

THE ROLE OF IFRS REPORTS IN ACCESSING STOCK EXCHANGES

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Abstract: This article explores the necessity and significance of transitioning to International Financial Reporting Standards (IFRS) in Uzbekistan. It examines the elements of the stock market, the economic nature of securities, their types in the country, and the issues related to improving the accounting of securities as assets in bookkeeping.

Keywords: IFRS, investment, securities, accounting, stock exchanges, external debt, international organizations.

РОЛЬ ОТЧЕТОВ МСФО В ДОСТУПЕ НА ФОНДОВЫЕ БИРЖИ

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Аннотация: В статье исследуется необходимость и значимость перехода на Международные стандарты финансовой отчетности (МСФО) в Узбекистане. Рассматриваются элементы фондового рынка, экономическая природа ценных бумаг, их виды в стране, а также вопросы, связанные с совершенствованием учета ценных бумаг как активов в бухгалтерском учете.

Ключевые слова: МСФО, инвестиции, ценные бумаги, учет, фондовые биржи, внешний долг, международные организации.

The rapid growth of international trade, export, and import operations, as well as the accelerating globalization of economies and information technologies, has led to the integration of accounting and reporting systems for business entities worldwide. The introduction of International Financial Reporting Standards (IFRS) in Uzbekistan serves as a catalyst for the further development and expansion of the national economy. To access global markets and ensure the listing of securities from joint-stock companies and commercial banks on international stock exchanges, financial statements based on IFRS are a mandatory requirement. In developed economies, securities are considered a

vital component of the financial system, serving as tools for investment, payments, and settlements. As an economic category, securities possess certain monetary characteristics and function as instruments of control. Significant reforms are being implemented in Uzbekistan to develop the financial market, with particular attention given to the securities market (stock market), which is a key component of the financial sector. In particular, the adoption of Presidential Decree No. PQ-4611, dated February 24, 2020, "On Additional Measures for Transitioning to International Financial Reporting Standards," highlights the need for a gradual alignment of accounting reports with IFRS requirements.

This step aims to encourage foreign investors to enter Uzbekistan's stock market and promote the development of financial instruments such as shares, bonds, bills of exchange, deposit and savings certificates, and other securities. Providing reliable information about securities is a fundamental condition for attracting investors. Transparent and accurate data strengthens investor confidence and fosters the growth of financial relationships and tools within the economy. Securities are characterized by their economic properties such as cost, liquidity, profitability, turnover speed, and investment potential. The types of securities listed in the "Law of the Republic of Uzbekistan on Securities Market" are as follows: stocks, bonds, treasury obligations, deposit certificates, securities derivatives, and promissory notes¹. The primary characteristic of securities is their role as a tradable asset in the stock market, meaning that securities are freely or partially transferable within the market, enabling the transfer of capital from one issuer (investor) to another. When accounting for and reflecting securities in reports as an economic category, the following features should be considered:

- Securities represent ownership rights in share capital;
- Securities reflect credit relationships between the holder and the issuer;
- Securities (shares) provide the right to receive a portion of the issuer's income;
- Shareholders are granted the right to participate in the management of joint-stock companies;
- Securities offer the opportunity to earn income from the increase in their market value;
- Securities can serve as collateral for obtaining loans;
- Securities (shares, bonds) grant the right to claim a portion of the company's assets upon its liquidation.

¹ The Law of the Republic of Uzbekistan "On the Securities Market" was adopted on June 3, 2015.

Currently, the reports in use within our country do not fully meet the needs of users (investors), as they are approached primarily from a tax accounting perspective.

Transitioning to IFRS (International Financial Reporting Standards) brings economic benefits. It facilitates expanded relations with international financial organizations such as the European Bank for Reconstruction and Development, the World Bank, the Asian Development Bank, the International Monetary Fund, and others. This helps attract foreign investments into the economy and improves the country's investment climate. Additionally, IFRS plays a vital role in elevating accounting practices to international standards. From the perspective of attracting investments, the state benefits from conducting accounting based on IFRS, as it ensures effective oversight over the use of its funds. Investors and founders also benefit from having access to accurate, objective, and transparent data without incurring additional costs. Otherwise, they may need to spend extra funds on transforming reports to meet their requirements. Finally, using reports prepared according to IFRS is a critical factor in corporate management, enabling the adoption of objective managerial decisions and strategic planning. Joint-stock companies, commercial banks, insurance organizations, and major taxpayers maintaining their accounting and reporting based on IFRS (International Financial Reporting Standards) ensure the following:

- ✓ Transparency, accuracy, and clarity of information in enterprise activities, providing access to specific and reliable data;
- ✓ Enhanced investment attractiveness of business entities;
- ✓ Objective and realistic managerial decision-making;
- ✓ Expanded opportunities for analyzing enterprise performance;
- ✓ Assistance in sourcing competitive financial resources.

Additionally, the accounting policies of enterprises should adequately disclose securities as assets, including their acquisition, movement, and disposal (sale). Furthermore, in accordance with IFRS and NAS (National Accounting Standards), accounting policies should specify how investments in securities are valued, revalued, and reported.

In our opinion, it is necessary to encourage and expand the trading activity of surplus cash resources of economic entities in the stock market. Financial reporting based on IFRS enables enterprises to enter global markets, attract foreign investments into enterprises operating within our country, broaden the range of investors, and foster the development of the stock market. Moreover, it

enhances the qualification of personnel and ensures that accounting and reporting meet international standards.

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