AMERICAN JOURNAL OF ECONOMICS AND BUSINESS MANAGEMENT

ISSN: 2576-5973
Vol. 6, No. 5, 2023

Problems of Accounting in Small Business and Private Entrepreneurship Entities in Accordance with the International Financial Reporting Standards (IFRS)

Ismanov Ibroxim Nabiyevich,
Fergana Polytechnic Institute, Head of the Department "Accounting and Audit", Doctor of Economics, Professor
i.ismanov@ferpi.uz
Teshabayev Dilmurod Boxodir o'g'li,
Fergana Polytechnic Institute, Department "accounting and audit", master,
dilmurod.eagle@mail.ru,

Abstract: In the article given some of the features of maintaining accounting in small business in transition to IFRS were analyzed. Improving the accounting in such businesses is crucial in the prosperity of the minor business sector. Investing in these kinds of companies are not largely found in practice, as bigger and medium businesses are more lucrative for investors in terms of receiving dividends in not quite a long term. The possibility of the development of small businesses in Uzbekistan is on one hand dependent on the investment from abroad, winning in tenders and acquiring credits. However, getting financed is hugely relies on the approxiimity of financial reports of organizations to international standards.

Keywords: small organizations, accounting, international financial reporting system.

Introduction. International financial reporting standards (IFRS) allow organizations to present financial statements in a consolidated form, as a system, which opens a new page for small and medium-sized enterprises in their development.

In recent years, the problem of applying the IFRS by small and medium-sized enterprises is one of the most discussed problems in the field of financial reporting regulation [1]. International standards have been developed for use by large, primarily multinational companies that attract significant financial resources in stock markets, including foreign markets. The main beneficiaries of the existence of such standards are global investors who deploy their assets around the world. Attempts to apply the IFRS by enterprises traditionally classified as small and medium, primarily developing and transition economies, show the difficulties of such enterprises in applying the principles and accounting requirements provided for in the IFRS.

It can be said that almost all parties interested in the application of the IFRS at the level of small and medium-sized enterprises agree that the standards for this category of enterprises should be simplified. The first discussions on this issue took place in 2005, when the Committee on IFRS announced the start of work on adaptation of the IFRS for small and medium-sized businesses [2].

ISSN 2576-5973 (online), Published by "Global Research Network LLC"
under Volume: 6 Issue: 5 in May-2023 https://globalresearchnetwork.us/index.php/ajebm

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In 2007, the debate started again with the introduction of the IFRS project for small and medium-sized businesses. According to the Association of Chartered Certified Accountants (ACCA) [3], the long-

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awaited draft of the IFRS is a serious step towards creating an effective international financial reporting system for this important sector of the economy [4]. The IFRS committee has done a lot of work on optimizing the overly complex financial reporting system for small and medium-sized businesses.

Research methodology. In the course of observation, the main characteristics of small business related to the organization of accounting in the context of the transition to international standards of financial reporting were studied through the method of factor analysis.

Analysis and results. For the successful global application of the new standard, it is important that different countries apply a certain flexibility in complying with its provisions. However, there are still many difficulties in using the standard for those preparing financial statements (accountants). In addition, the draft standard does not provide a clear formulation of the needs of users of these types of reports.

According to IAS (IFRS) for small business, small and medium-sized businesses are considered as enterprises that do not need to provide their financial statements to a wide range of users, external users, that is, owners who are not involved in business management, existing and potential creditors.

The purpose of the financial statements of small or medium-sized businesses is to provide information on the financial status of the enterprise, the results of operations and cash flow, they do not have the opportunity to demand reports prepared taking into account their own statements when making economic decisions [5].

These data must reliably reflect the company's financial position, financial results and cash flow. It requires a fair reflection of the consequences of transactions, other events and conditions in accordance with the definitions and criteria for the recognition of fiduciary assets, liabilities, income and expenses.

It is assumed that the application of IFRS for small businesses with additional disclosures, if necessary, will lead to the preparation of financial statements that provide a reliable presentation of the financial position, financial results of operations and cash flows of the small business.

Disclosure of additional information is necessary in cases where compliance with the specific requirements of the IFRS for small businesses helps users understand the impact of certain transactions, other events and conditions on the financial position and financial results of the enterprise.

The company must present a complete set of financial statements (including comparative information) at least once a year. A complete set of financial statements of the enterprise should include:

1) the intermediate result is a profit or loss (in the designation of recognized objects, including recognized income and expenses for the period, all information is shown in the statement of the financial position, such as the reporting date or comprehensive income statement for the reporting period) and other comprehensive income product income, or — a separate statement of income and a separate statement of comprehensive income. If an entity chooses to present a statement of profit and loss and a statement of comprehensive income, the statement of comprehensive income begins with the profit or loss line, followed by other comprehensive income items;
2) statement of changes in private capital for the reporting period;
3) cash flow statement for the reporting period;
4) notes containing a summary of important elements of accounting policies and other explanatory information.

