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## **THEORETICAL AND METHODOLOGICAL ASPECTS OF PREPARATION OF FINANCIAL STATEMENTS ACCORDING TO THE INTERNATIONAL STANDARDS OF FINANCIAL REPORTING**

### **Summary**

It is known that the formation of market relations created conditions for the formation of a large number of economic subjects of various forms, and the financial and economic independence of enterprises increased significantly. Since the state's role as a link between enterprises and on the progress of work is weakened, the need to find and conclude contracts with independent domestic and foreign partners, investors and creditors emerges. The choice of the form of ownership of joint-stock companies and the development of the securities market create favorable conditions for the widespread involvement of the labor force in the process of managing the country's economy. As a result, the composition of those who use accounting information and, above all, financial reporting information, has expanded significantly.

**Key words:** finance, accounting, accounting, standard

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### **Introduction**

The need to improve the accounting and reporting system is related to a number of factors. Thus, in the conditions of a centralized plan economy, accounting had a management character and was not intended for use by external users. The report was not massive and in many cases it was confidential. A.I. The results of Kochetkov's research showed that 50% of all information received by middle management bodies, and 70-75% at higher levels are not used [4, p.19].

In addition, the mass of the financial report does not imply complete openness and availability of accounting information for each category that uses its information.

However, in accordance with international standards, financial reports should include indicators that enable users to form an independent opinion about the financial situation of the economic unit. Both the old and the new accounting system are used in the CIS space. So, after the establishment of property relations, the establishment of new accounting began.

### **Statement of the problem**

D. I. Chernov [6, p. 15], while addressing the issues of organization of the accounting and reporting system in joint stock companies of the CIS countries, noted the possibility of its establishment in two directions. In the first case, financial and management accounting in joint-stock companies should be established in accordance with the effective system of accounting and reporting of CIS enterprises. Another point of view is the possibility of applying a new chart of accounts reflecting the organizational-legal form of the joint-stock company by abandoning the current chart of accounts.

Improving the financial reporting system and bringing it closer to international standards requires the formation of a precise and conceptual basis of the accounting standard. This issue has been repeatedly discussed at various national and international conferences on accounting standardization in the CIS countries. We believe that the formation of the conceptual basis of accounting standards implies the following:

- form the purpose of accounting, including the financial and management accounting system;
- to determine the list of quality characteristics of the information included in the report;
- to define the basic concept of record keeping:
- to determine the basic principles of accounting registers of transactions;
- to determine the transition to accounting standards.

#### Analysis

Ensuring the efficiency of accounting, in our

opinion, implies more effective use of computing equipment, especially computers installed directly at workplaces. In this regard, in order to provide each user with the necessary information, it should be considered necessary to reduce the volume of the financial report according to the needs of the market economy. The division of accounting information into "external" and "internal" users according to the functional relations of economic subjects creates conditions for the formation of financial and management accounting. The characteristics of each accounting system are reflected in table 1 (see table 1).

**Table 1**

**Characteristics of Financial and Management accounting system**

<b>Farm signs</b>	<b>financial Accounting</b>	<b>Account management</b>
<b>Appointment</b>	Temporal assessment of the financial situation by location	Increasing efficiency
<b>Category of information users</b>	External, i.e. operations that are not involved in the cycle in the operating object	Internal management service
<b>Period covered</b>	Reflecting the past and current financial situation	Future-oriented procedures
<b>Standards</b>	Must meet established accounting standards.	Since the information is for internal use, it does not have to meet any standards
<b>System visibility</b>	It has an open formal character	It can reflect negative information
<b>The main objects of analysis</b>	Reflects the financial condition of the facility as a whole	It is in the direction of reflecting the functioning of the units
<b>Metrics used</b>	Using indicators in monetary terms	Using all natural dimensions
<b>Evaluation</b>	In the correct assessment of assets and liabilities, i.e. impairment, revaluation, etc. It is interesting that it is correct.	

Statements by specialists of countries that have used double-entry accounting since the beginning, defining the goals of financial and management accounting, are of great interest. Thus, the purpose of financial accounting in the "Financial Statement Concept Collection" includes the following:

- provide potential investors and creditors with useful and clearly understandable information;

- to provide investors and creditors with honest and objective information about cash flows;

- to provide investors and creditors with information about the company's business reserves and deviations from them, obligations to place these reserves in other divisions, the consequences of changes in the value of shares that lead to changes in its reserves.

