



MODERN PROBLEMS IN EDUCATION AND THEIR SCIENTIFIC SOLUTIONS

THE NEED AND PURPOSE OF CHANGES IN NATIONAL ACCOUNTING STANDARDS

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**Abstract.** *This article examines the need and purpose of changes in National Accounting Standards (NAS) in the context of globalization, economic reforms, and the increasing adoption of International Financial Reporting Standards (IFRS). The study highlights how modern business environments and international financial integration require accounting systems to become more transparent, comparable, and reliable. Using a qualitative literature review methodology, the research analyzes academic sources, institutional reports, and recent reforms implemented in Uzbekistan. The paper discusses the transition from NAS to IFRS among large state-owned enterprises and public interest entities, emphasizing the role of accounting reforms in attracting foreign investment and improving financial reporting quality. Furthermore, the study identifies major challenges associated with accounting standard reforms, including implementation complexity, training needs, and institutional capacity limitations. The findings demonstrate that updating national accounting standards contributes to stronger investor confidence, enhanced accountability, and sustainable economic development.*

**Keywords:** *National Accounting Standards (NAS), International Financial Reporting Standards (IFRS), accounting reforms, financial reporting, globalization, harmonization, transparency, investor confidence, accounting convergence, IFRS adoption.*

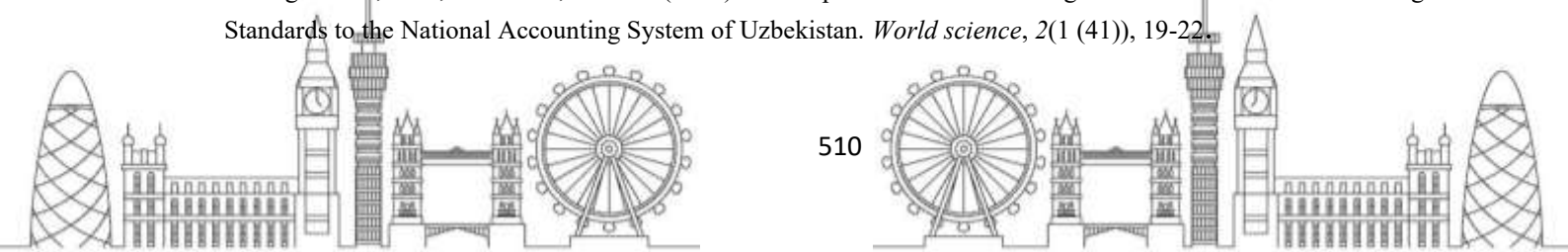
### Introduction

Nowadays, the world is changing very quickly and so is Accounting Practices. As free movement of capital and other resources is very important for the economic and political integration of the countries, harmonization and convergence of accounting and financial reporting can be considered as an integral part of this development. Furthermore, shareholders and other stakeholders can be better able to compare financial information of different firms around the world, which can be hardly achieved by different accounting and financial reporting practices. The creation of more apparent and efficient capital market that will assist a lower cost of capital. That is why the convergence of international accounting standards to the national accounting system has already become an issue, need and problem in Uzbekistan.<sup>79</sup>

Accounting standards serve as the foundation for preparing and presenting financial statements, ensuring that information is consistent, transparent, and useful for decision-making. National accounting standards (NAS) are specially developed for Uzbekistan,

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<sup>79</sup> Turgunovna, E. S., & O'G'Li, S. B. X. (2019). The Importance of the Convergence of International Accounting Standards to the National Accounting System of Uzbekistan. *World science*, 2(1 (41)), 19-22.





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however, in recent decades, the global business environment has undergone significant transformation due to globalization, technological innovation, and increased cross-border investment.

These changes have exposed limitations in traditional accounting frameworks, necessitating frequent revisions and updates. The growing adoption of IFRS reflects a global movement toward harmonization and standardization of financial reporting practices.

### Literature review

According to Djambakieva, record keeping is different both in different companies and in different countries and therefore it is necessary to have a "common language" of accounting. The purpose of IFRS is that they are aimed at maintaining stability and transparency in the world of finance. Thanks to these standards, enterprises from different countries can understand each other's financial statements and make decisions on further cooperation. In many countries, in Europe, Asia and South America international reporting standards are accepted as mandatory.<sup>80</sup>

During 2025, large-scale reforms aimed at fundamentally improving the system of accounting and financial reporting were carried out in our country. In particular, special attention was paid to stimulating the transition to International Financial Reporting Standards, creating additional favorable conditions for business entities, improving the external quality control system, and strengthening the legal status and professional prestige of accountants and auditors. As Uzbekistan expands its integration into global capital markets, comparative assessment of NAS and IFRS becomes essential for understanding the complexities of harmonization and its potential economic benefits.<sup>81</sup>

To further systematize this process, the Decree of the President of the Republic of Uzbekistan dated September 15, 2025, "On Measures to Improve the Financial Accounting System in Accordance with International Requirements and Standards" was adopted, defining the priority areas for aligning the accounting system with international standards. This decree serves to increase transparency in the financial and capital markets, strengthen the confidence of international investors, and expand opportunities for attracting long-term investments.<sup>82</sup>

