

QUALITATIVE CHARACTERISTICS OF FINANCIAL REPORTING INFORMATION

Khajimuratov Nizomjon Shukurullaevich (Ph.D.),
Tashkent State Economic University
Department of Financial Analysis and Audit

ABSTRACT

This article has reviewed the importance of international standards in the preparation of financial statements. As a result of the research, the qualitative characteristics of the information in financial statements were identified and proposals were developed to improve the regulatory and legal documents.

Keywords: financial reporting, international financial reporting standards, accounting principles, reliability, understandability.

Introduction

In the following years in our country, a wide range of changes is taking place in the field of accounting and auditing. The use of international standards in the compilation of financial reports by economic entities is required. The implementation of these measures contributes to the formation of reliable financial statements.

Financial statements are often the only source of information that external users can make rational decisions. Therefore, the formation of information on the financial situation, financial results, and movement of funds in an organization that is beneficial to a wide range of users is the main objective of preparing a general financial report in the system of IFRS [1]. Therefore, when forming useful information for external users, it is desirable to pay special attention to the characteristics of the financial statement. Wide attention is paid to the issues of qualitative characteristics of financial statements in the works of normative-legal acts and Economist scientists.

Following the new edition of the Financial Reporting Framework, the usefulness of information is ensured on account of the fundamental quality characteristics – appropriateness, factual presentation, and the application of the important options, the comparability increases

on account of quality characteristics such as timeliness, verifiable and understandable. The factual presentation of information, in turn, is characterized by completeness, neutrality, and the absence of serious errors [2].

According to issue 1 of the "presentation of the financial report", information on the financial position, financial results and cash flows of the organization, which is useful when making economic decisions for a wide range of users, but at the same time, another priority quality indicator is the reliability of the accounting (financial) report [3].

Main part

The accounting policy and financial statements are presented in Section 1 of IAS: "financial reporting is a method of providing financial information indicating the activities of a particular economic entity in a particular period, regardless of whether the entity is an independent entity or has access to a consolidated group of economic entities" [5].

Z.I.Kruglyak and o.I.Shvireva divided the qualitative characteristics of the financial report into 2 types: fundamental and additional qualitative characteristics [7].

E.V.Mizikovsky and T.Yu.Drujilovskaya included in the composition of the qualitative characteristics of the financial report such prints as clarity, acceptability, reliability, comparability [8, 36].

Economist scientist A.Z.Avlokulov included reliability, appropriateness, and timeliness in the basic quality descriptions of Information [6, 88].

Financial statements should reflect the financial position, financial results, and cash flows of the organization. In the contingency system of financial statements, it is required to accurately reflect the effects of operations, other events, and circumstances following the definitions and criteria for determining Assets, Liabilities, Income, and expenses.

The usefulness of the report data for users is the effectiveness of activities or economic decisions, the main aspect of describing the results. From this, it can be concluded that the same user is expressed by the sum of the characteristics of the characters, which is based on the ability of users to meet their requests and needs, to respond to their task and the requirements laid the quality of the report information is the main criterion. For the financial

statement to carry out its basic function, it is necessary to meet the specific needs of the users and reveal the quality or quantity indicators of the financial statement.

In our opinion, to ensure a reliable presentation of information, it is necessary to carry out:

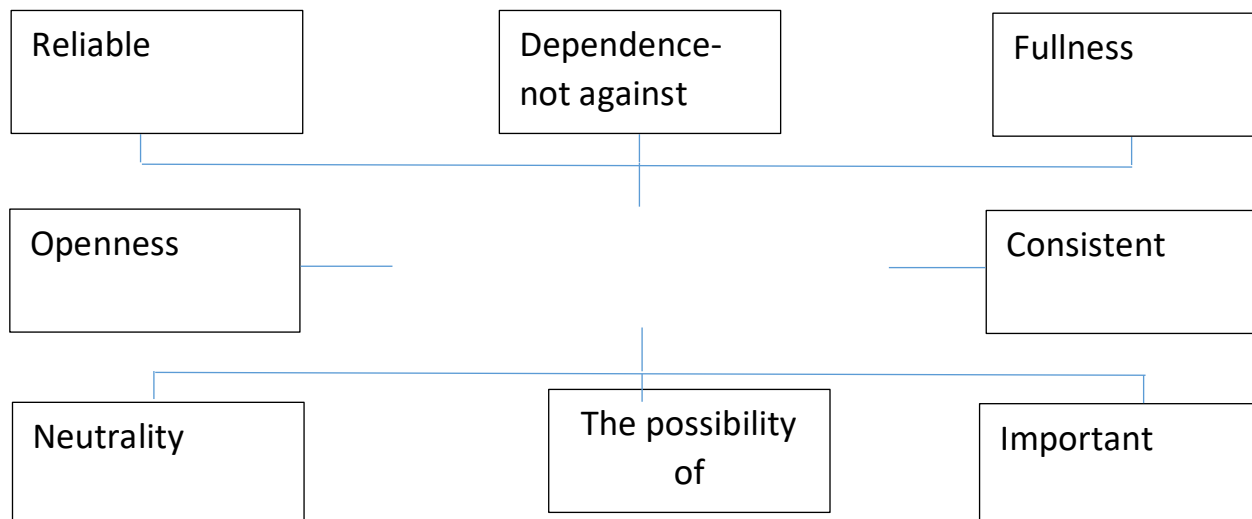
- Selection and application of accounting policies following the 8th edition of "accounting policy, changes, and errors in accounting estimates" [4];
- presentation of information in a way that is appropriate, reliable, comparable and understandable;
- to provide disclosure of additional information.

The reason for the dependence existing in the qualitative descriptions of information is that in our opinion the standards are not accurately translated from the original language, as well as the adoption of a new edition of the financial statements ' concretionary framework. At the same time, the Financial Reporting Framework does not set norms on specific issues of assessing and disclosing information, and none of the rules of the Financial Reporting Framework is superior to the specific IFRS rules. It follows that it is necessary to use the terms directly described in these standards itself. However, when comparing the rules of issue 1 IFR and issue 8 IFFRS, it becomes clear that the reliable presentation of the report is provided by the formation of relevant, reliable, comparable, and understandable information.

Following the law" on accounting", financial statements should provide reliable information about the financial position of the economic entity at the reporting date, the results of its financial activities during the reporting period and the movement of funds necessary for the users of this report in making economic decisions [1].

Undoubtedly, the issues of ensuring the reliability of financial statements are of concern to modern researchers in the field of accounting because only reliable financial statements can serve as the basis for management and economic decision making as well as a database for planning the future state of the business entity.

A high degree of reliability of the financial statement should be considered - as one of the quality indicators that provide useful properties of information (Figure 1).



Quality descriptions that make financial statement information useful

Picture1. Quality d

So the above picture

Picture1. Quality descriptions that make financial statement information useful

So the above picture of the financial report allows formulating information that is reliable and high-quality, in this regard useful for external users.

Thus, there is a similar approach to the definition of reliable financial reporting both in the legislation of our country and in the system of IFRS. On the one hand, the report, formed following the established requirements, is considered reliable.

Conclusion

On the other hand, the introduction of a rule that clarifies the possibility of individual cases of non-compliance with the established rules significantly changes the interpretation of the concept of reliable reporting. In this sense, a reliable report refers to reports that reflect the financial position of an organization, its financial results, and the movement of cash flows. Despite the similarity of approaches to the determination of a reliable report presented in both our country and the international accounting system, this dependence is controversial in the scientific literature. At the same time, the problem of ensuring the reliability of reporting data of organizations is of urgent importance.

References

- 1) The law of the Republic of Uzbekistan "on accounting". www.lex.uz
- 2) Framework for the Preparation and Presentation of Financial Statements. www.iasplus.com
- 3) IAS 1 - "Presentation of Financial Statements". www.iasplus.com
- 4) IAS 8 - "Accounting Policies, Changes in Accounting Estimates and Errors".
www.iasplus.com
- 5) Issue 1 BHMS, which is called "Account policy and financial reporting". www.lex.uz
- 6) Avlokulov A.Z. Accounting and auditing of financial results: theory, methodology, and practice. Monographs. - T.: "ECONOMY-FINANCE", 2019. 192b.
- 7) Kruglyak Z. I., Shvyreva O. I. Development of the system of qualitative characteristics of financial information. // International accounting, 2017, vol. 20, issue 18, pp. 1051-1065
- 8) Mizikovskiy E. A., Druzhilovskaya T. Yu. The methodology of forming financial statements in the systems of Russian and international standards: Monograph. - N. Novgorod: publishing house of the Nizhny Novgorod State University named after N. I. Lobachevsky, 2013. - 336 p.