

The Applying of IAS/IFRS in Uzbekistan

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Abstract

Alignment with the international standards, improvement of legal actions in the field of accounting and financial statements allows IFRS, Government bodies and the private organizations for full implementation of financial, static, bank, accounting's and auditor's affairs.

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1. Introduction

Introduction of obligatory certification at auditors of IFRS, chief accountants, managers of financial services. The main reason consists in that Uzbekistan does not stop and constantly moves to the purpose, and IFRS will be accepted in Uzbekistan, Including, IASC, the International federation of Accountants, the World bank, FIC, UNDP, CIPAEN, IFRS ACCA and other associations are optimum in conditions to their introduction. Ensuring alignment by global practice of the report of enterprises and system of statistical indicators, including reflection of financial, bank affairs and customs necessary for compilation of national accounts to give the established support to their development.

In 1994, A State Program of transition of the Republic of Uzbekistan on the internationally accepted system of accounting and the interdepartmental

commission for the implementation of this program.

The main goal is to create the conditions for effective state regulation of the economy of the republic, an objective analysis of the role and value of its various fields of activity in the international community, on the basis of information adequate to the structure of the market economy, the timely identification of trends, predicting their development and assess the impact of management decisions.

The State Program, the following tasks:

- Review general methodological foundations of the state statistics and accounting, and bringing it into internationally accepted system of accounting and statistics;
- Alignment with international standards, national macroeconomic indicators, the establishment of the system of National Accounts of the Republic of Uzbekistan, including the development of accounts by sector of the national economy.

At the inter-ministerial commission shall have the following functions:

- control of the implementation of decisions and orders of the Cabinet of Ministers on the implementation of the State Program;
- ensuring alignment with global accounting practices of business entities and the system of statistical indicators, including reflecting the financial, banking and customs, necessary for the compilation of national accounts, to provide institutional support to their development. Public and private bodies authorized to carry out the plan or program of implementation of IFRS in the national economy:
- The Ministry of Finance of the Republic of Uzbekistan;

- The State Committee of the Republic of Uzbekistan on Statistics;
- The Central Bank of the Republic of Uzbekistan;
- The Ministry of Justice of the Republic of Uzbekistan;
- Professional Association of Accountants and Auditors.

2. The period during which it is supposed to carry out the implementation of IFRS in the national economy: in the long run - in stages.

Since 2000, the mandatory IFRS implemented in banks of Uzbekistan, where the basis of accounting and reporting is the Law of the Republic of Uzbekistan "On Accounting" and International Financial Reporting Standards. Financial statements published by the Bank, as well as the basic principles, concepts and definitions used by banks in the process of accounting and reporting, corresponds to the Law of the Republic of Uzbekistan "On Accounting" and IFRS [1].

Since 2007, the mandatory IFRS incorporated into microcredit organizations, where the accounting principles, rules of accounting and control of financial transactions, the structure of the accounting system, methods of customer service and management of documents, the order of the financial statements based on International Financial Reporting Standards.

In voluntarily apply IFRS Enterprises with foreign investment and joint ventures in the preparation of financial statements for foreign investors, but such companies simultaneously maintain accounting records and financial statements with the national standards.

In business practice, companies of Uzbekistan on a voluntary basis at the request of the bank's financial statements prepared using IFRS - to receive a bank loan. This is done to ensure that the most reliable way was presented a picture of the financial condition of the enterprises applying for a loan.

Quality control of the accounting statements prepared under IFRS operating audit organizations: banks and microcredit organizations - mandatory for all the others - on a voluntary basis.

Since 1998 began to be administered by a National Accounting Standards (NAS), which were developed on the basis of IFRS. The main mission for the development of NAS assigned to the Office of accounting methodology and audit of the Ministry of Finance of the Republic of Uzbekistan with the participation of the National Association of Accountants and Auditors of Uzbekistan and with the support of international organizations [2]. Cooperation with international organizations in the field of accounting and reporting is carried out in the form of joint conferences, seminars, symposia, congresses, trainings: with IASC, the International Federation of Accountants, the World Bank, FIC, UNDP.

In 2002 was enacted national Accounting Standard (NAS) "Chart of Accounts and instructions for its use," which is designed based on the principles of IFRS and has been praised by all users [3]. Almost every year we introduce a new NAS in 2009 was inducted NAS, "Accounting for borrowing costs." Total enacted 25 National Standards developed on the basis of IFRS. Introduction NAS developed on the basis of IAS allowed to raise a high level of system of accounting in Uzbekistan and has greatly facilitated the work of the chief accountants and auditors.

