

INTERNATIONAL FINANCIAL REPORTING STANDARDS AND THEIR IMPORTANCE

Iskandarov Bekzod Abdijalilovich

Senior Lecturer at the Department of Economic Theory

Samarkand Institute of Economics and Service

bekzodiskandarov1988@gmail.com

Mirjalol Malikov Abdulla o'g'li

Student of Samarkand Institute of Economics and Service

mirjalolmalikov13@gmail.com

Аннотация: В данной статье анализируются международные стандарты финансовой отчетности (IFRS) и их значение в современной экономике. В статье рассматриваются возникновение IFRS, их основные принципы, роль в глобальной экономике, а также их преимущества для эффективного осуществления финансового управления на предприятиях. Кроме того, освещаются преимущества и трудности внедрения IFRS, а также вопросы прозрачности и сопоставимости финансовой информации. Результаты исследования показывают, что IFRS являются надежным, достоверным и прозрачным источником финансовой информации для предприятий и инвесторов и способствуют глобальной финансовой интеграции.

Ключевые слова: финансовая отчетность, международные стандарты, IFRS, финансовое управление, финансовая интеграция, прозрачность, инвесторы

Abstract: This article analyzes the International Financial Reporting Standards (IFRS) and their significance in the modern economy. The paper examines the origin of IFRS, its main principles, role in the global economy, and benefits for effective corporate financial management. The study also discusses the advantages and challenges of implementing IFRS, as well as the transparency and comparability of financial

information. The results indicate that IFRS provides reliable, accurate, and transparent financial data for companies and investors and plays a key role in global financial integration.

Keywords: Financial reporting, International Standards, IFRS, financial management, financial integration, transparency, investors

Financial statements are among the most important documents that reflect the financial position, performance, and cash flows of enterprises and organizations. They serve as a reliable source of information for investors, creditors, government authorities, and other stakeholders. However, in the context of the global economy, when companies prepare financial statements based solely on national standards, it becomes difficult for users from other countries to correctly interpret and compare them. For this reason, International Financial Reporting Standards (IFRS) have been developed and widely implemented. One of the key advantages of IFRS is that it promotes consistency and comparability in financial reporting. Since IFRS has been adopted by many countries around the world, it facilitates the comparison of financial statements on an international scale. This increases transparency, which can build greater trust in financial markets and encourage investment. In contrast, GAAP primarily focuses on the financial reporting requirements of the United States. It is not sufficiently flexible to meet the specific needs of international companies, which may lead to difficulties in comparing financial reports across different countries. IFRS requires financial information to be prepared based on unified principles and rules. It ensures that financial statements are clear, reliable, and transparent, and enables the comparison of financial results of companies across different countries. The main objective of IFRS is to provide users with relevant and faithful information necessary for making economic decisions. Therefore, these standards are important not only for international companies but also for national enterprises. One of the most significant advantages of IFRS is the transparency and comparability of financial information. Investors and creditors can compare companies from different countries, which helps optimize investment decisions. In addition, the process of attracting funds in

international financial markets becomes easier for companies, as reliable and standardized reporting reduces risk for investors. At the same time, the adoption of IFRS has certain drawbacks. One of the challenges is that IFRS requires more detailed disclosures compared to GAAP, which can make reporting more complex. This may lead to additional costs for companies, as preparing and reviewing financial statements requires extra resources.

In addition, IFRS helps companies effectively organize financial management. These standards not only reflect the financial position but are also used to evaluate business performance, analyze costs and revenues, and develop future financial plans. In this way, IFRS transforms financial reporting from merely a control tool into a strategic management instrument. Information has become the most important resource in the modern international financial world (Ward & Lowe, 2017), and it must be easily accessible and reliable. Companies involved in multi-million-dollar cross-border transactions are required to provide fully transparent financial reporting. With the emergence of the European Union in the late 1990s, financial professionals in Europe began collaborating to develop more international accounting standards. The International Financial Standards Board (IFSB), based in London and consisting of fifteen members representing nine countries, developed the standards that would later become IFRS (pronounced “iffers” within the industry). Another important aspect of IFRS is its contribution to global integration. In the global economy, many companies operate in multiple countries through branches and subsidiaries. Financial statements based on national accounting standards often create difficulties in consolidating the activities of these entities. IFRS, however, enables the presentation of all financial information based on unified principles, thereby facilitating the coordination of both internal and external reporting for companies. In order to improve and harmonize the international use of financial reporting, in 1973 professional public accounting and auditing organizations from several countries established an international non-governmental professional body — the International Accounting Standards Committee (IASC). Since 1981, it has operated with full independence in implementing international financial reporting standards and discussing issues related to international accounting. Starting from 2005, in accordance with the 2002 decision of the European

Commission, all companies listed on European stock exchanges were required to prepare consolidated financial statements in accordance with IFRS.

In addition, IFRS helps improve the quality of information in companies and reduce financial risks. The standards clearly regulate complex processes such as the valuation of financial instruments, assets and liabilities, recognition of contractual obligations, and other related procedures. This ensures that financial statements are objective and reliable. However, there are also certain challenges in implementing IFRS. These include the need to train company staff and financial specialists, adapt existing financial systems, and develop technological infrastructure. At the same time, some countries face time- and resource-intensive processes in aligning their national legislation with IFRS. Nevertheless, these challenges are accepted as necessary steps toward ensuring long-term investment and financial stability.

In conclusion, International Financial Reporting Standards (IFRS) are a key tool for ensuring that financial information of companies is reliable, transparent, and comparable in the modern global economy. They provide essential information for investors, creditors, and other stakeholders in making economic decisions, enable companies to carry out effective financial management, and contribute to global integration. Therefore, the implementation and compliance with IFRS are important not only for international companies but also for enterprises within national economies. Today, these standards have become a fundamental pillar of transparency, reliability, and sustainable development in financial reporting.

References

1. Quvvatov, G‘olibjon. International Financial Reporting Standards and their role and importance in the development of the accounting system of the Republic of Uzbekistan. *GREEN ECONOMY AND DEVELOPMENT Journal*, 2025.
2. Sohibov, A. D. & Xursandov, K. M. Benefits and challenges of implementing international accounting standards. *TADQIQOTLAR Journal*, 2025.

3. Maxmudov, E. A. International Financial Reporting Standards and challenges in the practical application of national accounting standards. International Conference on Education and Innovation, 2025.
4. Maksudova, Sh. Sustainable development and International Financial Reporting Standards. GREEN ECONOMY AND DEVELOPMENT Journal, 2025.
5. International Financial Reporting Standards (IFRS). Official IFRS Foundation. London: IFRS Foundation, 2025.
6. Quvvatov, G‘olibjon. International Financial Reporting Standards and their role and importance in the development of the accounting system of the Republic of Uzbekistan. GREEN ECONOMY AND DEVELOPMENT Journal, 2025.
7. Sohibov, A. D. & Xursandov, K. M. Benefits and challenges of implementing international accounting standards. TADQIQOTLAR Journal, 2025.