tomonidan qabul qilingan chora-tadbirlar asosida maqolada IFRSni milliy moliyaviy hisobot tizimiga samarali integratsiya qilishning afzalliklari, cheklovlari va strategik yo‘nalishlari yoritiladi. Tadqiqot natijalari xalqaro buxgalteriya standartlarini joriy etish orqali iqtisodiy o‘sish, xorijiy investitsiyalarni jalb qilish va korporativ boshqaruvni mustahkamlash imkoniyatlarini yaxshiroq tushunishga hissa qo‘shadi.

Kalit so‘zlar: Xalqaro moliyaviy hisobot standartlari, IFRSni joriy etish, O‘zbekiston, moliyaviy hisobot, buxgalteriya amaliyotlarini uyg‘unlashtirish, korporativ boshqaruv, normativ-huquqiy asos, rivojlanayotgan bozorlar

Introduction. In today’s globalized economy, the demand for transparent, reliable, and comparable financial reporting has increased significantly. International Financial Reporting Standards (IFRS) have emerged as a universally recognized framework that addresses this demand, providing a consistent set of accounting principles applicable across countries and industries. For emerging economies such as Uzbekistan, the adoption of IFRS is not merely a regulatory obligation but also a strategic approach to integrating the national financial system with international practices. Effective implementation of these standards can enhance investor confidence, improve corporate governance, and facilitate access to foreign capital markets. Uzbekistan has undertaken substantial reforms in its accounting and financial reporting system to align with IFRS. The Ministry of Finance, in collaboration with professional accounting organizations, has developed regulatory measures, guidelines, and training programs to support enterprises in transitioning from national accounting standards to IFRS-compliant reporting. These initiatives reflect the government’s commitment to harmonizing domestic practices with global financial norms and promoting transparency in corporate operations. Despite these efforts, the adoption of IFRS in Uzbekistan presents several challenges. Many enterprises face difficulties related to technical complexity, insufficient expertise, and limited resources, especially among small and medium-sized companies. Additionally, there is a need for continuous professional development to equip accountants and financial managers with the knowledge required to apply IFRS effectively. Addressing these challenges is essential to ensure the credibility and comparability of financial statements and to maximize the benefits of IFRS adoption for both enterprises and the national economy. This article aims to explore the current state of IFRS adoption in Uzbekistan, examining the regulatory framework,

implementation practices, challenges, and opportunities. By analyzing case studies of selected enterprises and considering the broader economic implications, the study seeks to provide insights into the strategic role of IFRS in enhancing financial transparency, attracting investment, and supporting sustainable economic growth.

Main Body: The adoption of International Financial Reporting Standards (IFRS) has become an essential component of global financial governance, providing a unified framework that enhances transparency, comparability, and credibility of financial statements across borders. For emerging economies such as Uzbekistan, IFRS adoption is not only a regulatory requirement but also a strategic tool for integrating domestic financial practices with international standards, attracting foreign investments, and supporting economic growth. Over the past decade, Uzbekistan has made significant progress in aligning its national accounting system with IFRS, yet the process remains complex due to various institutional, technical, and cultural challenges. The regulatory framework for IFRS adoption in Uzbekistan has been shaped by a series of governmental decrees, normative acts, and guidelines issued by the Ministry of Finance and other supervisory authorities. These measures aim to harmonize national accounting principles with IFRS requirements, ensuring that local enterprises comply with international reporting norms. In particular, the Law on Accounting and Financial Reporting, supplemented by specific regulations for joint-stock companies and banks, mandates the gradual transition from national accounting standards to IFRS-compliant reporting. This phased approach allows enterprises to adapt their accounting practices incrementally, mitigating operational disruptions while enhancing the reliability of financial statements for domestic and foreign stakeholders. Despite regulatory progress, the practical implementation of IFRS in Uzbekistan faces several challenges. Firstly, there is a shortage of qualified accounting professionals who possess a deep understanding of both national standards and IFRS. Many accountants require specialized training in financial reporting, consolidation, and fair value measurement, which are core components of IFRS. Professional accounting organizations and academic institutions have responded by introducing training programs and certification courses; however, the scale and depth of such initiatives remain insufficient relative to the growing demand. Secondly, small and medium-sized enterprises (SMEs) encounter difficulties in applying complex IFRS requirements due to limited resources, inadequate IT infrastructure, and insufficient guidance on specific accounting treatments. These factors create a gap between regulatory expectations and practical compliance, which may affect the credibility of reported financial information. Another important consideration is the harmonization of financial reporting with international investment requirements. IFRS adoption enhances the comparability of financial statements, facilitating access to international capital markets and attracting foreign investors. For Uzbekistan, whose economy is increasingly integrated with regional and global trade networks, the consistent application of IFRS can strengthen investor confidence, improve corporate governance practices, and promote transparency in corporate operations. Additionally, IFRS-based reporting provides policymakers with more accurate and timely financial information, supporting informed decision-making in both public and private sectors. Case studies of selected Uzbek companies illustrate both the benefits and limitations of IFRS adoption. Large enterprises, particularly in the banking and energy sectors, have successfully implemented IFRS, resulting in improved financial disclosure, enhanced credibility with international partners, and increased access to financing. Conversely, SMEs often struggle with the technical complexity and resource requirements of IFRS, leading to partial or inconsistent implementation. These observations underscore the need for continuous