The successful implementation of IFRS in Uzbekistan requires a sufficient number of specialists in IFRS, as well as the system for their training; independent audit; well developed regulatory and enforcement framework; adapted version of IFRS for small businesses; focus on key technical issues; established mechanisms to ensure compliance; careful matching of IFRS with the tax system.

Currently, the mandatory requirements to undergo training and obtain certificates (diplomas) IFRS in Uzbekistan have not been established, but it is planned to

introduce this requirement for auditors and chief accountants.

In 2010, the President of the Republic of Uzbekistan has adopted a Decree supporting adoption of IFRS in Uzbekistan. The Decree would require audits of large state-owned entities on the basis of International Standards on Auditing by 2015[4]. Following that, IFRS would be implemented. Moreover, the Central Bank has adopted IFRS for the banking sector in Uzbekistan. However, IFRS has not yet been fully implemented for banks.

While the Central Bank has required the use of IFRS in financial statements of the banking sector since 1996, banks also follow certain prudential accounting requirements of the Central Bank that differ from IFRS.

IFRS has not been adopted for other companies, but it is under consideration by the Ministry of Finance. No timetable has been established. Some companies publish voluntarily IFRS financial statements in addition to financial statements using Uzbek accounting standards.

3. Endorsement of IFRS in Uzbekistan

The auditor's report/or the basis of presentation footnotes state that financial statements have been prepared in conformity with:

- for banks, the audit report states conformity with IFRS;
- for all other companies, the audit report states conformity with Uzbek national accounting standards.

IFRS are not incorporated into law. However, IFRS have been adopted for banks in regulations issued by the Central Bank. The Central Bank regulations were adopted again in 2004. They refer to those IAS/IFRS that were in effect before 2005. The requirements in those regulations are now outdated since they have not been kept up to date for new or amended IFRS issued since 2005 [5]. Therefore, the Central Bank is planning to change its regulation to refer simply to IFRS as issued by the IAS once IFRS have been translated into Uzbek (the national language). This will be done in a

separate legal act (Resolution of Cabinet of Ministers or Resolution of Central bank). By referring to IFRS as issued by IAS, all future changes to IFRS will automatically be adopted in Uzbekistan without a need to issue new regulations.

The jurisdiction has eliminated any accounting policy options permitted by IFRS and/or made some modifications to any IFRS. Under the Central Bank regulations adopted by IFRS for the banks, property, plant, and equipment must be accounted for using the revaluation model and not the cost-depreciation-impairment model. In applying the revaluation model, property, plant, and equipment is remeasured on the basis of indices issued by the government on an annual basis. Further, in applying IFRS banks follow the certain prudential accounting requirements of the Central Bank that differ from IFRS. Examples of differences include:

- Valuation of investments held in bonds and equities.
- Measurement of loan loss impairment.
- Recognition and valuation of loan fees.
- Deferred income tax.
- Lease accounting.
- Consolidation.

4. Conclusions

In Uzbekistan, widely represented special courses IFRS and certification of specialists:

- in higher education - Tashkent Financial Institute, Tashkent State University of Economics and others;
- IFRS training accountants - CIPAEN, ACCA IFRS;
- Training of IAS auditors carried out in preparation for the qualifying exam and special courses IAS auditors in the system of continuous professional development - CIPAEN, ACCA IFRS;
- IFRS training university teachers CIPAEN, ACCA IFRS;
- A national certification of specialists in IFRS public associations of accountants and auditors in professional certification.

The main problems of the implementation of IFRS:

- lack of official status of financial statements prepared in accordance with

IFRS, as well as the necessary infrastructure of IFRS;

- a formal approach to economic entities for many categories, principles and comply with IFRS;

- the need for high costs of economic entities in the consolidated financial statements in accordance with IFRS by transformation of financial statements prepared in accordance with national accounting standards;

- adapting software computerized accounting systems to IFRS;

- lack of participation of professional associations of accountants and auditors, and other interested public, including users of financial statements, in the regulation of accounting and financial reporting, as well as in the development of the accounting profession;

- low level of training most of the accountants, as well as insufficient skills in the use of information prepared in accordance with IFRS;

- lack of an official translation of IFRS in Russian and Uzbek languages.

Possible solutions:

- improvement of legal acts in the field of accounting and financial reporting towards the full implementation of IFRS;

- creation of an infrastructure of IFRS[6].

Improving the management of accounting and financial reporting:

- training of professionals engaged in the organization and accounting and financial reporting based on IFRS, as well as the users of the financial statements;

- provision of good quality official translation of IFRS into Russian and Uzbek languages;

- the introduction of mandatory certification under IFRS auditors, chief accountants, managers of financial services. The main thing is that Uzbekistan does not stand still and is constantly moving to the target and IFRS will be adopted in Uzbekistan, will be prepared when the optimum conditions for their implementation.

4. References

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