

## ORGANIZATION OF PRIVATE CAPITAL ACCOUNTING IN ECONOMIC ENTITIES IN ACCORDANCE WITH INTERNATIONAL STANDARDS OF FINANCIAL REPORTING (IFRS)

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### Abstract

the article discusses private capital accounting and reporting in the transition to international standards of financial reporting in business entities. Today, private capital accounts in economic entities are used to achieve the intended goals by maintaining modern accounting principles prepared with the help of international financial reporting standards (IFRS). According to the rules of IAS, the information in the accounting documents must be in accordance with the specific characteristics of the accounting records, in accordance with the principles of reliability and completeness of the accounting records, and the principles of prudence by organizing the accounting system in the economic entities. In the implementation of these tasks, it is necessary to harmonize the working capital report according to international standards, to ensure the accountability and transparency of the working capital report.

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**1. Introduction:** In our country, in the system of private capital accounting of economic entities, measures are being developed and directions are being determined to improve accounting and reporting based on international standards of financial reporting. In this regard, "Step by step introduction of modern methods of international standards of financial reporting, taking into account advanced international experience" was set as a priority task to accelerate the transition to international standards of financial reporting. This is the basis for the transition to international standards of financial reporting in our country. Decision No. 4611 is considered. In the implementation of these tasks, it was determined as a priority task to harmonize private capital accounting and reporting based on international standards, to ensure comparability and transparency of reporting.

### 2. Literature Review:

It serves to achieve the intended goals by conducting private capital accounting in economic entities on the basis of modern accounting principles prepared with the help of international financial reporting

standards (IFRS). That is why we will quote the opinions of economists in this regard. S.N. Tashnazarov expresses the essence of private capital accounting based on international standards of financial reporting as follows: "We need to get joint stock companies, limited liability companies and other enterprises in our country to switch to financial reporting on the basis of their financial statements on the basis of their own initiative. Enterprises and organizations should take advantage of the transition to MHSS and feel its advantages. Ensuring the financial stability of enterprises by achieving their investment attractiveness through MFRSs should be considered as a task of strategic importance.

I.N. Ismanov explains the financial statement as follows: "The financial statement is a source of financial information about the company's activity and is directed to the preparation of financial statements that serve users. These standards are not tied to the legislation of the country of origin and are directed to the formation of the report of all enterprises, regardless of the type of activity, size, organizational and legal form.

According to O. Sobirov: In order to provide foreign investors with the necessary information and data and to expand access to international financial markets by accelerating the processes of transformation of financial reporting to international standards, as well as to improve the system of training accounting and auditing specialists according to international standards joint-stock companies, commercial banks, insurance organizations, and legal entities included in the category of large taxpayers, starting from 2021, will organize financial reporting based on international standards (IFRS) and will prepare their financial reports based on international standards starting from the end of 2021.

According to Z.N.Kurbanov and A.Akramov, "The gradual organization of accounting in our republic on the basis of international standards of financial reporting and preparation of financial reports provides an opportunity to further penetrate global integration. This will be a new stage of accounting reform and modernization in our Republic."

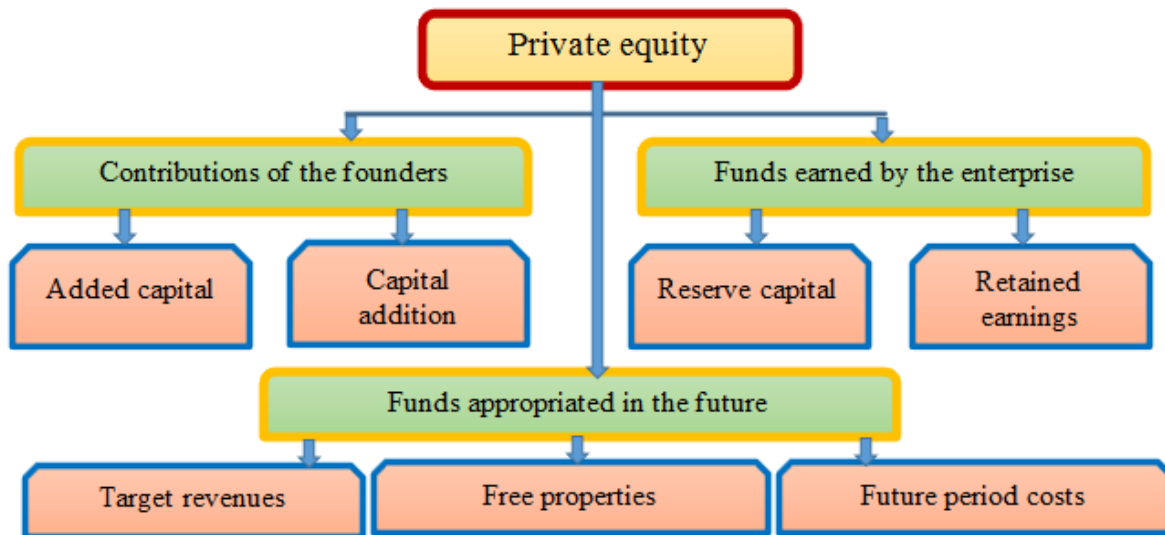
Foreign scientists E. L. Putnikova, V. A. Urbanlar explain the transition to international standards of financial reporting as follows: "Change of the financial statements of the Republic of Belarus in accordance with international financial reporting standards is the first, very important and mandatory step on the way to the transition to the IFRS."