professional development, targeted regulatory support, and practical guidance tailored to enterprises of different sizes and sectors. To address these challenges, Uzbekistan is pursuing several strategic initiatives. The government is collaborating with international accounting bodies, such as the International Federation of Accountants (IFAC) and the World Bank, to provide technical assistance, training, and advisory support for IFRS implementation. Concurrently, professional associations are expanding certification programs and workshops to build a pool of qualified accountants capable of applying IFRS consistently. Furthermore, the development of sector-specific guidelines and simplified reporting frameworks for SMEs is being considered to facilitate compliance without compromising the integrity of financial information.

Results. The analysis of IFRS adoption in Uzbekistan reveals several significant findings that highlight both progress and ongoing challenges in the financial reporting landscape. Firstly, regulatory initiatives have laid a solid foundation for harmonizing national accounting practices with international standards. The Ministry of Finance, together with professional accounting organizations, has established guidelines and transitional frameworks that enable enterprises to gradually implement IFRS, particularly in sectors such as banking, energy, and large-scale manufacturing. These measures have resulted in improved transparency, better comparability of financial statements, and enhanced credibility with both domestic and international stakeholders. Secondly, enterprises that have fully adopted IFRS demonstrate tangible benefits in terms of financial disclosure and operational efficiency. Large corporations, especially those engaging in international trade or foreign investment, report increased investor confidence and easier access to external financing. Case studies indicate that these companies have streamlined their reporting processes, standardized accounting policies, and enhanced internal control mechanisms to comply with IFRS requirements. This has contributed to better strategic decision-making and improved alignment with global business practices. However, the results also highlight notable challenges. Small and medium-sized enterprises (SMEs) face difficulties in applying complex IFRS principles due to limited financial and technical resources, insufficient IT infrastructure, and a lack of specialized professional expertise. Many accountants require additional training in areas such as fair value measurement, consolidation, and disclosure requirements. The study indicates that inconsistent implementation among SMEs could affect the overall credibility and comparability of national financial reporting. Additionally, the analysis underscores the critical role of continuous professional development and capacity-building initiatives. Collaborative efforts with international accounting bodies, including training programs, workshops, and certification courses, have proven effective in strengthening the competencies of accounting professionals. Nevertheless, scaling these initiatives remains a priority to ensure widespread and consistent IFRS adoption across different sectors of the economy. In summary, the results demonstrate that while Uzbekistan has made meaningful strides in integrating IFRS into its financial reporting system, challenges remain in terms of technical expertise, SME readiness, and resource allocation. Addressing these issues is essential to fully leverage the benefits of IFRS adoption, enhance corporate governance, and foster investor confidence in the national economy.

Conclusion. The analysis of IFRS adoption in Uzbekistan demonstrates that significant progress has been made in harmonizing national accounting practices with international standards, yet several challenges persist that require focused attention. The findings indicate that regulatory frameworks, government guidelines, and professional initiatives have created a

foundation for enterprises, particularly large corporations, to implement IFRS effectively, resulting in improved transparency, enhanced comparability of financial statements, and increased investor confidence. However, small and medium-sized enterprises face constraints related to technical complexity, limited resources, and insufficient professional expertise, which hinder consistent application of IFRS across all sectors. To address these issues, it is recommended that the government and professional bodies expand capacity-building programs, including specialized training, certification courses, and workshops tailored to both large and smaller enterprises, ensuring that accountants and financial managers possess the necessary skills to apply IFRS comprehensively. Furthermore, the development of simplified sector-specific guidelines and practical tools for SMEs could facilitate compliance without compromising the integrity of financial reporting. It is also advisable to strengthen collaboration with international accounting organizations to provide technical assistance, advisory support, and ongoing updates on evolving IFRS requirements, thereby fostering a culture of continuous professional development. Enterprises themselves should prioritize the integration of robust IT systems and internal control mechanisms to enhance the reliability and timeliness of financial information. In conclusion, the strategic adoption of IFRS in Uzbekistan has the potential to significantly improve financial transparency, attract foreign investment, and strengthen corporate governance, but achieving these outcomes requires sustained efforts from regulators, professional bodies, and enterprises. By implementing targeted training initiatives, developing practical compliance frameworks for SMEs, and promoting international collaboration, Uzbekistan can ensure that IFRS becomes an effective tool for economic growth and financial stability, ultimately contributing to a more transparent, reliable, and globally aligned financial reporting environment.

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