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THEORETICAL ASPECTS OF THE CONCEPTUAL BASIS OF FINANCIAL REPORTING AND PRESENTATION

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Abstract: : *In this article, the author theoretically considered the conceptual basis of the preparation and presentation of financial statements in business entities and expressed his opinions.*

Key words: *accounting, theory, international standards of financial reporting, reporting, conceptual framework.*

The President of the Republic of Uzbekistan Sh.M. Mirziyoev signed the decision of February 24, 2020 "On additional measures for the transition to international standards of financial reporting". In accordance with the decision of the Cabinet of Ministers No. 38 of January 26, 2021:

legal entities included in the category of limited liability companies, commercial banks, insurance organizations, relevant economic companies with a state share and large taxpayers, from the end of 2021, must prepare financial statements based on international standards of financial reporting and have an appropriate certificate within the framework of international certification of accounting services until the end of 2021 providing at least three specialists;

higher education institutions should introduce updated curricula in the educational process that provide for the in-depth study of international standards of financial reporting in the subjects of "Accounting" and "Audit", ensure the training of pedagogues in these subjects according to international standards of financial reporting in accredited educational centers, and 2021/ Starting from the 2022 academic year, the teaching of accounting and auditing subjects in experimental higher education institutions will be taught only by teachers who have the appropriate certificate within the framework of international certification;

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institutions will be taught only by teachers who have the appropriate certificate within the framework of international certification;

During the years 2020-2025, teaching personnel of higher education institutions (in the disciplines of "Accounting" and "Audit"), students, graduates (within six months after graduation) and employees of state bodies in accredited training centers on international standards of financial reporting, also, it can be seen that the costs of their preliminary registration in the Republic of Uzbekistan and registration for taking the exam within the framework of the international certification of accountants are covered by the republican budget of the Republic of Uzbekistan and other sources not prohibited by law.⁽¹⁾

International standards of financial reporting are a set of documents for the preparation of financial reports, a regulation regulating the structure of financial reports, which are used by external users to make economic decisions about an organization. That is, to give a simple example, it will be possible to provide foreign investors with the necessary information to analyze the future growth or decline of shares, securities and other types of material assets of organizations operating in our country (company, corporation, limited liability company) that may attract investment.

The advantage for us is that large enterprises in our country will be able to participate in international financial markets. For example, foreign citizens or legal entities of large enterprises in our republic, investing in these enterprises in exchange for their shares and bonds, will ultimately lead to an increase in income to the State budget as a result of the development of the enterprise.

According to this decision of the President, from January 1, 2021, legal entities included in the category of limited liability companies, commercial banks, insurance organizations and large tax payers will switch to accounting based on international standards of financial reporting.

It is also important that business entities that voluntarily prepare financial statements in accordance with international standards of financial statements are exempted from submitting financial statements according to national accounting standards.

In addition, it is considered as a priority task to popularize the world's successful experiences of training specialists in the field of international standards of financial reporting and to expand cooperation with international organizations in the field of accounting in connection with the gradual international accreditation of the educational programs of higher education institutions related to the field.

In order to include our country among the developed countries, achieving stable growth rates of the gross domestic product, ensuring budget stability, competitiveness of production products, and for this, more foreign investments play an important role.

Concept (sonceptio) is a Latin word that means to gather, unite, system or phrase in Uzbek. The content is interpreted as a set of generally accepted theoretical rules on the basis of a science or research, as well as a system of approaches and views regarding an object or event, methods of consideration. From the point of view of financial reporting, it forms the basis for evaluating and developing the current rules used in the preparation of financial reporting.

While talking about the financial report and its conceptual basis, we will focus on issues related to the general theory of accounting science. Despite the role and status of international standards of financial reporting in the world economy today, theoretically, it remains an integral part of accounting science. Therefore, the conceptual framework should be studied in connection with the general theory of accounting science.

It is known that any theory arises as a response to one or another requirement of practice. After all, in terms of emergence, practice and the experience formed through it are primary compared to theory. Therefore, the theory first aims to satisfy the needs of practice. Undoubtedly, the theory of accounting also arose as a response to the demand of entrepreneurship. To the extent that this is the case, accounting theory is truly the result of practice and experience in the field.

The theory reveals the law of development of objects and events. At the moment, its viability will be shown when it is put into practice. But the features of practice and experience are not a reason to completely deny the theory or ignore it. Some experts believe that accounting theory is formed entirely from practice and experience. Therefore, they prefer to learn accounting from a talented practitioner-accountant who is a master of his work. Because they equate the accounting profession with "regular accounting" that performs accounting tasks from a technical point of view.