In Germany, there is a different attitude to determining the purpose of financial reporting (3, p. 29). Compiling and organizing the financial statement serves the following purposes:

- 1) documentation;
- 2) provide self-information;
- 3) report for foreign objects;
- 4) regulation of profit sharing (3, 145)

The International Standards of Financial Reporting were created due to the integration of the economy at the international level, the activities of transnational corporations, and the intensive development of international financial and investment markets.

In other words, the issue of the need for standardization in the field of accounting, in the context of the international integration of national economies, has manifested itself with the accounting of information reflecting market relations in a defined manner and its delivery to users in a more comprehensible and reliable manner.

In accordance with the current accounting model, financial reports, which are considered necessary for making economically justified management and business

decisions, are a system of indicators summarized through financial information of the property and financial situation of the organization during the reporting period, as well as the results of financial and economic activity.

One of the main problems that concern the world accounting community and relevant business organizations in the conditions of globalization and integration of the economy is the standardization of accounting and financial statements.

Thus, the modern stage of economic development in the world is characterized by the expansion of various socio-economic and scientific-technical relations, the complexity of economic processes and their management, which makes it necessary to strengthen the role of economic information in economic development. Therefore, it is extremely important to create an information system that meets today's management requirements at both the micro

(organization or group) and macro (country or region) levels.

An organized accounting system acts as a provider of such information at the indicated levels.

In the 20th century, solving a number of problems in the world economy is of particular importance. The most important of these is the harmonization and application of international standards in the field of accounting. The reason for this can be explained by the internationalization of capital markets, the globalization of the economy and the expansion of foreign relations. (6, p. 8)

Thus, in recent years, the wide application of modern communication technologies, giving priority to the implementation of investments through the global electronic network has increased the importance of the unification of accounting standards.

As a result, in connection with the implementation of the process of globalization and internationalization of economic and financial relations, which led to the creation of a world market that does not recognize national borders, the issue of the need for standardization in the field of accounting is no longer an object of discussion, so reforms in this field were considered one of the main conditions of the world market economy (5,45).

For this reason, countries that do not apply the International Standards of Financial Reporting, considering the existence of the problem of the efficient use of budget funds and the incomparability of financial information about the activities of national entrepreneurs, countries that want to attract foreign investments and entrepreneurs who intend to enter the world market, should use international accounting standards is of great importance.

In economically developed countries, accounting that meets the aforementioned international standards is carried out based on the definition of conceptual principles and special requirements, as well as the development and use of relevant rules (standards).

According to the relevant provisions of these standards, various evaluation methods (historical value, actual value, possible sale price, discount value, fair value) are used during the

evaluation of financial statement elements (assets, liabilities, capital, income and expenses). Those methods are fundamentally different from the assessment methods used in countries that do not apply international standards. The concept of recognition and accounting of the mentioned elements is no exception and is presented in financial statements based on completely different criteria and principles in the specified standards, unlike the methodical approaches determined by the relevant national-traditional accounting rules based on tax accounting.

At the modern stage, reforms should be carried out to ensure the transparency of the financial reports prepared by economic entities and to implement the preparation in accordance with the requirements of market relations.

It is for this reason that the presentation of transparent, understandable and reliable financial information about the activity of the organization, developed by the Committee on International Accounting Standards, in accordance with the requirements of the International Standards of Accounting, is considered the most effective and is recognized by all countries of the world and accepted by the majority.

First of all, foreign investors and partners are interested in conducting accounting and preparing and presenting relevant financial reports in accordance with international requirements. The above-mentioned ideas are also reflected in the article of Jafarov Elkhan Orkhan oglu. (Elkhan Jafarov, 2011, 16, p8)

In this regard, the transition to the rules adopted in international practice for accounting and preparation of financial reports will improve mutual relations with foreign investors, increase the number of relevant projects, as well as the flow of foreign capital into the economy, and as a result, lead to stable and sustainable socio-economic development of the country.

On the other hand, in connection with the transition to the market economic system, in the presence of a large number of foreign-invested organizations based on various forms of ownership, the features of accounting and financial reporting are not accepted unambiguously.

In other words, based on the accumulated experience of individual countries on the application of international standards, it can be concluded that the efficient use of these standards, in accordance with their business characteristics, primarily banks and credit institutions, insurance companies, legal entities whose securities are traded on the stock exchange and As other commercial organizations belonging to public important institutions determined according to the legislation of each country are interested, successful results have been achieved in spreading the said standards in those areas.

