



**ISSUES OF IMPLEMENTING THE STANDARD "PRESENTATION OF  
FINANCIAL STATEMENTS IN COMMERCIAL BANKS" (IAS 1) IN  
PRACTICE**

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<b>ABSTRACT</b>	<b>KEY WORDS</b>
<p>This article examines the issues of presenting financial statements in commercial banks, specifically the implementation of IFRS 1. Using Asakabank as a case study, the paper provides statistical analysis of the theoretical and practical aspects of adapting international accounting standards to the banking system of Uzbekistan.</p>	<p>Financial reporting, IFRS, commercial banks, Asakabank, transparency, international standards.</p>

**Introduction**

In recent years, significant reforms have been implemented in the Republic of Uzbekistan to enhance the transparency of the banking and financial system, strengthen financial stability, and advance integration into international financial markets. One of the most crucial components of these reforms is the alignment of the accounting and financial reporting system with international standards.

International Financial Reporting Standards (IFRS) are widely applied in international practice, enabling banks to effectively exchange information with investors and provide reliable and comparable data about their financial position. In this context, IFRS 1 - "Presentation of Financial Statements" is considered one of the most fundamental standards in the operations of commercial banks.

This article comprehensively explores the theoretical foundations of IFRS 1, the prospects for its implementation in Uzbek commercial banking practices, and the results, existing challenges, and proposed solutions using JSC "Asakabank" as a case study.

**ANALYSIS OF LITERATURE RELATED TO THE TOPIC**

International practice in presenting financial statements today has an extremely rich and comprehensive body of experience. In particular, the International Financial Reporting Standards (IFRS), developed and regularly updated by the IFRS Foundation, serve as the primary methodological source for banks and financial institutions. These standards ensure the transparency, comparability, and reliability of financial information, significantly simplifying the decision-making process for investors and creditors.

Additionally, annual reports published by leading international audit firms - "Deloitte" (Deloitte Touche Tohmatsu Limited), "PwC" (PricewaterhouseCoopers), "KPMG" (Klynveld Peat Marwick Goerdeler), and "EY" (Ernst & Young) - provide deeper insight into the practical aspects of IFRS.

Furthermore, contemporary scholars such as Mary Barth and Stephen Zeff are advancing scientifically grounded conclusions regarding the role of IFRS in accelerating investment flows in the global economy.

In the local scientific literature, Professor A.V. Vahobov's works on ensuring the financial stability of commercial banks, B. Asadov's book "Bank Finance and Reporting System," and Sh. Khannaev's articles dedicated to improving the efficiency of banking activities are of particular significance.

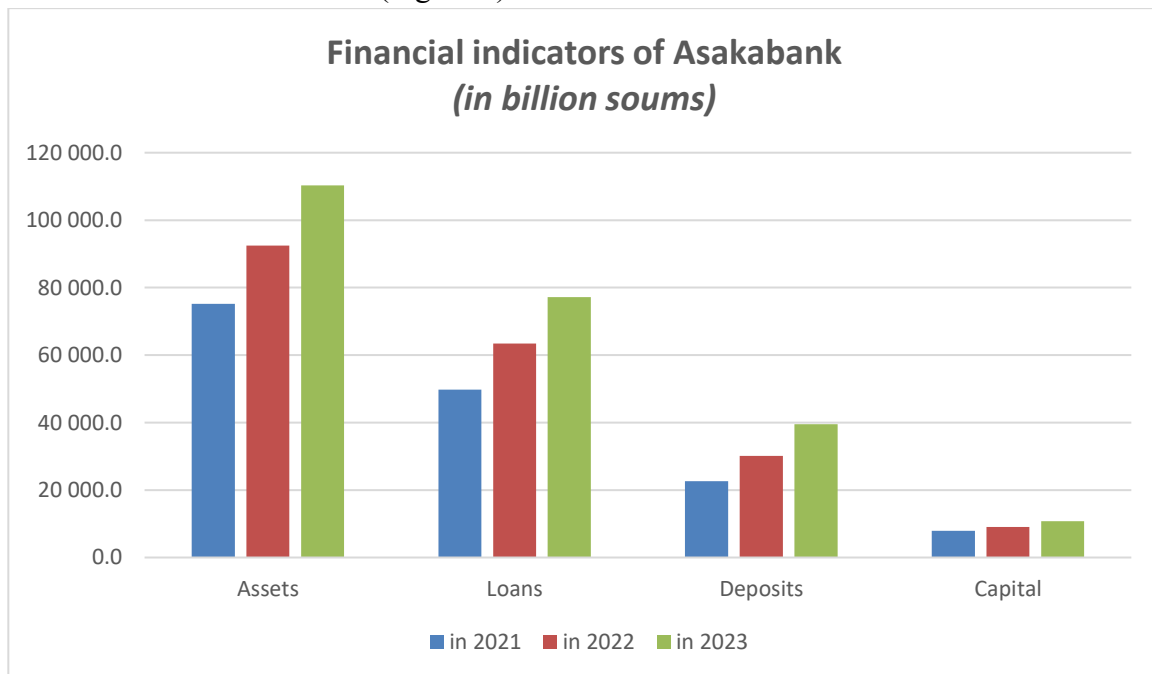
As a regulatory and legal foundation, the Decree of the President of the Republic of Uzbekistan No. UP-5992 dated May 12, 2020, resolutions of the Ministry of Finance, and directives of the Central Bank serve as the primary sources for the implementation of IFRS 1.

