

Implementation of IFRS in electric power companies of Uzbekistan taking into account national peculiarities and specifics energy sector

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Abstract : The movement of business towards a global economy has accelerated the need for a transition to global accounting standards. Discusses the differences between IFRS and US GAAP, the need for convergence and harmonization into a single set of global accounting standards. This will lead to a more stable and prosperous world economy and will help solve many of the world's financial reporting problems.

The article describes the difference between the IFRS service and the US GAAP standards, its role and importance in strategy and current oversight..

Keywords: US GAAP, collection threshold, IFRS, improvement, annual planning, historical price, documentation

1.Introduction

Uzbekistan is one of the countries that fully meet their needs at the expense of their own energy resources. Our country owns a significant part of the installed capacities for the generation of electrical energy of the unified energy system of Central Asia.

Uzbekistan's success in achieving energy independence is well known. Major projects have been developed and are being implemented to modernize the industry, aimed both at increasing

the production of electricity and at its efficient, rational use. With the development of the economy, the improvement of the social sphere, the growth of well-being and living standards of the population, the need for energy supply also increases. And this requires an accelerated reform of the energy sector and the determination of a further strategy for its development. At the same time, in recent years, consistent work has been carried out on the integrated development of the fuel and energy industry and the diversification of energy sources, which are an important factor in meeting the ever-increasing demand for energy resources.

Without ensuring the reliable functioning of the country's electric power industry, it is not possible to increase the industrial potential of the sectors of the economy and regions of the country, stimulate the development of entrepreneurial activity, achieve welfare growth and improve the quality of life of the population.

“On January 13, 2022, the Senate Committee on Aral Sea Development held a meeting to discuss the work being done in Karakalpakstan on the use of solar and wind energy in the economy, social facilities and housing, as well as the priorities of the development strategy for 2022-2026.

Hydrocarbon reserves are declining year by year, and the price of oil and gas on the world market is rising, which requires humanity to widely introduce the use of solar, wind and other renewable energy sources.

By 2026, electricity generation will increase by an additional 40 billion kWh to a total of 110 billion kWh, saving about 3 billion cubic meters of natural gas per year by increasing the share of renewable energy sources to 25% by 2026, and reducing emissions. It is planned to reduce the volume to 8 million tons.

In this regard, it is planned to develop a program to expand and support the use of renewable energy sources, including the construction of 8 wind farms in the Republic of Karakalpakstan and the regions, the construction of additional capacity of 4 GW by launching 4 GW and 10 solar photovoltaic plants.

Therefore, one of the most important national goals and objectives in the field of sustainable development is to significantly increase the share of energy from renewable sources by 2030. As a result of the acceleration of reforms in the country, the development of industry, population growth, the demand for energy is expected to increase sharply, almost doubling by 2030.

Low energy efficiency in various sectors of the economy, inefficient use of natural resources, slow technological innovation, insufficient participation of the private sector in the implementation of innovative solutions to develop a "green economy" may affect the achievement of national goals and objectives in sustainable development.

To this end, it is worth noting that in 2022 it is planned to sign a project agreement on the construction of a 1,700 MW wind farm in Karakalpakstan.

In this regard, increasing the energy efficiency of the economy and the social sphere, the widespread use of renewable energy sources to provide the population with cheap and convenient energy is one of the current directions.

The energy sector plays a key role in the global economy, and more and more companies are now entering the external market, and some are starting to operate on a global level. The implementation of IFRS offers many energy companies significant long-term benefits, but it also poses significant challenges. The energy sector is characterized by the need for significant investments in the preliminary period, which is often accompanied by uncertainty about possible results in the long term. Difficulties arising in the areas of geopolitics, environmental protection, energy and natural resource supply, and trade, combined with the complex relationships of companies with stakeholders and other enterprises, mean that the transition to IFRS requires some complex judgments in relation to the implementation of new standards.

International Financial Reporting Standards (IFRS) is a set of standards that are used to prepare financial statements in a company so that investors (actual or potential) can get acquainted with the full financial picture of the enterprise and make certain management decisions.