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If the only changes in the company's capital for the period for which the financial statements are presented are due to profit or loss, payment of dividends, corrections of errors from previous periods and changes in accounting policies, the company can present a single profit statement for the year.

When forming notes to financial statements, enterprises:

1) preparation of financial reports and providing information based on specific principles of accounting policy;
2) disclosure of mandatory information not specified in other parts of the financial statement;
3) to provide information that may be acceptable to understand any financial statement.

A company should file records as orderly as possible.

For each item presented in the financial statements for which there is relevant information in the notes, the company must provide a correlation directly in the financial statements.

As a rule, notes are presented in the following sequence:

1) financial report is a statement prepared in accordance with the MHXS for small business;
2) a set of important rules of practical accounting policy;
3) financial tables are presented together with information for objects, and the result of presentation of such information must be consistent with the sequence of presentation of financial tables and articles in them;
4) any additional information.

In the summary of the main rules of accounting policies, the company must disclose the basis of valuation used in the preparation of financial statements, as well as other accounting policies that may be useful for understanding the financial statements.

According to IFRS for small business, accounting policies are specific principles, frameworks, agreements, rules and practices used by an enterprise in preparing and presenting financial statements.

When forming an accounting policy, an enterprise must choose and consistently apply it to such transactions, other events and conditions, except for cases where the IFRS for small businesses requires or allows to categorize items to which other accounting policies should be applied [6]. If the standard requires or permits such categories, the appropriate accounting policy should be selected and applied consistently to each such category.

Changes in accounting policies are permitted when necessary, or financial statements are considered to provide reliable and more relevant information about the effect of transactions, other events or conditions on the financial position, operations or financial results of the enterprise's cash flows.

The standard provides for some actions that do not lead to a change in accounting policy:

the application of accounting policies to transactions, other events or conditions that differ in nature from transactions, other events or conditions that occurred previously;

the application of new accounting policies to transactions, other events or conditions that did not previously occur or are insignificant;

a change in actual cost accounting for an asset that would otherwise require or permit measurement at fair value if a reliable fair value measurement is no longer available (or vice versa).

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For small business, the enterprise applying the IFRS for the first time should use the special procedure provided in the standard for these cases.

The accounting policies used by the company in preparing the statement of financial position at the beginning of the reporting period may differ from the accounting policies used by the company in preparing the financial statements for the previous period [7]. In this case, there is a need to formulate appropriate corrections. Therefore, on the date of transition to IFRS, the enterprise should reflect such adjustments directly in retained earnings (or, if necessary, in another category).

In the notes to the financial statements, the enterprise must explain how the application of IFRS has affected its financial position, financial results of operations and cash flows.

Conclusion. Thus, IFRS for small business is a document that provides examples of complex topics and additional instructions for their application. The presentation language of the material is simplified. In general, the standard is more understandable, convenient to use in practical application.

An important problem of small business accounting is the preparation of financial statements. The maximum simplification of accounting and reporting processes is carried out on the basis of the development and approval of such a working table of calculations, the development of which should take into account two areas developed in the practice of small business activity:

1) use of traditional calculations by enterprises applying the general taxation regime;

2) use of simplified accounting by enterprises operating on reduced tax reporting.

Accounting in a small enterprise must constantly document all the facts of economic activity, implement internal control to achieve the reliability and accuracy of accounting, and also provide quick information about the current state of the enterprise.

In order to carry out high-quality accounting, a small business must correctly calculate its tax liabilities, the characteristics of which are directly related to the current tax regime.

The use of special tax regimes by small enterprises is associated with certain restrictions, the violation of which leads to the loss of the right to use the special regime, but does not lead to the loss of the status of a small enterprise. Consequently, the taxation regime used by the enterprise is a variable state, while the status of a small business entity is relatively constant. In the context of this position, it makes sense to apply the integration of tax accounting to accounting.

Such integration will primarily involve the disclosure of information about business facts, which are the main cause of the discrepancy between accounting and taxable profit.

Secondly, in the process of analyzing the obtained data, it is possible to check the completeness of income tax calculation operations by establishing a connection between accounting and tax accounting.

Third, integration increases management's control over current activities, which allows for the identification of transactions that are not limited to the transaction price, as they must include the amount of income tax.

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ISSN 2576-5973 (online), Published by "Global Research Network LLC"
under Volume: 6 Issue: 5 in May-2023 https://globalresearchnetwork.us/index.php/ajebm

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ISSN 2576-5973 (online), Published by “Global Research Network LLC"
under Volume: 6 Issue: 5 in May-2023 https://globalresearchnetwork.us/index.php/ajebm

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