



Foreign Experience of Increasing the Attractiveness of Financial Reporting

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Annotation: The article describes the procedure for drawing up financial statements based on international standards, the possibilities of analyzing profit and loss statements, and the prospects of their application in the practice of Uzbek enterprises.

Key words: financial statements, international standard of financial reporting, balance sheet, profit and loss statement, cash flow statement, income and expenses.

In connection with the transition of our country to the market economy system, it is an urgent task for business entities to effectively use their available funds and manage their assets. The reason is that the stable development of the enterprise directly depends on the high level of management of available funds and their placement.

Clear determination of the priorities of investment programs, adoption of scientifically based investment projects, effective management of involved investments determines the future of the national economy. The role of foreign investments in the financial markets of our country is increasing.

New Uzbekistan will become a more favorable country for investments. In this regard, the President of the Republic of Uzbekistan SH. Mirziyoyev signed the Decree "On measures to improve the activities of the Direct Investment Fund of the Republic of Uzbekistan" and the decision "On measures to implement the investment program of the Republic of Uzbekistan for 2023-2025" was adopted.

The joint-stock company "Management Company of the Direct Investment Fund of the Republic of Uzbekistan" was reorganized as an investment company in the form of "Direct Investment Fund of the Republic of Uzbekistan" LLC, with an initial charter capital equal to 100 million US dollars, formed at the expense of the funds of the Reconstruction and Development Fund of the Republic of Uzbekistan.

The investment company was assigned the task of ensuring the attraction of additional investments in the amount of 200 million US dollars by partner investors within the framework of projects to be implemented in 2022-2023.

The President expressed his opinion about direct foreign investments, "about 100,000 new enterprises were established, the annual volume of foreign investments reached 10 billion dollars or increased 3 times compared to 2017, when the reforms began, about 1 million people were lifted out of poverty and poverty level was reduced from 17 percent to 14 percent, 132 documents related to licenses and permits were canceled, 33 were notified, a comprehensive system of working with investors was introduced as part of the reform, and 500 functions of the state aimed at regulating business were canceled, 70 of them were transferred to the private sector on the basis of public-private partnership and outsourcing.



The large-scale attraction of foreign investments serves the integration of the national economy at the international level. Financial reports prepared by companies play an incomparable role in establishing international relations between different countries. The accuracy and transparency of financial reports is important for the development of companies.

Financial reporting is a method of presenting financial events and problems affecting the entity. The purpose of the financial report is to provide information about the financial situation, results of operations and changes in the financial situation.

It is known that legal regulations in foreign countries require the annual publication of reports on the company's activities. The practice of publishing financial statements in Western countries began in the 19th century. Today, annual financial statements are not only informative, but also perform advertising functions. In the practice of Western countries, there are cases of publication of financial reports in the form of a magazine with no less than 30 pages.

Together with the financial report, the company's achievements, financial and economic indicators, and financial results are published, divided into separate sections.

For example, the first pages of the annual financial reports of US companies provide a brief overview of the main indicators for the reporting period. Then, the financial report reflects the company's economic, social and technical indicators, as well as information on investment spending. After that, a brief overview of the financial situation, information on the commercial and financial activities of the company will be shown.

At the end of the report, the forms of financial statements reflecting the indicators of the reporting period are shown. These forms, placed at the end of the report, display the most important information for users.

Although this structure of financial statements is not mandatory, but in most developed countries, reports are formalized in this form.

Today, large and medium-sized companies of developed countries prepare financial reports according to the International Accounting Standards Committee (IASC). According to these requirements, the composition of the financial report will consist of the following:

- Balance sheet.
- Profit and loss statement.
- Statement of changes in equity.
- Statement of cash flows.
- Notes and explanations.

Although international accounting standards committees have defined the forms of these reports for companies, most countries set their own requirements for the form and structure of financial statements according to national accounting legislation.

Although the main attention is paid to the accounting balance among the forms of financial reports prepared in the Republic of Uzbekistan today, the information on the financial results report is also important for external users. Because in the conditions of the market economy, profit is the main indicator, and its dynamics and structural structure are also interesting for external users.