Today, an accountant should not only have the technical skills of accounting, but should also have the ability to fully analyze the financial situation of the enterprise, manage it in connection with the complex laws of the market economy, correctly assess the situation and make effective conclusions. Naturally, everyone who dreams of becoming an accountant first begins with studying accounting theory, in particular, expressions, concepts and rules. The future accountant should first master the theory, and then start practicing.

The learning process takes place in the joint interaction of theory and practice. They complement and confirm each other. If theory is the arrow of the bow, practice is the target.

In addition, it should be noted that the theory serves not only to study the existing order established in practice, but also to change and develop it. It forms or conceptualizes a system of thoughts and views about the future development and destiny of the practice. As social life develops, accounting gradually develops accordingly. In addition, scientific and technical achievements are creating a foundation for its high level of improvement. Today, several modern types of accounting have been formed, each of them is studied as an independent subject in all universities of the world. At the same time, no matter how much accounting types are improved and divided into types, the general theory of accounting science serves as a basis for their understanding and practical application.

It is known that accounting is an integral part of social life, naturally, it is closely related to the existing social environment. The prevailing political, economic and legal conditions in each country affect the principles of accounting and financial reporting. Conflicts between the national requirements of different countries also create differences between their financial statements. Such differences lead to different definitions of financial statement elements, namely assets, liabilities, equity, income and expenses. Also, the use of different criteria for the recognition of financial statement items and different bases for the evaluation of these items are reasons to be considered appropriate. These different approaches also apply to the types of financial statements, their scope and disclosures.

In the conditions of the global integrated economy, economic relations are established between economic entities, banks and other financial corporations of different countries. There is a need to create international standards that are a single "business language" for international cooperation entities to prepare financial statements based on the same principles and rules that do not conflict with each other. Therefore, world economists have been seriously struggling since the last 20th century to create uniform rules for accounting and financial reporting.

For example, not only scientists of the United States directly engaged in accounting, but also famous scientists working in all economic areas contributed to the creation of the generally accepted accounting principles of the United States - GAAP. In addition, independent scientific research centers for the development of accounting theory have been operating in the country. In particular, the research carried out by Paton and Littleton was important in developing the rules of a unified approach to creating a general concept of international accounting standards.

The conceptual framework of financial reporting was published by the International Financial Reporting Standards Board in September 2010. It replaced the "Basics of preparation and presentation of financial statements" published by the International Standards of Financial Reporting Committee in 1989.

The conceptual framework is still being refined today. In particular, the Council and GAAP are working together with the American Financial Accounting Standards Board - FASB to develop a single conceptual framework project. This process is being implemented step by step. After the completion of each chapter, the relevant clauses of the conceptual framework for the preparation and presentation of financial statements, published in 1989, are replaced. After the conceptual framework change project is completed, the Board will have a complete, comprehensive, unified document called the Conceptual Framework for Financial Reporting.

This revision of the conceptual framework includes the first two chapters published by the Board as a result of the first phase of the conceptual framework change project: Chapter I - "Objectives of financial reporting intended for general use" and Chapter III - "Qualitative characteristics of useful financial information". Chapter II examines the concept of reporting entity. The Council published a draft document for discussion on this topic in March 2010, and the comment period ended on July 16, 2010. Chapter IV covers the remainder of Asos (1989).

The concept serves as a basis for evaluating and developing the currently applicable principles of financial reporting. It is a theoretical basis that determines exactly what events are taken into account, how they are evaluated and in what order the information is presented in the financial report presented to users for decision-making. It also consists of a system of rules that must be followed by the reporting organization for presenting financial statements to external users. The conceptual framework addresses the following issues:

- the purpose of financial reporting;
- quality characteristics of useful financial information;
- definition, recognition and evaluation of the elements that make up the composition of financial statements;
- principles of capital and capital preservation.

1-international standards of financial reporting "Presentation of financial statements" established general requirements for presentation of financial statements intended for general use, instructions on their structure and minimum requirements on their content. The conceptual framework defines the purpose of financial reporting.

Conceptually, the purpose of general purpose financial reporting is to provide the reporting entity with financial information about the entity that is useful for existing and potential investors, creditors, and other lenders in making resource allocation decisions. Therefore, the purpose of financial reporting intended for general use is the core of the Conceptual framework, its other issues, including the concept of

the reporting entity, the quality characteristics and limitations of useful financial information, the elements of financial reporting, their recognition, evaluation, presentation and disclosure the principles of giving logically follow from this goal.

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