The historical formation of the financial accounting and reporting system is the fundamental basis of modern accounting and financial reporting. Accounting and financial reporting emerged and developed gradually out of necessity over a long historical period, and today it has been formed as a perfect system of management.

**3. Research methodology.** Definitions and opinions given by economists on the use of international standards of financial reporting of private capital accounting are summarized. The issues of conducting private capital accounting and reporting on the basis of MHSS and increasing its harmonization have been scientifically studied. Literature review, data grouping and comparison methods were used to cover the topic.

#### **4. Analytical results:**

In economic entities, private capital information is fully and reliably reflected in a systematic manner based on accounting principles. The principle of reliability is considered important in the organization of the accounting policy, and economic processes in joint-stock companies are conducted based on objective information. The principle of prudence in the implementation of business processes is to prevent the creation of unreliable balance sheets by assessing the financial condition of joint-stock companies with the help of current liquidity, self-sufficiency and solvency coefficients, which are directly related to the solvency of joint-stock companies. Accounting is based on the principle of priority of content over form. The special features of the formation of private capital of a joint-stock company are presented below (in Figure 1).



**1-image. Private capital structure of economic entities.**

In our opinion, they are the generalized elements of the private capital structure of economic entities. It is appropriate to study private capital in an economic entity in three parts. That is, it consists of the founders' investments, funds earned by the fund, and funds for determining the value and future development. The sum of the added capital and authorized capital of the enterprise is equal to the sum of the founders. The sum of reserve capital and retained earnings equals the company's earnings. The sum of the target income and future period expenses is made up of funds for determining the value and future appropriation.

International standards include the conceptual basis for reflecting the equity capital of an economic entity in accounting and reporting data. Inadequate information about shareholders' own property, depreciable assets, their liquidity and the reproduction of private capital, investment property and other assets affects the management process by owners. In making management decisions, not only information about balance assets, but also information about private capital includes active use.

Based on the application of foreign practices in the accounting of economic entities, research is being carried out through separate documents of the international standards of financial reporting, accounting for private capital, preparation and presentation of reports. In the formation of the capital of the economic entity, it is to find internal and external sources, to expand the possibilities of attracting foreign investors. Taking into account the fact that a separate standard has not been developed for private capital components and accounting for it, it is appropriate to use one international standard.

At this point, in world practice, issues related to accounting of private capital are reflected in a number of standards based on international standards of financial reporting.

**1-Table. International accounting standards used in accounting for private capital**

Наименование на русском языке	in English	Standapt pack
Представление финансовой отчетности	Presentation of financial statements	IAS 1
Изменения и ошибки в учетной политике, бухгалтерских оценках	Accounting policies, changes in accounting estimates and errors	IAS 8
Налоги на прибыль	Taxes on profits	IAS 12
Предоставление финансовых инструментов, информации	Providing financial instruments, information	IAS 32
Прибыль на акции	Profit per share	IAS 33
Резервы, условные обязательства и условные активы	Reserves, contingent liabilities and contingent assets	IAS 37

In our opinion, in order to improve the accounting of private capital, it is appropriate for entities that are closed to a joint-stock company to include in their accounting policy on the use of international standards of financial reporting and to use them in the management of private capital accounting.

In economic entities, it is necessary to disclose the content of financial accounting elements, prepare and present financial reports - based on the principles of International Standards of Financial Reporting, it is necessary to deduct all liabilities, taking into account the share of capital in the structure of net assets. This approach allows taking into account not only the state of capital during the reporting period, but also the financial elements (assets and liabilities) of the economic entity during the reporting period.

Capital not only evaluates the conditions of the past period, but also evaluates the results of the current state of the economic entity, compares it with the previous period, and serves as a basis for making investment decisions aimed at future economic activity. It justifies the presentation of the discounted value of future cash flows by measuring balance sheet items at fair value.

Forming the private capital composition of the entity based on the implementation of accounting reform in economic entities in accordance with the International Standards of Financial Reporting: additional capital included as a component of private capital (arising from invested capital, emission income and exchange rate differences); capital accumulated as a part of reinvested capital, retained earnings and purchased capital (increase in the value of property according to revaluation fixed assets, involuntary income of property, invested funds); consists of reserve capital and expenditure financing, target revenues and revenues for future periods.

Thus, the advantages of private capital accounting and reporting in joint-stock companies based on the International Standards of Financial Reporting provide transparency of information and increase investment attractiveness. It provides an opportunity to exchange experience between countries, expand opportunities for mutual cooperation, and increase the trust of interests.

Based on the above, the organization of private capital accounting and reporting based on the International Standards of Financial Reporting will increase the cases and harmonization of capital accounting of joint-stock companies in our country and correct distribution of owners' shares.

Thus, the clear advantage of the organization of accounting and financial reporting of an economic entity based on the International Standards of Financial Reporting is transparency, reliability, uniformity of accounting principles, the possibility of sharing experience between countries, increased trust and opportunities for mutually beneficial cooperation, because a universal understanding is achieved in the reflection of economic situations in accounting.

**Summary.** The obvious advantages of organizing private equity accounting and reporting of an economic entity based on the International Standards of Financial Reporting are transparency, reliability, uniformity of accounting principles, the possibility of sharing experience across countries, increased trust and opportunities for mutually beneficial cooperation, because accounting a universal understanding is achieved in the reflection of economic situations. This, in turn, is a new stage of reform and modernization of accounting and reporting of economic entities operating in Uzbekistan.

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