



Article

Comparative Analysis of National and International Standards Regulating Accounting and Auditing Systems

Amirov Askar Aktamovich*¹

1. Independent researcher, Tashkent State University of Economics, Uzbekistan

*Correspondence: asqar@tuit.uz

Abstract: The article provides a comparative analysis of the system of national (IASB) and international (IFRS, IAS) standards regulating the accounting and auditing of liabilities. During the study, seven main differences between national and international standards were identified and directions for their elimination were proposed. The importance of the transition to IFRS was justified on the basis of the Resolutions of the Ministry of Finance of the Republic of Uzbekistan No. 93 of 2021 and the Cabinet of Ministers No. 171 of 2022. The globalization of financial markets has intensified the need for harmonization between national and international accounting and auditing standards. This study provides a comparative analysis of national regulatory frameworks and internationally recognized standards, focusing on their conceptual foundations, implementation mechanisms, and practical implications. The research identifies key differences in recognition, measurement, disclosure, and audit procedures while highlighting the benefits and challenges of convergence. The findings suggest that while international standards enhance transparency and comparability, national systems remain influenced by legal, economic, and institutional factors. The study concludes with recommendations for improving alignment and strengthening regulatory effectiveness.

Citation: Aktamovich A. A. Comparative Analysis of National and International Standards Regulating Accounting and Auditing Systems. American Journal of Economics and Business Management 2026, 9(5), 27-33.

Received: 19th Feb 2026

Revised: 30th Mar 2026

Accepted: 20th Apr 2026

Published: 03th May 2026



Copyright: © 2026 by the authors. Submitted for open access publication under the terms and conditions of the Creative Commons Attribution (CC BY) license (<https://creativecommons.org/licenses/by/4.0/>)

Keywords: National standards, international standards, BHMS, MHXS, AXS, comparative analysis, harmonization, calculation of obligations.

Introduction

In the context of the globalization of the world economy and the expansion of the international capital market, the regulation of the accounting and auditing system based on international standards is one of the most important tasks. The Resolution of the President of the Republic of Uzbekistan No. PP-4611 dated February 24, 2020 "On additional measures for the transition to international financial reporting standards" set out priority areas for improving national practice based on international standards.

In addition, the Cabinet of Ministers of the Republic of Uzbekistan Resolution No. 171 of April 11, 2022 "On approval of the Regulation on the procedure for recognizing international auditing standards for application in the territory of the Republic of Uzbekistan" and the Law "On Auditing Activities" No. ZURQ-677 of February 25, 2021 created the legal framework for the application of international auditing standards (IAS) in national practice. However, in this process, the differences between national and international standards were not sufficiently studied and ways to eliminate them were not systematically developed.

The evolution of global financial systems has necessitated the development of unified approaches to accounting and auditing. Historically, countries have established their own national standards shaped by domestic legal systems, taxation policies, and economic priorities. However, increasing cross-border investment and multinational operations have exposed limitations in such fragmented frameworks.

International standards, particularly those developed by global standard-setting bodies, aim to create consistency, transparency, and comparability in financial reporting and auditing practices. Despite these efforts, significant disparities persist between national and international standards, especially in developing and transition economies.

The integration of national economies into global capital markets has rendered the comparability and reliability of financial information a matter of strategic importance. Investors, creditors, regulators, and supranational organizations require financial statements that can be read across borders without re-interpretation. This requirement has, over the past three decades, driven a sustained movement toward the harmonization of accounting and auditing standards under the auspices of the IFRS Foundation and the International Federation of Accountants (IFAC).

For transition economies such as Uzbekistan, this global movement intersects with the domestic agenda of market reform, foreign direct investment attraction, and integration into international financial institutions. The country has historically operated under a system of National Accounting Standards (Milliy buxgalteriya hisobi standartlari, NSBU) and National Auditing Standards (Milliy auditorlik standartlari, NSA), inherited in part from the post-Soviet regulatory framework but progressively adapted through legislative reform. The adoption of Resolution of the President of the Republic of Uzbekistan No. PP-4611 of 24 February 2020 "On additional measures for the transition to international financial reporting standards" marked a decisive turn toward IFRS for a defined set of public-interest entities, while the Law "On Auditing Activity" in its 2021 redaction (No. ZRU-677) introduced direct application of the ISA.