### Methodology

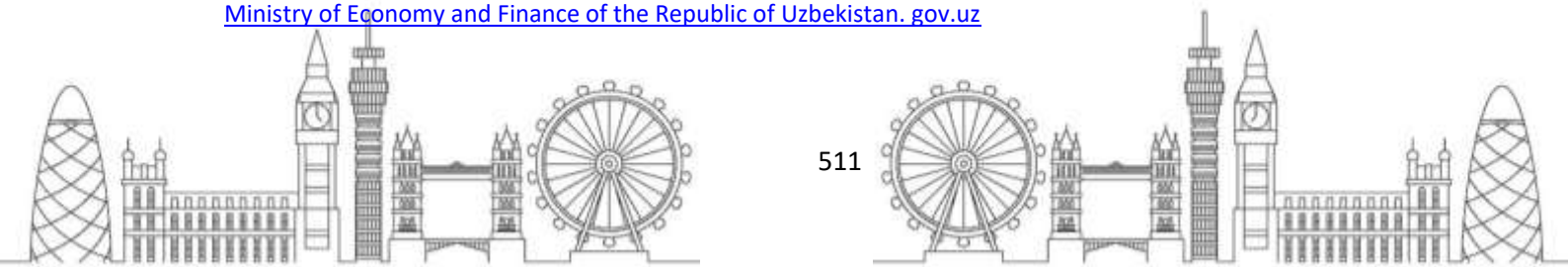
This research adopts a qualitative literature review methodology and synthesizing findings from peer-reviewed journal articles, academic publications, and institutional reports related to accounting standards and IFRS adoption. The secondary data is used for this article.

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<sup>80</sup> Gulnora, D. (2021). Accounting for financial instruments: The main differences according to national accounting standards of Uzbekistan and IFRS. *Бюллетень науки и практики*, 7(7), 245-249.

<sup>81</sup> Azizovna, A. Y. (2025). Comparative analysis of national accounting standards and IFRS in Uzbekistan. *Shokh library*, 1(11).

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**Results and discussion**

Firstly, in Uzbekistan, major push for privatization is expected in 2021 which is due to the inefficient management by the state, increased competition, as well as to the major transition to a market economy. One of the biggest obstacles in the privatization process, or rather, one of the reasons slowing down the process, is that the accounting of these organizations is not kept in line with IFRS.<sup>83</sup>

The potential foreign investors understand little the reports prepared by Uzbek organizations and doubt the accuracy of figures. Translating reports into IFRSs and auditing is laborious, time consuming and costly. For example, Rothschild & Co Investment Bank (financial advisor), Dentons law firm (legal adviser), as well as KPMG were engaged to help sell the state’s stake in the Coca-Cola plant in Uzbekistan.

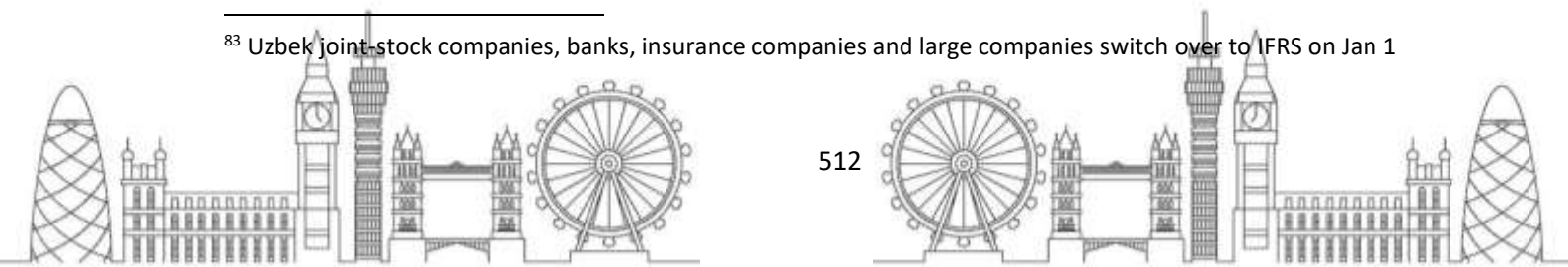
Furthermore, following the adoption of Presidential Decree No. UP-4611 in February 2020, many large state-owned enterprises (SOEs), joint-stock companies (JSCs), and major taxpayers in Uzbekistan have transitioned from National Accounting Standards (NAS) to International Financial Reporting Standards (IFRS). This transition is accelerating towards a mandatory requirement for public interest entities by 2026. Therefore, there are several sectors such as mining and metallurgical, Energy and Oil and Gas, financial and insurance sectors, transportation and telecommunications and other major enterprises including Coca-Cola Bottlers Uzbekistan and Uzbekistan Airports JSC that have transitioned from NAS to IFRS.

