

Establishing investment accounting based on international standards of financial reporting

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Annotation. In the Republic of Uzbekistan, the procedure for improving the accounting of investments has been regulated to align with the international standards of financial reporting for the preparation of consolidated financial statements.

Keywords. International standards of financial reporting, consolidated financial statements, investment accounting, associated enterprises.

INTRODUCTION.

The preparation and presentation of consolidated financial statements in the Republic of Uzbekistan, including the procedure for determining the composition of the consolidated group, is regulated by a number of normative legal documents listed in the following list:

1) The Law of the Republic of Uzbekistan No. URQ-404 dated April 13, 2016, on amendments and additions to the Law of the Republic of Uzbekistan "On Accounting" (in the new edition);

2) The Law of the Republic of Uzbekistan No. URQ-387 dated June 3, 2015, on amendments and additions to the Law of the Republic of Uzbekistan "On the Securities Market" (in the new edition);

3) The decision No. PQ-4611 of the President of the Republic of Uzbekistan dated February 24, 2020, on "Additional measures for the transition to international financial reporting standards;"

4) IFRS 10 "Consolidated Moldavian Society";

5) MXXC (IAS) 28 "Investments in Associates and Joint Ventures";

6) IFRS 3 "Business Associations";

7) IFRS 11 "Agreements on joint activities";

8) IFRS 12 "Disclosure of Interests in Other Entities".

In our view, the consolidated financial report reflects a unified system of indicators describing the property and financial condition as well as the financial results of the reporting period of a group of entities under common control, including the parent company, subsidiaries, and entities under its influence, according to certain rules.

Consolidated financial statements are the financial reports of a group of companies presented as a single economic entity, including the assets, liabilities, equity, income and expenses, and cash flows of the parent company and its subsidiaries. This definition is specifically provided in IFRS 10 "Consolidated Financial Statements" [1].

Above, we saw some parts of the investment accounting in the consolidated financial report. Below, we will get acquainted with the opinions of foreign scholars.

There was a note in the research of Russian authors such as L.P. Krasnov, N.G. Bolshakov, L.G. Kuznetsov, S.I. Puchkov, and O.B. Likhachev

that consolidated reports are mainly not compiled abroad and that 'investment accounting' is not taken into account. Additionally, many questions of theory, methodology, and methodology were not covered in their works, and the issues of compiling consolidated reports were only superficially examined.

Currently, the issues of organizing theory, methodology, and reporting support in energy sector joint-stock companies remain unexamined, and there is no scientific basis for the subject, objectives, and content of consolidated reporting.

First of all, it is necessary to pay attention to the description of the consolidated financial statements, their understanding in the scientific works of local and foreign scholars, and the need for clear decision-making based on the differences in consolidated financial statements.

Z.M. Aliyev emphasizes in his scientific research: "The MHSK Council explains its decision by stating that the report (including the consolidated financial report) must meet the needs of a wide range of users regarding the information necessary for making sound economic decisions, namely, the financial condition of the company (group of companies) and the financial results of its activities". Furthermore, if the financial indicators of a company that operates separately from the activities of other companies within the group are significantly large, the exclusion of such a company from the consolidation perimeter may negatively affect the economic decisions made by users of financial reports, meaning that the consequence could be a distortion of the objectives of the consolidated financial report[2].

According to V.M. Golikov, consolidated financial reporting is a much broader concept in terms of its volume, composition, content, and significance compared to the financial statements of individual organizations with a limited number of owners, a simple management system, and a narrow

scope of activity. Consolidated reporting often has a transnational character, and for this reason, it requires regulation at the international level[3].

E.Yu. Volkova emphasizes that a consolidated report in her scientific work is a financial report formed by consolidating the financial and non-financial data of group members based on the principles, requirements, and assumptions of international standards, which reveals information about financial and economic activities and allows for the perception of the consolidated group of enterprises as a single economic entity[4].

According to economist O. Sobirov, maintaining financial reports in all economic entities in our republic at the level of international standards (IFRS) will lead to an increase in the volume of foreign investments in the economy[5].

"Financial report" concept also includes the data of accounting reports. Consolidated financial report is evaluated as a type intended to describe the financial results and financial position of the activities of a group, based on the control relationships of economic entities.

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