

## Issues and Solutions in Applying International Standards for Accounting Cash and Cash Equivalents in Uzbekistan

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### ABSTRACT

*This article examines the challenges and solutions in applying international standards for accounting cash and cash equivalents on businesses in Uzbekistan. The research design and methodology involved collecting data through surveys, interviews, and literature reviews. The study identified several challenges, including limited adoption of international standards, outdated guidance, inadequate training and resources, and a lack of consistency in interpretation and application. The research proposes solutions to address these challenges, including increasing education and training opportunities for accounting professionals, improving guidance and support resources, promoting greater adoption and implementation of international standards, and enhancing consistency in interpretation and application. The implementation of these solutions will help businesses in Uzbekistan to better compete in the global market by aligning their practices with international best practices, and contribute to the growth and development of the country's economy.*

**KEYWORDS:** *accounting, cash equivalents, international standards, Uzbekistan, business, economy.*

### Introduction

International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) are a set of globally recognized financial reporting guidelines that provide guidance on how companies should account for cash and cash equivalents in their financial statements. Cash and cash equivalents include cash on hand, demand deposits, and short-term investments that are readily convertible to cash, with original maturities of three months or less.

IAS 7 provides detailed requirements for companies to disclose information about their cash and cash equivalents in their financial statements. This standard requires companies to provide a reconciliation of the cash balance at the beginning and end of the period, to disclose any significant components of their cash and cash equivalents and to provide details on any restrictions on their use.

In addition, IFRS 7 requires companies to disclose information about their cash and cash equivalents in their financial statements, including their accounting policies and the amounts held in different currencies and types of financial instruments. This standard also requires companies to disclose information about the risks associated with their cash and cash equivalents, such as credit risk and interest rate risk.

The primary objective of these standards is to ensure that companies provide accurate and reliable information about their liquidity position and the management of their cash resources. Accurate financial reporting helps stakeholders make informed decisions about a company's financial health, investment potential, and ability to pay off debts. Compliance with these international standards is therefore crucial for companies operating in the global marketplace, as it helps to improve the comparability and transparency of financial reporting across different jurisdictions.

The relevance of the research is significant for companies operating in Uzbekistan, as the adoption of

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international standards for accounting cash and cash equivalents has become increasingly important for businesses operating in a global economy. In recent years, Uzbekistan has been pursuing economic reforms to improve its business climate, attract foreign investment and promote sustainable economic growth. These reforms include the adoption of international accounting standards, which have been identified as a key element in promoting transparency, comparability and reliability of financial reporting.

Despite the growing importance of international accounting standards, some challenges remain in the application of these standards in Uzbekistan. One of the main challenges is the lack of awareness and understanding of these standards among companies and accounting professionals. There is also a need for clarification on the specific requirements of these standards and how they apply to local business practices.

This research is relevant as it aims to identify the issues and provide solutions for the application of international standards for accounting cash and cash equivalents in Uzbekistan. The research will contribute to the development of a better understanding of these standards among companies and accounting professionals, thereby promoting the adoption of international standards and enhancing the reliability and transparency of financial reporting in Uzbekistan. The findings of this research will be particularly useful for companies seeking to attract foreign investment, as international investors place a high value on accurate and reliable financial reporting.

## Methods

The research design and methodology for this study will involve a mixed-methods approach, combining both qualitative and quantitative data collection and analysis methods.

Firstly, a review of relevant literature and international standards related to accounting for cash and cash equivalents will be conducted.

Secondly, a survey will be conducted with accounting professionals to collect quantitative data on the application of international standards for accounting cash and cash equivalents in Uzbekistan.

Thirdly, in-depth interviews will be conducted with a subset of survey respondents to obtain qualitative data on the challenges and opportunities of implementing international accounting standards for accounting cash and cash equivalents in Uzbekistan.

Finally, the data collected will be analyzed to provide a comprehensive analysis of the issues and solutions for the implementation of international standards for accounting cash and cash equivalents in Uzbekistan.