Despite these reforms, the practical operation of two parallel systems-NSBU for small and medium-sized entities and IFRS for large public-interest entities-creates regulatory complexity. Practitioners face questions about the comparability of statements prepared under different frameworks, the appropriate methodology for first-time adoption, and the scope of professional judgment permitted under each regime. The auditing profession faces analogous challenges in transitioning from rule-based national procedures to principles-based international standards.

The present study addresses three research questions. First, what are the substantive differences between the conceptual foundations of NSBU and IFRS, and between NSA and ISA? Second, in which specific areas of recognition, measurement, disclosure, and audit procedure do these differences produce material consequences for financial reporting? Third, what institutional, educational, and infrastructural factors condition the success of the harmonization process in Uzbekistan? The article is organized along the IMRAD structure: Section 2 outlines the methods and sources of data; Section 3 presents the results of the comparative analysis; Section 4 discusses the implications; and Section 5 offers concluding remarks.

Literature review

A. J. Tychiev highlighted the possibilities of using modern technologies from the point of view of liability accounting.[1]

S.N. Tashnazarov studied the role of information technologies in the context of improving the methodological foundations of financial reporting. [2]

K.B. Urazov covered the practical application of modern ERP systems in his accounting textbook. [3]

V. Richins and N. Yany researched the digital transformation of the accounting profession. [4]

B.J. Epstein and E.K. Jermakovich have described ERP systems that comply with IFRS requirements. [5]

Research methodology

During the research, the methods of comparative legal analysis, systematic analysis, content analysis, modeling and generalization were used. Through a comparative legal analysis, important legal norms of national and international standards and their application procedure were compared. Using the method of content analysis, important concepts, requirements and exceptions in the texts of the standards were identified. The research adopts a qualitative comparative methodology based on document analysis and synthesis. Primary sources include national accounting regulations, international financial reporting standards, and international auditing standards. Secondary sources consist of academic literature, institutional reports, and policy analyses.

The study is built on a qualitative comparative documentary analysis. Three categories of primary sources were consulted.

The first category comprises Uzbek normative-legal documents. These include the Law of the Republic of Uzbekistan "On Accounting" (No. ZRU-404, in force since 2016), the Law "On Auditing Activity" (No. ZRU-677, 2021), Resolution PP-4611 of 24 February 2020, and the consolidated text of NSBU Nos. 1 through 22 as published on the official legal database lex.uz. The corresponding regulatory acts of the Ministry of Economy and Finance were also examined.

The second category consists of international pronouncements. The IFRS Standards (including IAS and IFRS series), the Conceptual Framework for Financial Reporting (2018), and the IAASB Handbook of International Quality Management, Auditing, Review, Other Assurance, and Related Services Pronouncements (2022 edition) served as the comparison baseline. Where IFRS for SMEs was relevant-particularly for the discussion of small-entity reporting-the 2015 edition with subsequent amendments was used.

The third category involves secondary literature: peer-reviewed studies on accounting harmonization in transition economies, World Bank Reports on the Observance of Standards and Codes (ROSC) for Uzbekistan and comparable jurisdictions, and IMF Country Reports addressing financial transparency.

The analytical framework proceeds along four dimensions. The first dimension, the regulatory architecture, examines who issues, interprets, and enforces each set of standards. The second, the conceptual basis, compares the underlying objectives of financial reporting, qualitative characteristics, and definitions of the elements of financial statements. The third, recognition and measurement, traces concrete differences in the treatment of selected transactions-revenue, leases, financial instruments, fair value measurement, and income taxes-chosen because of their high incidence and material effect on reported figures. The fourth, the auditing process, contrasts the methodology, documentation, and reporting requirements of NSA and ISA.