The main measures to achieve the objectives of the reform of accounting and financial reporting are to address the following issues (Figure 1):

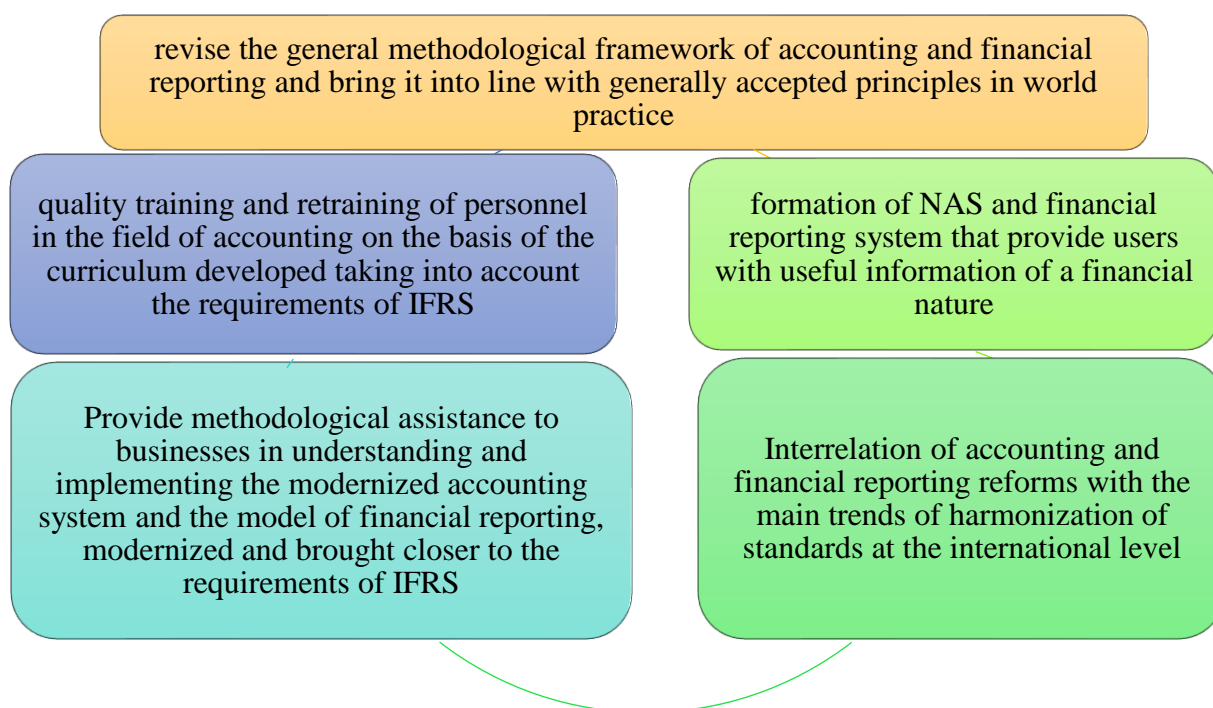


Figure 1. The main measures for the introduction of IFRS in the Republic of Uzbekistan.

US GAAP, in turn, is an alternative system of financial accounting standards and principles that are most commonly used in the United States.

Because these methodologies work well, many companies keep their accounts under IFRS or US GAAP, and many governments strive to have their national accounting standards equal to IFRS or US GAAP.

Financial statements in different countries have generally the same semantic meaning, but the order in which they are compiled is different. In some countries, the procedure, principles for compiling, disclosing accounting information in financial statements are regulated at the legislative level, in others a great initiative belongs to the compiler. Therefore, financial statements prepared by economic entities may be different both in external format and in internal content, and more precisely, in the order in which information is presented and disclosed. In order to harmonize national accounting systems, the national accounting laws of many countries have taken steps to bring them closer together. Such basic foundations can be international financial reporting standards (IFRS), US generally accepted accounting principles (US Generally Accepted Accounting Principles - US GAAP). Of course, for business, such harmonization, and sometimes standardization, seems to be more preferable than a chaotic approach to reporting.