Here are some Uzbek companies that have transitioned to IFRS:

1. Navoi Mining and Metallurgical Complex (NMMC)	One of the largest gold producers has institutionalized IFRS reporting.
2. Almalyk Mining and Metallurgical Complex (AMMC)	Consistently audits its financial statements using Big Four firms.
3. Navoiyuran	Actively transitioning, with IPO plans.
4. Uzbekneftegaz	The national holding company adopted IFRS in 2018 and has expedited its reporting process.
5. National Electric Grid of Uzbekistan JSC	Prepares consolidated financial statements in accordance with IFRS.
6. Uzbekistan Airways JSC	Implementing IFRS as part of state-owned enterprise reforms.

The Ministry of Economy and Finance has translated and endorsed more than 60 IFRS documents into Uzbek, while working with the Big Four accounting firms to train finance teams and build capacity. Auditors have been deployed to guide first-time adoption and ensure quality control during the transition period.

<sup>83</sup> Uzbek joint-stock companies, banks, insurance companies and large companies switch over to IFRS on Jan 1





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In the mining sector, beyond uranium, companies such as Navoi Mining and Metallurgical Complex (NMMC) and Almalyk Mining and Metallurgical Complex (AMMC) have already institutionalized IFRS reporting, with their financial statements audited by Big Four firms for several consecutive years. With a strategic role in Uzbekistan's gold, copper metals output, NMMC and AMMC is seen as a bellwether for sector-wide financial reform. Greater transparency is a prerequisite for foreign investor interest in the country's vast mineral reserves.

Uzbekneftegaz, the largest company in the country's oil and gas sector, adopted IFRS in 2018. Its financial statements for the year ended 2024 were issued in April 2025, setting a new benchmark for accelerated financial reporting among SOEs. This marked a significant improvement, as the company had historically released its audited financial statements in July.

### Conclusion and Recommendations

The analysis of changes in National Accounting Standards (NAS) shows that these reforms are not simply technical adjustments, but rather a necessary response to the rapidly changing economic and business environment. As economies become more interconnected and business transactions more complex, accounting systems must evolve to remain useful and relevant. Without continuous updates, financial reporting risks becoming outdated, less transparent, and ultimately less valuable for decision-making.

One of the key conclusions of this study is that globalization plays a central role in shaping national accounting reforms. The growing influence of International Financial Reporting Standards has encouraged many countries to revise their local standards in order to achieve greater comparability and consistency. This alignment is especially important for attracting foreign investment and integrating into global financial markets. Investors today rely heavily on clear, comparable, and trustworthy financial information, and updated accounting standards help meet these expectations.

Another important finding is that changes in NAS significantly improve the quality of financial reporting. By introducing clearer rules, better measurement techniques, and stronger disclosure requirements, modern standards enhance both the reliability and relevance of financial information. This, in turn, supports better decision-making by investors, creditors, and other stakeholders. At the same time, these improvements also strengthen accountability, as companies are required to present a more accurate picture of their financial position and performance.

However, it is also evident that these changes are not without challenges. One of the main issues is the increasing complexity of accounting standards. While more detailed rules can improve accuracy, they may also make financial reporting more difficult to understand and implement, especially for small and medium-sized enterprises. In addition, transitioning to updated or internationally aligned standards often requires significant investments in training, systems, and institutional capacity. For developing economies, these challenges can slow down the reform process and limit the full benefits of adoption.





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Despite these difficulties, the overall benefits of updating NAS clearly outweigh the costs. Improved transparency, stronger investor confidence, and better access to international capital are all critical outcomes that support long-term economic development. Therefore, the focus should not be on avoiding change, but on managing it effectively.

Based on these conclusions, several recommendations can be proposed.

First, policymakers should adopt a gradual and well-planned approach to reforming national accounting standards. Instead of implementing sudden and comprehensive changes, a phased strategy allows businesses and institutions to adapt more smoothly. This reduces the risk of confusion and ensures better compliance.

Second, it is essential to invest in education and professional training. Accountants, auditors, and financial managers need to fully understand new standards in order to apply them correctly. Universities, professional bodies, and regulatory institutions should work together to provide continuous learning opportunities and practical guidance.

Third, governments should strengthen institutional and regulatory frameworks to support effective implementation. The success of accounting reforms depends not only on the quality of the standards themselves but also on enforcement. Strong oversight, clear guidelines, and consistent monitoring are necessary to ensure that standards are applied in practice, not just on paper.

Fourth, special attention should be given to small and medium-sized enterprises (SMEs). Simplified reporting frameworks or tailored guidelines can help these businesses comply with standards without facing excessive administrative burdens. This is important for maintaining inclusiveness and supporting overall economic growth.

Finally, countries should continue to move toward greater harmonization with international standards while also considering local economic conditions. Full adoption of global frameworks may not always be immediately feasible, but gradual convergence can provide a balanced approach that combines global best practices with national priorities.

In conclusion, changes in National Accounting Standards are an essential part of modern economic development. They help ensure that financial reporting remains transparent, reliable, and aligned with global expectations. While the process of reform can be complex and demanding, careful planning, strong institutions, and continuous education can significantly improve outcomes. Ultimately, well-designed and effectively implemented accounting standards serve as a foundation for trust, investment, and sustainable economic growth.

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