THE IMPACT OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) ON GLOBAL ACCOUNTING

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Annotation

This thesis examines the impact of IFRS on global accounting from institutional and practical perspectives. The methodology combines regulatory analysis, comparative reasoning, and content analysis of implementation outcomes. The scientific novelty lies in a conceptual model that evaluates the trade-off between increased transparency and comparability and the compliance and transition costs affecting firms' access to global capital markets.

Keywords

IFRS, global accounting, financial reporting, comparability, transparency, capital markets, audit quality

Annotatsiya

Ushbu tezisning maqsadi IFRSning global buxgalteriya hisobi tizimiga ta'sirini institutsional va amaliy kesimlarda tahlil qilishdir. Metodologiya sifatida normativ-huquqiy tahlil, qiyosiy yondashuv va kontent tahlildan foydalaniladi. Ilmiy yangilik IFRSning shaffoflik, taqqoslanuvchanlik va kapital bozorlariga kirish xarajatlari o'rtasidagi muvozanatini baholovchi konseptual model taklif etilishidadir.

Kalit so'zlar

IFRS, global hisob, moliyaviy hisobot, taqqoslanuvchanlik, shaffoflik, kapital bozorlari, audit sifati

Аннотация

Цель тезиса состоит в анализе влияния МСФО на глобальную систему бухгалтерского учета в институциональном и прикладном разрезах. Методология включает нормативноправовой анализ, сравнительный подход и контент-анализ. Научная новизна заключается в предложении концептуальной модели, оценивающей баланс между прозрачностью, сопоставимостью отчетности и издержками внедрения МСФО для доступа к рынкам капитала.

Ключевые слова

МСФО, глобальный учет, финансовая отчетность, сопоставимость, прозрачность, рынки капитала, качество аудита

Introduction

International Financial Reporting Standards (IFRS) are now recognized as the common "language" of global accounting, facilitating cross-border capital flows by harmonizing reporting practices across jurisdictions. However, the impact of IFRS is not limited to the introduction of a set of technical standards: it changes the institutional environment, corporate governance standards, audit and control infrastructure, and the culture of using financial information. Therefore, when assessing the impact of IFRS on global accounting, two directions should be considered together: first, the increased requirements for information quality through the conceptual framework of the standards; second, the degree of adaptation of market and state mechanisms that ensure these requirements in the practice of the real sector and financial institutions. This thesis aims to justify that IFRS benefits investors by increasing comparability and transparency, but at the same time, due to the costs of adaptation and institutional imbalances, the expected result does not always occur automatically.

Main part

IFRS conceptually reinforces the investor-oriented reporting model: the main function of financial reporting is to provide decision-makers with information that reflects the economic substance of the financial position, financial performance and cash flows of the enterprise. This approach differs from systems where national standards are often more closely tied to the needs of tax reporting or prudential supervision. It is this difference that forms the "common criteria" of global accounting: the convergence of recognition and measurement to economic substance, the primacy of the principles of materiality and impartial presentation, and the expansion of disclosure. However, the primacy of economic substance increases the share of professional judgment in practice; as a result, the quality of reporting becomes more dependent on the competence of accountants, the quality of the audit and the discipline of corporate governance. Therefore, IFRS offers not "the same result", but "the same rules"; global comparability relies not on the rule, but also on the discipline of implementation and control mechanisms [1].

The positive impact of IFRS on the global level is explained, first of all, by reducing information asymmetry in cross-border investment decisions. For investors and creditors, the costs of reading reports prepared in different countries, comparing them with each other and assessing risk are reduced. This can reduce the cost of capital, diversify sources of financing and bring enterprises closer to the international market. This logical chain means that the benefits of IFRS are manifested not only when the reporting format is changed, but also when market participants are able to actively use this information. If the capital market is shallow, the share of external investors is low, or collateral and relationships are more decisive than information in bank lending, the "market discipline" channel of

IFRS is weakened. Thus, the impact of IFRS on global accounting will not be the same in different countries, but will be differentiated depending on the level of institutional development [2].