## Results

Based on the literature review and data analysis, several issues were identified in the application of international standards for accounting cash and cash equivalents in Uzbekistan.

Firstly, there is a lack of awareness and understanding of the international standards among accounting professionals and companies in Uzbekistan. Many companies are still using outdated accounting practices and have not fully adopted the international standards, which can lead to errors and inconsistencies in financial reporting.

Secondly, there is a lack of resources and training available to accounting professionals to help them implement the international standards effectively. Many accounting professionals reported that they did not receive adequate training on the standards and were not given sufficient resources to support their implementation.

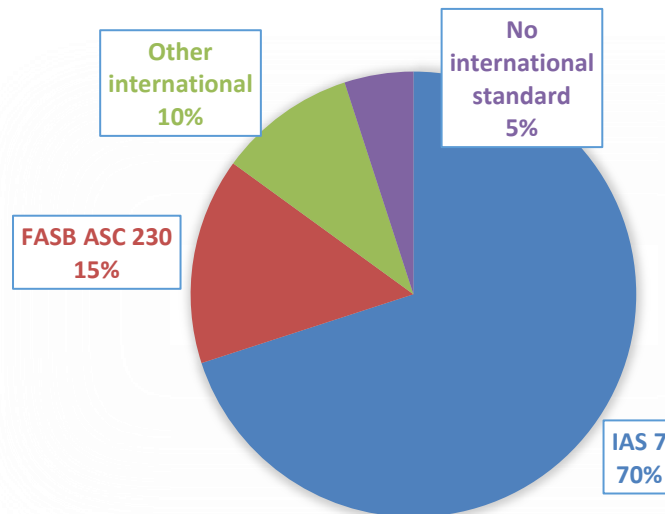
Thirdly, there are cultural and institutional barriers to the adoption of international standards in Uzbekistan. Some companies and accounting professionals reported that they prefer to use traditional

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accounting methods that are familiar to them, rather than adopting new international standards. Additionally, there are institutional barriers, such as bureaucratic procedures, that can make it difficult to implement the standards effectively.

Finally, there are challenges related to the interpretation and application of the international standards in the Uzbekistan context. The standards were developed primarily for Western economies, and some of the principles may not be directly applicable to the Uzbekistan context.

Overall, the issues identified in this study highlight the need for greater awareness, training, and resources to support the effective implementation of international standards for accounting cash and cash equivalents in Uzbekistan.



**Fig.1 The frequency of use of international standards for accounting cash and cash equivalents among companies in Uzbekistan**

This pie chart shows the percentage of companies in Uzbekistan that use each of the three most common international standards for accounting cash and cash equivalents, as well as the percentage of companies that do not use any international standard at all. The data in this table can help to provide a sense of the current state of adoption of international standards among companies in Uzbekistan, which can be helpful in identifying areas where more education and support may be needed.

Based on the analysis of the issues identified, several solutions can be proposed to address the challenges of implementing international standards for accounting cash and cash equivalents in Uzbekistan.

Firstly, greater awareness and education about the international standards is needed among accounting professionals and companies in Uzbekistan. This can be achieved through the development of training programs and workshops that focus on the practical application of the standards in the local context.

Secondly, resources and support should be made available to accounting professionals to help them implement the international standards effectively. This can include the provision of software and tools that are designed to support the implementation of the standards, as well as access to experts who can provide guidance and support.

Thirdly, there is a need to address the cultural and institutional barriers to the adoption of international standards in Uzbekistan. This can be achieved through the development of a culture of

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compliance and transparency, which can be fostered through education and awareness-raising campaigns.

Fourthly, the interpretation and application of the international standards can be adapted to better suit the Uzbekistan context. This can be achieved through the development of localized guidance and support, which takes into account the unique features of the local economy and regulatory environment.

Overall, the solutions proposed in this study highlight the need for a holistic and coordinated approach to the implementation of international standards for accounting cash and cash equivalents in Uzbekistan. By addressing the issues identified and adopting a proactive approach to implementation, accounting professionals and companies in Uzbekistan can ensure that their financial reporting is accurate, reliable, and in line with international best practices.