**RESEARCH METHODOLOGY**

In conducting this scientific work, a comparative analysis was performed based on the examination of regulatory legal documents and a comparison of international practices with those of Uzbekistan. Statistical analyses were carried out using the main financial indicators from JSC "Asakabank's" annual reports for 2021-2023. The scientific validity of the research results was ensured through the application of a systematic approach as the methodological foundation.

**ANALYSIS AND RESULTS**

In recent years, transitioning financial reporting to international standards has been identified as one of the crucial tasks in Uzbekistan's banking sector. Specifically, the process of implementing IFRS 1 was analyzed using JSC "Asakabank" as a case study. The following table illustrates the bank's key financial indicators for 2021-2023 (Figure 1):



**Figure 1. Financial indicators of Asakabank (in billions soums)**

As evident from the table, between 2021 and 2023, assets increased by 46%, loan portfolios grew by 55%, and deposits rose by 75%. This growth demonstrates the stability of banking operations and indicates increasing public trust in the bank.

**Table 1. Asset Composition of Asakabank (in percentages)**

Indicator	2021	2022	2023
Loans	66%	68%	70%
Cash and other assets	18%	16%	15%
Investments	10%	11%	10%
Other assets	6%	5%	5%

This table shows that loans constitute the main part of the bank's assets, and this share is increasing year by year. This indicates the bank's active participation in supporting the real sector.

The analysis results reveal that all the bank's main indicators have positive dynamics. In particular, the rapid growth of deposits signifies increasing confidence in the bank.

The process of implementing IFRS in Uzbekistan is being carried out in stages. However, there are some differences between the existing National Accounting Standards (NAS) and international standards. For example, differences are observed in asset and liability valuation methods, income recognition criteria, and capital revaluation mechanisms. This requires banks to review their accounting policies.

The introduction of IFRS in the Republic of Uzbekistan is supported at the state level. Specifically, based on the Decree of the President of the Republic of Uzbekistan dated February 24, 2020 No. PP-4611 "On Measures for the Phased Introduction of Financial Reporting in Accordance with International Standards," it was established that joint-stock companies, commercial banks, insurance organizations, and legal entities classified as large taxpayers shall organize accounting based on IFRS starting from January 1, 2021, and prepare financial statements based on IFRS from the end of 2021.

As a result of implementing the President's decrees, the financial statements of banks are being recognized by international financial institutions, the attractiveness of Uzbekistan's banking sector for foreign investors is increasing, and adaptation to international standards in the field of domestic auditing is accelerating.

With Asakabank's gradual transition to IFRS, it is becoming possible to objectively assess the quality of assets in the loan portfolio, and the bank's international ratings are being strengthened by providing transparent reporting in negotiations with investors.

At the same time, problems such as the shortage of qualified accountants and auditors in implementing IFRS, the level of commercial banks' provision with software that meets international standards, and staff retraining have not been fully resolved.

## CONCLUSIONS AND PROPOSALS

Based on the analyses conducted, several conclusions were developed:

1. The implementation of IAS 1 (Presentation of Financial Statements) serves to increase the transparency, comparability, and reliability of commercial banks' activities. This is considered an important factor in ensuring financial stability in the banking sector and strengthening confidence in international ratings.
2. The experience of Asakabank demonstrates that the process of adapting to international standards is being carried out gradually and consistently. This process is reflected in all areas of banking activity - lending, risk management, attracting investments, and improving accounting policies.

3. The strengthening of the regulatory and legal framework and the implementation of tasks defined in Presidential decrees are creating conditions for banks to adapt more quickly to international financial reporting standards.

Based on the above, it is possible to increase the effectiveness of IFRS implementation in commercial banks, particularly in JSC "Asakabank," by organizing regular IFRS training for bank employees, modernizing information systems, further adapting legislation, and establishing an exchange of experience between commercial banks.

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