Taking into account the strategic goals of the reforms being carried out in our country, it is necessary to introduce a unified standardization system for the energy industry, deeply studying the practical experience of developed and developing countries to implement international financial reporting standards, taking into account the national peculiarities of the regulatory framework and the specifics of the country's energy sector. In this regard, it is necessary to study the mechanism for the implementation of IFRS or US GAAP in the energy sector.

2. Literature review.

The United States government and the business community have been instrumental in shaping the accounting profession in terms of accounting standards. In addition to government and business, technology has also played a role in shaping the future of the accounting profession. With the advent of technology and computer communications, information could be quickly recorded and transmitted with astonishing accuracy. Thus, the World Wide Web in the 1990s created a source of reliable international financial information. The Internet technology standard protocol has contributed to the growth of global business. The growth of global business has led to an increased focus on the growth of global transactions. In 1999, the Bank for International Settlements (BIS) found that the annual value of cross-border debt and equity transactions exceeded the value of national gross domestic product in many Western economies, including the United States, Canada, and Germany and France. Growing interest in foreign financial activities has created a demand for accounting standards that meet the needs of investors and companies operating in global equity markets (Bank on International Settlement, 1999). In 2000, Günter Gebhardt of the Brookings Institution wrote that market demand and market forces would achieve generally accepted accounting standards (Gebhardt, 2000).

Theoretical and practical problems of IFRS are devoted to the works of many foreign scientists and practitioners, including such as M.S. Abryutina, M.I. Bakanov, V.V. Bocharov, Yu.F. Brigham, J.C. Van Horn, W.W. Glukhov, A. Damodaran, L.V. Dontsova, B. Zvi, V.V.

Kovalev, V.E. Leontiev, N.A. Nikiforova, N.P. Radkovskaya, G.V. Savitskaya, E.S. Stoyanova, K. Walsh, A.D. Sheremet.

Theoretical approaches to the formation of consolidated financial statements were studied in the works of scientists: A.S. Bakaeva, V.G. Getman, A.L. Dallakyan, N.P. Kondrakova, V.D. Novodvorsky, V.F. Paliya, V.V. Patrova, N.N. Selezneva, I.P. Skobeleva, V.P. Suytsa, A.N. Khorina, V.T. Tea.

At present, the issues of the content of International Financial Reporting Standards are given great attention in the works of foreign scientists. The presentation of the provisions of IFRS, consideration of the procedure for their development, analysis of the problems of their practical application, the complexity of using IFRS are reflected in the works of: I.V. Avercheva, O.A. Ageeva, A.O. Birina, M.A. Vakhrushina, L.V. Gorbatova, L.N. Guest, T.Yu. Druzhilovskaya, I.A. Dymova, V.V. Kachalina, E.P. Konstantinova, O.E. Nikolaeva, T.N. Malkova, M.A. Melnikova, E.A. Mizikovskiy, V.F. Paliya, N.S. Plaskova, Yu.I. Proskurovskaya, S.I. Puchkova, S.A. Rasskazova-Nikolaeva, O.V. Rozhnova, T.V. Shishkova, L.Z. Shneidman and others. However, the literature has not developed a unified approach to the formation of the concept of International Financial Reporting Standards, there is no understanding of them as a system based on a set of interrelated conceptual provisions, an analysis of the theoretical problems of the formation of a system of standards is not presented, the trends in the development of IFRS as a system, ways of improvement.

A large number of studies in English, conducted as part of the work of both international and foreign national ones, are devoted to the problems of applying IFRS. In the English-language literature, the problems of international standardization of accounting and reporting are considered in the works of D. Alexander, J. Arnold, A. Britton, J. Weigandt, H. Gernon, J. Godfrey, S. Gray, H. Grüning, S. Deegan, P. Delaney, D. Kieso, G. Miika, G. Muller, B. Needles, K. Nobes, R. Parker, L. Radebau, A. Riahi-Belcaoui, C. Roberts, T. Sutton, A. Higson, J. -M. Hitz, T. Hope, J. Unerman, J. Welsch, F. Choi, H. Edey, R. Anthony and others.