Although the general principles of the national standards of those countries and the standards of international financial reporting are the same, there are different aspects between them that are not of a conceptual nature, but at a rather technical level.

### Conclusion

As it can be seen, the relevant international organizations involved in the preparation of the International Standards of Financial Reporting (International Standards of Accounting) envisage the possibility of determining the purpose of each state's accounting and reporting, which is not contrary to the international standards of financial accounting.

By developing high-quality accounting standards, the International Accounting Standards Board seeks to establish requirements for high-quality information that is valuable to all users of financial statements. High-quality information is also valuable information for those preparing financial statements. The International Accounting Standards Board evaluates the necessity of adding potential items to the program for addition to the standard based on the opinions (opinions) of investors. At this time, the International Accounting Standards Board takes into account the following:

- The importance of the provided information for its users and the availability of that information;
- Whether the existing management is feasible

- The quality of the standard to be prepared.

- Limited resources.

The IASB requires its staff to identify, review, and raise issues to ensure that nothing escapes the attention of the IASB in order to help determine the future program.

That is, issues may also arise from changes in the Conceptual Framework of the International Accounting Standards Board. In addition, the International Accounting Standards Board raises and discusses potential program items taking into account the comments, staff studies and other recommendations of other standard-setting bodies and stakeholders (the International Financial Reporting Standards Advisory Board and the International Financial Reporting Standards Interpretation Committee).

References are made to it by bodies included in the International Accounting Standards Board regarding the interpretation, revision or amendment of existing editions of standards. The IASB staff considers all such requests, summarizes the main issue raised and periodically reports to the IASB. By reflecting the characteristics of economic relations in the conditions of globalization, the International Financial Reporting Standards and comments to those standards are regularly improved by the same council, they are updated according to the requirements of the globalized world and published on their website.

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## ТЕОРЕТИКО-МЕТОДОЛОГИЧЕСКИЕ АСПЕКТЫ ПОДГОТОВКИ ФИНАНСОВОЙ ОТЧЕТНОСТИ ПО МЕЖДУНАРОДНЫМ СТАНДАРТАМ ФИНАНСОВОЙ ОТЧЕТНОСТИ

### Резюме

Известно, что становление рыночных отношений создало условия для образования большого количества хозяйствующих субъектов различных форм, значительно возросла финансово-хозяйственная самостоятельность предприятий. Поскольку роль государства как связующего звена между предприятиями и ходом работ ослабевает, необходимо найти независимых отечественных и зарубежных партнеров, инвесторов и кредиторов и заключить с ними дого-

воры. Выбор формы собственности акционерных обществ и развитие рынка ценных бумаг создают благоприятные условия для широкого вовлечения рабочей силы в процесс управления экономикой страны. В результате значительно расширился состав лиц, использующих бухгалтерскую информацию и, прежде всего, информацию финансовой отчетности.

**Ключевые слова:** финансы, учет, отчет, стандарт

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## **MALİYYƏ HESABATLARININ BEYNƏLXALQ STANDARTLARINA ƏSASƏN MALİYYƏ HESABATLARININ HAZIRLANMASININ NƏZƏRİ-METODOLOJİ ASPEKTLƏRİ**

### **Xülasə**

Məlumdur ki, bazar münasibətlərinin formalaşması çoxlu miqdarda müxtəlif formalı təsərrüfat subyektlərinin əmələ gəlməsinə şərait yaratmış, müəssisələrin maliyyə və iqtisadi müstəqilliyi xeyli artmışdır. Dövlətin həm müəssisələr arasında əlaqəyaradıcı həlqə və həm də işin gedişi üzərində rolu zəiflədiyindən müstəqil ölkədaxili və xarici tərəfdaşlar, investorlar və kreditorlar axtarıb tapmaq və onlarla müqavilə bağlamaq zərurəti meydana çıxır. Mülkiyyətin səhmdar şirkətlər formasının seçilməsi və qiymətli kağızlar bazarının inkişafı əmək kollektivinin ölkə iqtisadiyyatının idarəolunması prosesinə geniş surətdə cəlb edilməsinə əlverişli şərait yaradır. Nəticədə, uçot informasiyalarından və hər şeydən əvvəl maliyyə hesabatı informasiyalarından istifadə edənlərin tərkibi xeyli genişlənmişdir.

**Açar sözlər:** maliyyə, mühasibat, uçot, standart

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