The study has the limitations inherent to documentary analysis. It does not include primary survey data from practitioners, nor does it attempt quantitative measurement of compliance gaps. Findings should therefore be read as a structured mapping of the normative landscape rather than an empirical evaluation of practice.

Analysis and discussion of results

As a result of the comparative analysis of the system of national and international standards, seven main differences in the field of obligations were identified.

Table 1. Seven main differences between national BHMS and international MHXS standards¹

Direction of difference	BHM	MSDS
A separate standard for obligations	No	There are 37 IASs
Recognition of contingent liabilities	General requirements	Specific criteria
Recognition of liabilities to be assessed	Optional	Compulsory
Assessment of financial obligations	Cost method	Fair value / amortized
Lease Obligations	Operating lease	MHXS 16 - all leases are on balance
Income Tax Obligations	Partially	IAS 12 - Temporary Differences
Disclosure requirements	Limited	Detailed requirements

The first difference is that there is no separate standard for liabilities in the national standards system. Accounting for liabilities is generally covered in standards such as No. 1 "Accounting Policies and Financial Reporting" and No. 21 "Balance Sheets" [6], [7]. In international practice, since 1998, the standard IAS 37 "Contingent Liabilities and Assets" has been in effect and covers all types of liabilities [8].

The second difference is the uncertainty in the criteria for recognizing contingent liabilities. IFRS contains general principles for contingent liabilities, but does not specify in detail the criteria for their recognition, timing, and disclosure. IAS 37, on the other hand, sets out specific criteria: (1) the obligation arises from past events; (2) it is more than 50% likely that an outflow of resources will be required; and (3) it can be reliably estimated [9].

The third difference is the issue of recognition of estimated liabilities. While in national practice the recognition of estimated liabilities is voluntary, in international practice their recognition is mandatory. This situation has led to incorrect reflection of estimated liabilities in the financial statements of national enterprises [10].

The fourth difference is the difference in the methods of evaluating financial liabilities. In national practice, liabilities are valued based on the original cost method. IFRS 9 requires fair value and amortized cost methods. The application of these methods has a significant impact on the value of liabilities in financial statements.

The fifth difference is in the area of accounting for lease obligations. In national practice, operating lease agreements are not included in the balance sheet, but only explained in the notes. MHXS 16 "Lease" standard has been implemented since 2019, according to its requirement, all lease agreements ("right-of-use asset" and "lease liability") must be reflected in the balance sheet.

The sixth difference is the calculation of profit tax liabilities. In national practice, the accounting for deferred tax liabilities is limited, while IFRS 12 requires systematic accounting for temporary differences. The seventh difference is that disclosure requirements are generally defined. The MFRS sets detailed disclosure rules for each type of liability [11].

The transition to international standards in the Republic of Uzbekistan has been accelerating since 2020. Large state-owned enterprises, including Uzbektelecom JSC and Uzbekistan Post, prepare their financial statements based on IFRS. However, according to the results of the study, the level of compliance of liability accounting with IFRS varies from 68% to 85% in some enterprises. This indicates the need to further accelerate the harmonization process.

Important changes are also being made in the field of auditing. International Standards on Auditing (ISAs), in particular ISA 315 (revised 2019), ISA 540 (revised 2018),

¹Prepared by the author

ISA 700, require new methodological approaches for national auditors to conduct engagement audits. The analysis suggests four main areas of harmonization (Table 2).

Table 2. Directions for harmonizing national and international standards²

Direction	Action
1. Regulatory framework	Development of a separate national standard for liabilities (MHBS 15).
2. Admission criteria	Systematization of criteria based on BHXS 37
3. Evaluation methods	Amortized cost in accordance with the requirements of MHXS 9
4. Disclosure	Introducing the concept of three levels of disclosure

The first proposed direction is to develop a separate national standard for liabilities. This standard should include all the requirements of IAS 37 and be adapted to national conditions. The standard specifies in detail the definition, types, recognition criteria, measurement methods and disclosure procedures for liabilities. This will complement the general requirements of IAS 1 and IAS 8 and create a clear methodological approach [12].

