THE ROLE OF THE STATEMENT OF FINANCIAL POSITION IN IMPROVING THE EFFICIENCY OF FINANCIAL INFRASTRUCTURE PERFORMANCE

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Introduction. Regulatory legal frameworks have been recently createdin Uzbekistan and practical work is being done to adjust current accounting and financial reporting system in compliance with with international financial reporting standards (IFRS). In particular, in accordance with the Resolution of the President of the Republic of Uzbekistan dated February 24, 2020 “On additional measures for the transition to international standards of financial reporting”, joint-stock companies, commercial banks, insurance organizations and legal entities included in the category of large taxpayers have to perform accounting on the basis of the IFRS since January 1, 2021 [Resolution-4611]. Therefore, current trend is that financial statements, including the statement of financial position, require full compliance with international standards.

Different approaches, opinions and definitions have been worked out regarding the concept of financial reporting in international and national standards. It is known that accounting and financial reporting in the Republic of Uzbekistan republic are being adjusted in compliance with international standards. The following definition is given in the IAS№1 “Presentation of Financial Statements”: “*General purpose financial statements* are financial statements that are intended to meet the needs of users who are not in a position to require the entity to prepare reports that meet their particular information needs” [IAS№1]. “The financial reporting provides the information on the economic resources of the reporting organization that meet the definitions of the elements of the financial statements, the rights of claim against the entity, as well as the changes in these resources and the rights of claim” [Conceptual framework].

Literature review on the topic. Economists, scholars and specialists expresses various opinions and developed different definitions to the “financial reporting: concept. According to A.Karimov, “Financial reporting is a document that provides complete information about the entiity’s financial position, activities and cash flows for a certain period of time, and is an essential tool for analyzing the entity’s financial status and making decisions” [Karimov, 2018]. From the point of view of A.Ibragimov, “The reporting is a set of information about the results and conditions of the economic entities’ performance in the past, which is used for the purpose of analysis, control and management of their activities” [Ibragimov, 2020]. V.Kovaleva believes that “The main purpose of accounting (financial) reports is to provide reliable and complete information about the financial situation of the company and its changes. It is necessary to pay particular attention to the principles of completeness, accuracy, timeliness, truthfulness as the main factors for recognizing financial reports as a source of financial analysis by users” [Kovaleva, 2012]. In the opinion of A.V.Trushkina, “It should be assumed that the information reflected in the accounting (financial) report is available to many interested users, but each group of interested users uses the information contained in the reports according to their own preferences, that is, depending on the tasks they have been set” [Trushkina, 2016]. From the point of view of L.Dontsova, “The accounting (financial) report of the enterprise serves as the basic source of information about its financial and economic activity. A comprehensive and thorough study of the report will reveal the reasons for the achievements, as well as the shortcomings in the company’s performance, and will help determine ways to improve its operations” [Dontsova, 2011].

Analysis and results. In conclusion it should be noted that various definitions and approaches given in the economic literature have the sole purpose of financial statements, in particular, the statement of financial position, to summarize and present essential data about the financial position of the enterprise to the users.

The process of transition and coordination of financial reporting in compliance with international standards requires the naming of current financial reports in our republic, as well as changes and additions to their content.In particular, the form of the financial report, which is called the accounting balance, has now become necessary to be developed in accordance with the requirements of international standards under the name of the “Statement of financial position”. The accounting balance represents the financial position of the business entity and is presented to users as an indicator of the work performed. With the help of the accounting balance, it provides an opportunity to determine the solvency and liquidity of the entity, and for investors to make a decision on future cooperation.

In compliance with the “Presentation of financial statements” (IAS№1) in the form of a report called the previous balance sheet, that is, the report on the current financial situation, is developed with the account of the interests of users and investors.

Although comprehensive measures on the application of international financial reporting standards are being implemented in the Republic of Uzbekistan, national accounting standards have not been completely abandoned, rather, these national standards are being harmonized with international requirements.

We need to pay more attention to differences in international standards, because such a report covers the data essential to foreign investors.For example, it is necessary to include such elements as investments, biological assets, assets intended for sale, estimated liabilities, in the composition of the accounting balance sheet in our republic.

As a general conclusion, it should be noted that it is appropriate to implement the form of the balance sheet (NAS-based) or the financial statement based on the requirements of international standards (IFRS) in the Republic of Uzbekistan, exactly the balance sheet structure of US companies because formation of balance sheet assets according to their liquidity and the reflection of liabilities according to their maturity periods indicate that the technique applied on the balance sheet is being used correctly.

As a result of the research, the forms of financial statements developed by the Ministry of Economy and Finance of the Republic of Uzbekistan on the basis of the order “On the approval of the regulation on requirements for financial statements”, including the form of the statement of financial positionn (long-term assets section), are proposed as follows:

Table 1

Comparative overview of the elements that should be reflected in the statement of financial position (Balance Sheet)

№	By IFRS	By National Accounting Standards
1.	*Long-term assets*	*Long-term assets*
	fixed assets; investment real estate; intangible assets; financial assets; investments accounted for by the equity method; biological assets	tangible assets; intangible assets; financial assets
2.	*Current assets*	*Current assets*
	reserves; trade and other receivables; cash and cash equivalents; assets held for sale	reserves; accounts receivable; cash and cash equivalents
3.	*Liabilities*	*Liabilities*
	assessed liability; financial obligations; current tax liabilities and assets; deferred tax liabilities and deferred tax assets; liabilities included in the write-off groups intended for sale	accounts payable; deductions; obligations that require the payment of interest
4.	*Private equity*	*Private equity*
	non-controlling interests reflected in private equity; issued capital and reserves belonging to the owners of the parent organization	Private equity and reserves

- remove the explanatory column of the report form that can be filled with lines if necessary;
- in order to unify the line number of the report, mark the article “Long-term assets” with 0110 and sequentially number the assets included in it;
- accounting for goodwill separately from the composition of intangible assets

and entering it with a separate line number (0115);

- adding item 0116 – “Long-term assets held for sale and assets held for sale of exiting groups” in “Long-term assets”;

-summarize the line “Investments in subsidiaries” under the line “Investments in entities under impact and joint ventures”;

-renaming section 2 of the statement of financial position to “Current assets” instead of “Short-term assets”;

-line numbers starting from 0210, which means that they belong to the second section of assets;

-section 4 of the statement of financial position should be numbered from 0410;

- adding item “Liabilities for assets of exiting groups intended for sale - long-term” (line 0422) to liabilities section;

- section 5 of the statement of financial position should be numbered from line number 0510;

- adding item “Liabilities for the assets of the exiting groups intended for sale – current” (line 0525) in the liabilities section;

- section 5 of the statement of financial position should be numbered from line number 0510;

- adding item “Liabilities for the assets of the exiting groups intended for sale – current” (line 0525) in the liabilities section;

- section 3 of the statement of financial position starting with line number 0410, which ensures sequence after current assets;

- adding item “Uncontrolled participation contribution” (line number 0416) in this section.

Conclusion. We believe that the structure of the financial statement and its form, which is prepared based on the requirements of international financial reporting standards, will bring the form of this report closer to international standards and provide an opportunity for its improvement in terms of methodology.

Reference

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