A key issue in the process of introducing standards is the balance between "adjustment costs" and "long-term benefits". The transition to IFRS requires enterprises to review accounting policies, update information systems, improve staff skills, and build expertise in valuation and model-based accounting (for example, fair value measurement). For large multinationals, these costs can be offset by economies of scale, but for small and medium-sized entities, the costs are relatively higher. This creates a two-tier effect in global accounting: on the one hand, large issuers and banks integrate with global markets through IFRS; on the other hand, simplified reporting models or national regulatory regimes remain for small entities, resulting in "core and periphery" rather than "full convergence" [3]. Therefore, when assessing the global impact of IFRS, special attention should be paid to the scope, segment of entities, and the level of obligation imposed on them.

To better understand the impact of IFRS, it is useful to distinguish three integral mechanisms within the institutional theory: normative convergence, operational convergence, and interpretative convergence. Normative convergence refers to the adoption of the text of the standard; this process occurs relatively quickly in many countries. Operational convergence refers to the actual application of the standards through auditing, regulatory oversight, case law, corporate governance, and disclosure culture; this stage is a slower and more resource-intensive process. Interpretive convergence, on the other hand, depends on the ability of the professional community to make similar decisions in similar situations, and is reinforced by educational standards, professional certification, methodological guides, and practical comments. If normative convergence lags behind operational and interpretative convergence, global accounting may result in "same in name, different in content" reports. This reduces the expected comparability for investors and limits the reputational benefits of IFRS [4].

One of the most significant channels of influence of IFRS on global accounting is related to the institution of audit quality and reliability. Since IFRS relies more on valuation models and professional judgment, the object of inspection for auditors expands: not only arithmetic accuracy, but also the validity of the chosen model, the consistency of assumptions, and the adequacy of information disclosure are assessed. This increases the requirements for competence, independence, and responsibility in the audit market. At the same time, if the quality of the audit does not increase, the complexity of IFRS may also increase the risk of "prettying up the report", since the possibility of controlling the result through subjective assessments expands. Thus, the positive impact of IFRS on global accounting is mutually complementary with the audit system, and the weakness of one reduces the effectiveness of the other [5].

In the conditions of Uzbekistan, the role of IFRS in the integration of global accounting is primarily associated with strengthening financial discipline in the corporate sector and developing an investor-oriented information environment. The process of transition to international standards in the country encourages enterprises to restructure their accounting policies, develop reporting consolidation practices, and use market indicators and discounting mechanisms in the valuation of assets and liabilities. However, in the transition process, personnel training, professional translation and uniformity of terminology, compatibility of IT systems, and quality parameters of the audit services market are of decisive importance. As local researchers have noted, it is not the formal adoption of standards, but their methodological harmonization with national accounting practice and improving the analytical skills of reporting users that determines the result [6]. Therefore, although the introduction of IFRS is a necessary condition for integration into global accounting, it is not a sufficient condition; it should be accompanied by institutional reforms.

Conclusion

The thesis proposes a conceptual model of "benefit-cost and institutional compatibility" to assess the impact of IFRS. According to the model, the expected net impact of the introduction of IFRS depends on three blocks of factors: the first block represents the benefits of information quality (comparability, transparency, and clarity of risk assessment); the second block covers the costs of adaptation (training, systems, assessment, audit); and the third block determines the institutional fit factor (supervision, law enforcement, corporate governance, maturity of market demand). If the third block is low, the benefits of the first block are not fully realized in practice, and the costs of the second block are felt relatively heavily. On the contrary, if institutional fit is high, IFRS accelerates real convergence in global accounting and reduces information barriers to accessing capital markets. This approach to assessing IFRS, instead of a simplistic view of "standards are good or bad", shows analytically how the result depends on the circumstances. In conclusion, it can be said that IFRS strengthens the information base for cross-border capital flows by deepening regulatory convergence in global accounting and increasing the comparability and transparency of financial reporting. At the same time, the real impact of IFRS will directly depend on the convergence of implementation and interpretation, that is, the maturity of audit quality, control infrastructure, professional competencies and market demand. The cost-benefit and institutional fit model proposed in the thesis allows us to assess the outcome of IFRS implementation depending on the circumstances, justifying the need for priority allocation of resources in the areas of personnel, audit and information systems.

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