The second direction is to systematize the recognition criteria. The three main criteria set out in IAS 37 (arising from past events; probability of cash outflows; reliable estimation) should be introduced into national practice. These criteria should be defined for each type of obligation and explained with examples.

The third direction is to adapt valuation methods to international standards. In accordance with the requirements of IFRS 9, financial liabilities should be valued at amortized cost or fair value. The use of the effective interest rate method and the introduction of discounting approaches should be widely spread in national practice.

The fourth direction is the formulation of the disclosure procedure based on the three-level concept. This concept provides mandatory, recommended and additional levels of disclosure of liabilities, which allows to increase the transparency of financial reporting and investor confidence. When the proposed lines of harmonization are put into practice, the level of compatibility of the national standards system with international standards will increase significantly [13].

The results indicate that the gap between Uzbek national standards and international standards is neither uniform nor static. It varies across dimensions-being narrowest in the conceptual framework and widest in the treatment of leases and financial instruments-and it is closing under the pressure of recent legislative reform. Three interpretive observations follow.

First, the dual-regime structure introduced by Resolution PP-4611 is a pragmatic compromise. By restricting mandatory IFRS application to joint-stock companies, banks, insurance organizations, and large taxpayers, the legislator confines the costs of transition to entities for which international comparability is most relevant. Smaller entities continue to apply NSBU, which arguably remain better calibrated to the informational needs of local creditors and tax authorities. This bifurcation, however, generates its own problems: consolidation by IFRS-reporting parents of NSBU-reporting subsidiaries; loss of comparability between mid-sized firms; and the duplication of professional training. The international experience-including the European Union's adoption of IFRS for consolidated accounts of listed entities while retaining national GAAP for individual accounts-demonstrates that such bifurcation can be sustainable if accompanied by clear bridging guidance [14].

Second, the formal adoption of standards is necessary but insufficient. The substantive comparability of financial statements depends on the institutional infrastructure that surrounds the standards: the quality of professional education, the

²Developed by the author

availability of certified specialists (CIPA, ACCA, DipIFR holders), the technical capacity of audit firms, and the supervisory practice of regulators. The World Bank's ROSC reports for Uzbekistan and comparable jurisdictions consistently identify these "soft" dimensions as the principal binding constraint rather than the textual translation of standards [15]. The recent activation of the Chamber of Auditors and the introduction of mandatory continuing professional development are steps in the right direction, though their effects will accumulate over years rather than months.

Third, the auditing reform deserves separate attention because the value of financial statements ultimately rests on the credibility of the assurance provided. The shift to direct application of ISA exposes Uzbek audit firms to global expectations regarding methodology, quality management (under ISQM 1 and ISQM 2, effective from 2022), and independence. Smaller domestic firms will face significant pressure to either invest in compliant systems or exit segments of the market. Concentration in the audit market—already a feature of the public-interest segment—is likely to increase. Regulatory policy will need to balance the benefits of higher quality with the risks of reduced competition.

Conclusions and suggestions

As a result of the research, the following main conclusions were formed:

Seven main differences were identified between the national and international standards systems: the existence of a separate standard; recognition criteria; valuation methods; lease obligations; income taxes; disclosure requirements; and liabilities to be assessed.

Four main directions were proposed to eliminate the identified differences: improving the regulatory framework; systematizing recognition criteria; adapting assessment methods to international standards; and forming a disclosure procedure based on a three-tier concept.

The accepted documents No. PQ-4611, No. PF-6079 and No. O'RQ-677 created a solid legal basis for transferring national practice to international standards.

The comparative examination of national and international accounting and auditing standards in Uzbekistan reveals a regulatory system in active transition. The conceptual foundations of NSBU and IFRS are aligned in their essentials but differ in detail; the recognition and measurement rules diverge most significantly in areas (leases, financial instruments, fair value) where IFRS has undergone substantial recent revision; and the auditing framework has moved closer to international practice through the 2021 legislative reform, though implementation gaps remain.

