

THE ROLE AND IMPACT OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) IN GLOBAL FINANCE

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Abstract: *The importance of International Standards of Financial Reporting (IFRS) extends beyond mere compliance. It plays a fundamental role in enhancing the quality, comparability, and efficiency of international financial reporting. As the global economy continues to integrate, the role of IFRS in promoting transparency, trust, and investor confidence in financial markets is more critical than ever.*

Key words: *International Standards of Financial Reporting (IFRS), International Accounting Standards Board (IASB), Global Comparability, Transparency, Efficiency, Regulatory Compliance*

Annotatsiya: *Xalqaro moliyaviy hisobot standartlarining (IFRS) ahamiyati faqat ularga amal qilishdan tashqari, xalqaro moliyaviy hisobot sifatini, qiyoslanuvchanligini va samaradorligini oshirishda asosiy rol o'ynaydi. Jahon iqtisodiyoti integratsiyalashib borar ekan, IFRSning moliyaviy bozorlardagi shaffoflik, ishonch va investorlar ishonchini targ'ib qilishdagi roli avvalgidan ham muhimroqdir.*

Kalit so'zlar: *Xalqaro Moliyaviy Hisobot Standartlari (IFRS), Xalqaro Hisob Standartlari Kengashi (IASB), Global Solishtirish, Shaffoflik, Samaradorlik, Regulyativ Muvozanat*

Аннотация: *Значение Международных стандартов финансовой отчетности (IFRS) выходит за рамки простого соответствия. Оно играет ключевую роль в повышении качества, сопоставимости и эффективности международной финансовой отчетности. По мере того как глобальная экономика продолжает интеграцию, роль IFRS в продвижении прозрачности, доверия и уверенности инвесторов на финансовых рынках становится более критичной, чем когда-либо.*

Ключевые слова: *Международные стандарты финансовой отчетности (IFRS), Международный совет по бухгалтерским стандартам (IASB), Глобальная сопоставимость, Прозрачность, Эффективность, Соответствие регулированию.*

In the global business landscape, the importance of uniformity and transparency in financial reporting cannot be overstated. The International Financial Reporting Standards (IFRS) serve as a cornerstone for achieving this goal, providing a common language for business affairs so that company accounts are understandable and comparable across international boundaries. This article delves into the essence of IFRS, its significance, and the impact it has on global financial reporting.

The International Financial Reporting Standards are set by the International Accounting Standards Board (IASB), an independent, private-sector body that operates under the oversight of the IFRS Foundation. The genesis of IFRS can be traced back to the 1970s, with the establishment of the International Accounting Standards Committee (IASC), the IASB's predecessor. The primary aim was to develop a set of globally accepted accounting standards.

IFRS is founded on a principles-based approach to accounting. This means that instead of providing a set of rules for every possible scenario, IFRS outlines key principles that should guide the preparation and presentation of financial statements. The core principles revolve around relevance, reliability, comparability, and understandability. These standards are designed to ensure that financial statements provide a true and fair view of the company's financial performance and position, thereby aiding stakeholders in making informed decisions.

The Significance of IFRS

1. **Global Comparability:** IFRS facilitates the comparison of financial statements of companies from different countries, enhancing the efficiency of capital markets and enabling investors to make better-informed decisions.

2. **Transparency:** By adhering to a globally recognized set of standards, companies can present their financial situation more transparently, building trust among investors, creditors, and other stakeholders.

3. **Efficiency:** For multinational corporations, using a single reporting language simplifies the process of preparing consolidated financial statements, reducing the time and cost involved.

4. **Regulatory Compliance:** In many jurisdictions, compliance with IFRS is a legal requirement for listed companies, making it essential for accessing global capital markets.

As of now, over 140 countries require or permit the use of IFRS. The adoption process varies from one country to another, with some adopting IFRS as issued by the IASB, while others may adapt the standards to better suit their domestic market conditions. The implementation of IFRS represents a significant shift for companies transitioning from national accounting standards, requiring adjustments in financial reporting processes, systems, and controls.

Despite its widespread acceptance, the implementation of IFRS is not without challenges. The principles-based nature of IFRS can lead to variations in interpretation and application, potentially affecting comparability. Additionally, the transition to IFRS can be resource-intensive for companies, necessitating substantial investments in training and system upgrades.

The IASB continues to work on refining and expanding IFRS to address emerging financial reporting issues and to enhance the clarity and consistency of the standards. The ongoing dialogue between the IASB and various stakeholders worldwide ensures that IFRS remains relevant and responsive to the needs of the global economy.

Conclusion

The International Financial Reporting Standards play a pivotal role in fostering a transparent, comparable, and efficient global financial reporting environment. While challenges remain in their implementation and interpretation, the benefits of IFRS in enhancing global financial communication are undeniable. As the world economy continues to evolve, the importance of IFRS in facilitating international trade and investment is set to grow, underscoring the need for ongoing collaboration and adaptation to meet the changing landscape of global finance.