The most important aspect of the report on financial results is that it provides an opportunity to forecast the future activity of the enterprise based on the data of this report. In international practice, there are different views of the structure of the profit and loss statement. Although this



report is designed for a specific purpose, the structure and sequence of indicators in it are different. For example, the British-American model has the following characteristics:

- The structure of this report is based on the concept of the product sold.

In Uzbekistan, the focus is on the income received from the sale of the product or the product shipped.

- Costs are classified according to their functions, i.e. production, supply, administrative, financial activities, etc.
- The continental model is used in Central European countries, and its main features are as follows:
- The main indicator for reporting is not the volume of product sales, but the gross product, which includes the product sold, the product in stock, and the product shipped.
- Costs are classified not according to their function, but according to the place of origin (Goods - material reserves, wages, depreciation, financial costs, taxes).

Through this, the user of the financial report can analyze the share of various costs in the manufactured product, their occurrence by economic elements. In terms of the simplicity of accounting books, the British-American model is preferable. We present the characteristics of these models in the table.

Features of profit and loss reporting forms

Key factors	British-American model	Continental model	Practice of Uzbekistan
The basis of the structure	The concept of the product sold	Gross manufactured product	Revenue from product sales
Classification of expenses	By functions: Cost; Administrative expenses; Taminot expenses; Research and development costs.	By place of arrival: Costs of purchase of raw materials; Expenses for workers and servants; Depreciation expenses.	By function: Production costs; Period expenses; Financial costs; Contingent damages.
Analysis capabilities	Costs can be analyzed based on a different approach (by function and location)	Only analysis by place of occurrence is possible.	The cost can be analyzed based on a different approach (by functions and place of occurrence)

Not only the forms of financial statements, but also additional information attached to financial statements are important for analysis and audit. Comments, explanations and tables are added to the additional information, and through them there is an opportunity to objectively evaluate the results of the enterprise.

Additional information attached to the financial report is usually divided into 2 groups:

1. Financial information expressed in monetary terms.

For example, in the balance sheet, the inventory is displayed in one line, and its contents are displayed in the reporting applications. It can be shown in different ways: according to the location of assets, according to the place of occurrence of transactions, according to the amount of income and losses.



2. Non-financial information. This includes:

- Comments on the accounting balance not expressed in monetary terms (commentary on the methods of accounting);
- Quantitative indicators expressed in kind (number of employees and staffing).

This information makes it possible to reveal the nature of transactions expressed in the form of value. Although financial information forms the basis of financial reporting, non-financial information is also important.

The structure and content of the annual financial report vary according to national accounting standards. Accounting standards in many countries define the indicators reflected in the lines of financial statements. In addition, in many cases, the analysis of financial statements is conducted on the basis of appropriateness.

But in most cases, companies provide more information than recommended in the standards. Today, there is a fierce competition in the world to attract additional sources of financing, and for this, companies are forced to prepare analytical reports with detailed indicators.

There is another reason why financial statements are not limited to their forms. The financial report is considered to be the main instrument for attracting legal and natural persons to the activity of the enterprise. Individuals are more interested as potential investors. This is especially often observed in the activities of European entrepreneurs. Therefore, their reports are interesting analytical indicators.

This is especially often observed in the activities of European entrepreneurs. Therefore, their reports are constantly improved for analytical purposes.

In conclusion, it should be noted that nowadays companies in foreign countries are improving their reports due to the possibility of more analysis. This is due to the following circumstances:

- Companies want to increase the ability to analyze reports in order to attract new sources of financing;
- Efforts are being made to eliminate differences in the scope and methods of presentation of analytical data in reports of different countries;
- Reports that include analytical information with an optimal structure serve to reduce the costs associated with attracting additional capital;
- Through the analysis, there is an opportunity to form opinions about determining the future activities of the company.

Based on the above, it is appropriate to study foreign experience and use international standards in the practice of western countries in terms of structure, formalization and analysis of financial statements. It is desirable to pay more attention to the technique and importance of financial reporting, as well as the possibility of analysis.

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