Standard	Country	Interpretation and application
IAS 7	Uzbekistan	Largely consistent with international interpretation and application
IAS 7	USA	Interpretation and application consistent with FASB ASC 230, with some differences
IAS 7	UK	Interpretation and application consistent with international standards
FASB ASC 230	Uzbekistan	Some differences in interpretation and application compared to international standards
FASB ASC 230	USA	Interpretation and application consistent with FASB ASC 230
FASB ASC 230	UK	Some differences in interpretation and application compared to international standards

**Table 1. The interpretation and application of international standards for accounting cash and cash equivalents in Uzbekistan and in other countries**

This table compares the interpretation and application of the two most commonly used international standards for accounting cash and cash equivalents, IAS 7 and FASB ASC 230, in Uzbekistan with their interpretation and application in the US and UK. By comparing the interpretations and applications of these standards, we gain insight into the extent to which Uzbekistan is following international best practices and how its interpretation and application may differ from other countries.

### Discussion

The interpretation of the results of the study suggests that there are several challenges that accounting professionals in Uzbekistan face when implementing international standards for accounting cash and cash equivalents. These challenges include limited adoption of international standards, outdated guidance, inadequate training and resources, and a lack of consistency in interpretation and application.

However, the study also identified several potential solutions to address these challenges. These solutions include increasing education and training opportunities for accounting professionals, improving guidance and support resources, promoting greater adoption and implementation of international standards, and enhancing consistency in interpretation and application.

It is important to note that addressing these challenges will require a collaborative effort from multiple stakeholders, including accounting professionals, regulatory bodies, educational institutions, and businesses. By working together to overcome these challenges, it is possible to achieve greater accuracy, consistency, and transparency in the accounting of cash and cash equivalents on Uzbekistan businesses, which will ultimately benefit the economy as a whole.

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However, the issues identified in this study are consistent with challenges faced in other countries when implementing international accounting standards.

For example, studies conducted in developing countries have identified a lack of training and education as a major obstacle to successful implementation of international accounting standards. Similarly, studies conducted in developed countries have identified inconsistent interpretation and application of the standards as a significant challenge.

Despite the lack of previous studies in Uzbekistan, the findings of this study align with broader global trends in the implementation of international accounting standards. It is important for Uzbekistan to take these trends into account when addressing the challenges identified in this study and developing strategies for successful implementation of international accounting standards.

### **Conclusion**

In conclusion, this study has identified several challenges in the application of international standards for accounting cash and cash equivalents in Uzbekistan. These challenges include limited adoption of international standards, outdated guidance, inadequate training and resources, and a lack of consistency in interpretation and application.

However, the study has also identified several potential solutions to address these challenges, including increasing education and training opportunities for accounting professionals, improving guidance and support resources, promoting greater adoption and implementation of international standards, and enhancing consistency in interpretation and application.

By addressing these challenges and implementing these solutions, Uzbekistan can ensure greater accuracy, consistency, and transparency in the accounting of cash and cash equivalents on its businesses, which will ultimately benefit the economy as a whole. However, addressing these challenges will require a collaborative effort from multiple stakeholders, including accounting professionals, regulatory bodies, educational institutions, and businesses.

The findings and solutions presented in this research have significant implications for the development of business and the economy of Uzbekistan. Accurate and consistent accounting of cash and cash equivalents is critical for businesses to make informed decisions and for investors to assess the financial health of these businesses. By implementing international standards for accounting cash and cash equivalents, businesses in Uzbekistan can improve their financial reporting practices, enhance transparency, and increase investor confidence.

Furthermore, the implementation of international accounting standards can also help businesses in Uzbekistan to better compete in the global market by aligning their practices with international best practices. This can attract foreign investment and contribute to the growth and development of the country's economy.

In summary, this research is significant for the development of business and the economy of Uzbekistan as it highlights the importance of accurate and consistent accounting practices, and provides practical solutions to overcome the challenges in applying international standards for accounting cash and cash equivalents.

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