



# FOREIGN EXPERIENCE IN PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS

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## ABSTRACT

*In this article, the author reflects on foreign experience in the preparation and presentation of financial statements, including the adaptation of financial statements to international standards, which is a practical expression of the purpose of collecting accounting information.*

**KEY WORDS:** *business, business entities, information, accounting, financial reporting, transformation, international financial reporting standards.*

## INTRODUCTION

The development of the economy of our republic as an integral part of the world economy requires the harmonization of national accounting with international accounting. The most important aspect in this regard is the adaptation of financial statements to international standards, which are a practical expression of the purpose of accounting accounting.

Differences in the preparation and presentation of financial statements can be observed in the accounting of all countries. However, the expansion of economic coverage, access to foreign markets, establishment of international trade, participation in the world stock market and other aspects require the preparation and presentation of financial reports in the same form and content for all.

In the economic reforms carried out in the Republic of Uzbekistan, great importance is attached to the formation of a space of mutually beneficial and useful information for business and entrepreneurial entities and to the preparation and presentation of accounting, which is a single system of optimization for all, on the basis of international standards. For this purpose, in the Republic of Uzbekistan, a plan of important measures is being drawn up and important steps are being taken to transform the accounting system to international standards of accounting and financial reporting, to apply international standards of auditing, to the system of national accounts, to adhere to international norms.

For example, today the number of enterprises and organizations required to prepare financial statements based on international standards is more than 1000 (joint-stock companies, holdings and companies), and in the near term their number will increase even more (entry to the world stock market, volume of assets, income, number of employees as well as due to internal interests and necessity).

Financial reports and the actual procedures for their preparation and presentation include a wide range of information users (real and future investors, creditors, product suppliers, buyers, employees, as well as government institutions, ministries, agencies, the public, etc.).

First of all, financial reports should be prepared for a wide range of property and capital owners, investors, creditors, managers, information users, and at the same time, they should be prepared for the purpose of advertising the reputation of the enterprise. Unfortunately, in this regard, there are a number of problems regarding the forms and content of financial reports prepared by local enterprises.

In international practice, it is necessary to recognize that financial reports are published as a "Business Journal" and that the information in them has become an important condition of business communication.

Financial reports are published with color decorations, diagrams, pictures, analytical tables, attractive sources



are always placed in the first line of the source, and informative sources are published at the end of the publication, turning business magazines into real business windows.

For this purpose, based on the proposal recommended by us, we think that it is necessary to introduce the procedure for publishing the financial statements of all economic entities, especially those prepared on the basis of international standards, through the following sections (Table 1).

**Table 1.**  
**Publication of "Business Journal" of financial reports departments<sup>1</sup>**

Important facts	To real and prospective investors	Historical sources	Current and prospective indicators	Audit summary
Achieved results, important economic and financial indicators	Investors interesting important resources, management efficiency characteristic indicators	Of the enterprise 10, 15, 20 years data Base (financial Reports is important indicators)	Current and past by periods financial report forms	Financial situation legal reflection achieved, done economy and financial of operations to the applicable norms matching

Despite the fact that the composition of the financial statements and their uniformity have been reached, it is possible to observe their differences between countries. Different aspects of financial statements can also be observed. Different aspects of financial statements arise from important accounting principles.

Accounting is considered a borderless process like politics and ideology, and its main goal is to collect information. Its important differences are characterized by the presence of various forms of economic management. Also, economic, political, social, geographical factors affect the form and content of the existing system. In general, the structure and content of financial reports, the composition of investors and creditors who are the main users of information, their reputations, the composition of individuals and legal entities participating in investment processes, the level of participation of investors in the management process, the levels of development of the financial market and the securities market, in international business participation levels are affected.

In the international practice of preparing and presenting financial reports, the structure of the following reporting forms is defined (Table 2).

**Table 2.**  
**Forms of financial statements and their content<sup>2</sup>**

Balance Sheet (Statement of Financial Position)	Statement of financial results (Profit and losses about)	Cash flow statement (On the movement of funds)	Statement of Equity (Equity change about)
It reflects information about assets, capital and liabilities, about the financial position	Reflects information on profits and losses (operational, investment, financial activities).	The report on the movement of national and international currency funds reflects information on the movement of funds	It reflects information about own funds and their structural structure

Accounting balance. This reporting form is called a financial statement in international practice. The accounting balance sheet is the only form of reporting that reflects the company's financial status and changes in it. Based on its data, a retrospective analysis of the financial status of the enterprise is carried out through a system of indicators such as financial stability, liquidity level, solvency, work activity, profitability, and the results achieved in the current and past periods are evaluated. More important conclusions are formed through horizontal, vertical, coefficient, comparative analysis methods. Most importantly, it is possible to determine

<sup>1</sup> Author Development  
<sup>2</sup> Author Development



prospective, forecast indicators that are considered important in management.

The main differences in the accounting balance can be seen in the composition of balance items and their organic sequence. In international practice, the assets in the accounting balance are composed in the order of decreasing or increasing liquidity. It is difficult to follow their exact sequence by country.

## CONCLUSION

From the above source, it can be seen that analytically, in the national and Russian practice, the items of the accounting balance are more widely composed, but this aspect did not significantly affect its content. Analytically, it can be said that the current report form has a number of advantages over foreign reports in terms of increasing the analysis of financial reports. But this advantage does not increase the drive towards future economic prosperity or income generation.

In international practice, it is difficult to find uniformity in reflecting the results of business and entrepreneurial activities in financial statements. For example, in the United States, a statement of retained earnings is also prepared. In international practice, the level of usefulness of the information published in the preparation of financial reports is of great importance. This, in addition to strict requirements regarding its form, also provides an opportunity to disclose individual items of the financial report more widely.

In international practice, there are three different approaches to classifying financial results:

- a) as an increase in the net value of assets;
- b) as the difference between income and expenses from enterprise activity;
- c) approach as a change in private capital in the current period.

In this case, the increase in the net value of assets as a part of the total assets increased by liabilities, the difference between income and expenses from the activity represents the profits and losses of this type of activity, and the accumulation of profits represents an increase in its level of capitalization. For this reason, indicators characterizing financial results are composed differently in different countries. Also, the horizontal and vertical lines of profits and losses partially differ in composition and periodicity.

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