For policymakers, three priorities emerge. The first is the sustained alignment of NSBU with current IFRS through a regular update cycle, with particular attention to the standards governing leases and financial instruments where the divergence is widest. The second is investment in professional education and certification infrastructure, without which the benefits of formal standard adoption cannot be realized. The third is the consolidation of Uzbek-language terminology through a coordinated lexical project involving the Ministry of Economy and Finance, the Chamber of Auditors, professional associations, and academic institutions.

For practitioners, the practical implication is the need to prepare for a sustained period of dual competence. Accountants and auditors operating in Uzbekistan today must navigate two regulatory frameworks, anticipate further amendments under both, and assist their clients in interpreting financial information that may have been prepared under either. For researchers, the open questions concern the empirical measurement of the harmonization gap—through ratio-based comparability indices applied to dual-reporting entities—and the evaluation of the welfare effects of the transition, including its impact on the cost of capital and on foreign direct investment flows.

Harmonization is not a destination but a continuous process. The trajectory of Uzbekistan's reforms over the past five years suggests that the country has chosen the direction of full convergence; the remaining task is to manage the speed and quality of that convergence so that the formal achievement is matched by substantive improvement in the reliability and comparability of financial information.

REFERENCES

- [1] Republic of Uzbekistan, *Law No. ZRU-404*, Apr. 13, 2016. [Online]. Available: <https://www.lex.uz>
- [2] A. J. Tuychiev, *Theoretical and Methodological Problems of Accounting and Analysis of Liabilities*. Tashkent, Uzbekistan: Economics-Finance, pp. 1–272.
- [3] S. N. Tashnazarov, *Improving the Theoretical and Methodological Foundations of Financial Reporting*. Samarkand, Uzbekistan: SamISI, pp. 1–271.
- [4] K. B. Orazov, *Accounting*. Tashkent, Uzbekistan: Economy-Finance, pp. 1–520.
- [5] G. Richins, A. Stapleton, T. C. Stratopoulos, and C. Wong, “Big data analytics: Opportunity or threat for the accounting profession,” *Journal of Information Systems*, vol. 31, no. 3, pp. 63–79, 2017.
- [6] B. J. Epstein and E. K. Jermakowicz, *Interpretation and Application of IFRS Standards*. New York, NY, USA: Wiley, 2023.
- [7] Republic of Uzbekistan, *Law on Auditing Activity*, No. ZRU-677, Feb. 25, 2021. [Online]. Available: <https://www.lex.uz>
- [8] President of the Republic of Uzbekistan, “On additional measures for the transition to international financial reporting standards,” Resolution No. PP-4611, Feb. 24, 2020. [Online]. Available: <https://www.lex.uz>
- [9] Ministry of Economy and Finance of the Republic of Uzbekistan, *National Accounting Standards (NSBU Nos. 1–22)*. [Online]. Available: <https://www.lex.uz>
- [10] International Accounting Standards Board (IASB), *Conceptual Framework for Financial Reporting*. London, U.K.: IFRS Foundation, 2018.
- [11] IFRS Foundation, *IFRS Standards: Required for Annual Periods Beginning on or after 1 January 2024*. London, U.K., 2024.
- [12] International Auditing and Assurance Standards Board (IAASB), *Handbook of International Quality Management, Auditing, Review, Other Assurance, and Related Services Pronouncements*. New York, NY, USA: IFAC, 2022.
- [13] IAASB, *International Standard on Auditing 315 (Revised 2019): Identifying and Assessing the Risks of Material Misstatement*. New York, NY, USA, 2019.
- [14] IAASB, *International Standard on Auditing 700 (Revised): Forming an Opinion and Reporting on Financial Statements; ISA 701: Communicating Key Audit Matters*. New York, NY, USA.
- [15] World Bank, *Reports on the Observance of Standards and Codes (ROSC): Accounting and Auditing*. Washington, DC, USA: World Bank, 2020.