INTERNATIONAL JOURNAL ON ECONOMICS, FINANCE AND SUSTAINABLE DEVELOPMENT
E-ISSN: 2620-6269

IJEFSD

Available online at www.researchparks.org

RESEARCH PARK

https://journals.researchparks.org/index.php/IJEFSD

Vol. 5 No. 9 | September 2023

PREPARATION OF FINANCIAL STATEMENTS FOR BUSINESS SUBJECTS

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ABSTRACT

Accounting account international Standards 27 The purpose of the standard is to establish accounting and disclosure requirements for investments in subsidiaries, joint ventures and subsidiaries when an entity prepares separate financial statements. This Standard applies to accounting for investments in affiliates, joint ventures, and subsidiaries when an entity elects to present separate financial statements, or is required by national regulations to provide such reports.

ARTICLE INFO

Article history:
Received 25 August 2023
Received in revised form 31 August 2023
Accepted 1 September 2023

Keywords:
Financial Reporting, financial statements, Joint Operations Agreements, joint venture.

Introduction

The standard does not specify which business entities should prepare separate financial statements. It is used by a business entity when preparing separate financial statements in accordance with International Standards of Financial Reporting.

In this standard, the following terms are used with the following defined meanings:

Consolidated financial statements are financial statements of the group, in which the assets, liabilities, capital, income, expenses and cash flows of the main organization and its subsidiary business entities are presented as belonging to a single economic entity.

Separate financial statements are those presented by the parent entity (or an investor that controls a subsidiary) or an investor that has joint control or significant influence over such an investee.

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Peer review under responsibility of Emil Kaburuan.

reports in which the investments in the investee are stated at cost or International Financial Reporting Standards 9 "Financial instruments" are taken into account.

Main part

The following terms are included in Appendix A of International Financial Reporting Standards 10 "Consolidated Financial Statements", International Financial Reporting Standards 11 in Appendix A of " Joint Operations Agreements " and International Accounting Standards 28 "Investments in Subsidiaries and Joint Ventures" defined in clause 3 of:

- dependent business entity
- control over the investment object
- group
- investment business entity
- joint control
- joint venture
- joint venture owner
- parent organization
- significant impact
- branch business entity.

Separate financial statements are reports that are presented in addition to consolidated financial statements, or to financial statements in which investments in subsidiaries or joint ventures are accounted for using the equity accounting method, except for the cases specified in paragraphs 8-8A. Separate financial statements are not required to be attached to, or submitted with, these reports.

Financial statements using the equity method of accounting are not considered separate financial statements. Also, the financial statements of a business entity that does not have a share as a subsidiary business entity, a dependent business entity, or a joint venture owner in a joint venture are not considered separate financial statements of exempted from consolidation (consolidation) in accordance with the relevant paragraph 10 of International Financial Reporting Standards or exempted from using the equity method of accounting in accordance with paragraph 17 of International Accounting Standards 28 (amended in 2011) shall present separate financial statements only as its own financial statements. possible

of International Financial Reporting Standards 10, during the current period and all comparative periods presented, an investment business entity that is required to apply the exception to the consolidation (consolidation) of all its subsidiary business entities shall present separate financial statements only as its own financial statements.

Separate financial statements must be prepared in accordance with all applicable International Financial Reporting Standards , except as provided in paragraph 10.

When an entity prepares separate financial statements, it includes investments in subsidiaries, joint ventures, and dependent entities:

should be accounted for at cost or in accordance with International Financial Reporting Standards 9.

A business entity should consider each category of investments equally.

Investments accounted for at cost should be accounted for in accordance with International Financial Reporting Standards 5 "Non-current assets held for sale and discontinued operations" when they are classified as held for sale (or included in the derecognition group classified as held for sale) **.** The valuation of investments accounted for in accordance with **International Financial Reporting Standards 9 does not change in such cases.**

If an entity elects, in accordance with paragraph 18 **of International Accounting Standards 28 (as amended in 2011),** to reflect its investments in associates or joint ventures as investments at fair value through profit or loss in accordance with **International Financial Reporting Standards 9, it** should be taken into account in the same way in its separate financial reports.

If the parent entity is required, in accordance with paragraph 31 of **International Financial Reporting Standards** 10, to reflect its investment in a subsidiary business entity as an investment with changes in fair value recognized in profit or loss in accordance with International Financial Reporting Standards 9, such parent entity shall present its investment in the subsidiary business entity in its separate financial statements **.** should be taken into account in the same way in the reports.

When the status of an investment business entity of the main organization is terminated, or it is changed to an investment business entity, such a change should be taken into account from the date of the change in status as follows:

when the status of an investment business entity of the main organization is terminated, the main organization in accordance with paragraph 10:

the subsidiary should account for the investment in the business entity at cost. The fair value of the subsidiary business entity on the date of change of status should be taken as the cost on this date; or the investment in the subsidiary shall continue to be accounted for in accordance with **International Financial Reporting Standards 9.**

shall account for the investment in the business entity as an investment at fair value through profit or loss in accordance with **International Financial Reporting Standards 9.** The difference between the previous balance sheet value of the subsidiary business entity and its fair value on the date of change in investor status should be recognized as a profit or loss in profit or loss. The cumulative amount of any fair value adjustment previously recognized in other comprehensive income in respect of those subsidiaries is treated as if the investee had derecognised those subsidiaries on the date of the change in status.

An entity shall recognize a dividend received from an affiliate, joint venture or subsidiary in profit or loss in its separate financial statements when the right to receive the dividend arises.

When a parent organization reorganizes its group structure by establishing a new business entity as its parent organization in a way that meets the following criteria:

if the new parent entity acquires control over the original parent entity by issuing equity instruments in exchange for the existing equity instruments of the original parent entity;

the assets and liabilities of the new group and the original group are the same immediately before and after the reorganization;

Conclusion

If the owners of the original parent before the reorganization have the same absolute and relative shares in the net assets of the original group and the new group immediately before and after the reorganization, and if the new parent takes into account its investment in the original parent in its separate financial statements in accordance with the relevant paragraph, the new business entity should estimate the cost at the balance sheet value of its share in the capital items reflected in the separate financial statements of the original parent organization on the date of reorganization.

Also, a business entity that is not a parent organization may establish a new business entity as its parent organization in a way that satisfies the criteria in paragraph 13. In such cases, "initial parent organization" and "initial group" shall mean "initial business entity".

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