Of great interest to modern scientists are the problems of accounting for equity, which are devoted to a fairly large number of publications. Among them are studies of the problems of accounting for authorized capital (I.A. Kuzmina, E.D. Ovchinnikova, E.N. Koroleva, B.Yu. Kruglova, A.I. Bychkov and others), accounting for additional and reserve capital (I.A. Kuzmina, O.V. Burlakova, T.Ya. Mazurenko and others), valuation of equity capital, its use and maintenance (L.V. Sotnikova, C.A. Vereshchagin, S.M. Bychkova, D.G. Badmaeva, V.S. Plotnikov, A.S. Pakhomov, D.V. Lugovskoy, Yu.A. Abrosimova and others).

Modern scientific publications show the obvious relevance of studying the problems of forming an organization's accounting policy. So, T.Yu. Druzhilovskaya and T.N. Korshunova explore the essence of the accounting policy of non-profit organizations; S.N. Shchadilova considers this issue within the framework of International Financial Reporting Standards IFRS. The attention of a number of authors (A.S. Kutepov, M.D. Akatieva, etc.) was attracted by the problems of forming an accounting policy for the purposes of segment accounting.

Modern accounting (financial) accounting, accounting policy and reporting inevitably rely on the application of professional judgment of an accountant. This fact is reflected in the topics of

scientific research of the presented publications. E.V. Sataalkina examines the relationship between professional judgment and basic accounting principles. T.Yu. Druzhilovskaya and T.N. Korshunova offer a methodology for the formation of accounting policies based on professional judgment. N.V. Generalova and N.A. Sokolova recommend ways to apply professional judgment to account for the impairment of assets. A.R. Gubaidullina explores the relationship between the professional judgment of an accountant and the quality of financial information.

One of the most topical areas of research by modern scientists is still the problem of formation of accounting (financial) statements. This is evidenced by a significant number of publications on this topic. At the same time, these works testify to fundamentally new views of scientists on the affected aspects in connection with qualitative changes in the modern economy.

So, M.A. Vakhrushina and N.V. Malinovskaya substantiate new requirements and directions for the development of corporate reporting.

Economists A.Karimov, I.Kuziev and M.Rahimov noted the following: the transition to international standards of financial reporting, the expansion of future activities through a comparative study and objective assessment of the economic, property and financial condition of enterprises and organizations, their external financial seeking resources, attracting capital from international financial institutions

Economist I.Ismanov in his scientific article cited the following: The rules of preparation and submission of financial statements of the IFRS are accepted in the public interest. It is an international accounting system

According to S.N.Tashnazarov, "International Financial Reporting Standards is a separate branch of financial accounting and reporting, which studies the conceptual framework of financial reporting, the need for international financial reporting standards, their development, content, interpretation and application of theoretical and methodological issues.

In our view, the US GAAP is a set of rules that apply to the preparation of financial statements of companies and individuals in the United States. International Financial Reporting Standards are a system of rules and principles developed by the International Financial Reporting Standards Council and adopted in the public interest for the preparation of financial statements.

3. Research methodology.

In the course of the study, modern scientific tools were used: such general scientific research methods as general scientific dialectical, abstract-logical, systematization and generalization were used, as well as a set of particular scientific methods of cognition based on the general scientific dialectical method: historical, structural-functional, statistical. Special legal methods used in the work: formal legal method of comparative analysis.

Also, the theoretical and methodological foundations of the study are the Decree of the President of the Republic of Uzbekistan UP-4947 of February 7, 2017 "On the Strategy for Actions for the Further Development of the Republic of Uzbekistan", the Decree of the President of the Republic of Uzbekistan "On Measures to Accelerate the Development and

Ensuring the Financial Sustainability of the Electricity Industry” of October 23 2018 PP-3981, Decree PP-4611 dated February 24, 2020 “On additional measures for the transition to international financial reporting standards” and many other regulatory documents on international financial reporting and international investment, tasks to expand access to international financial markets, and also improving the system of training specialists in the field of accounting and auditing in accordance with international standards, as well as local documents of JSC "Thermal Power Plants", periodicals and financial and economic indicators describing the project.

When processing the data obtained in the process of research, the methods of logical observation, critical study of literature, induction and deduction, systematic analysis, economic analysis, comparative methods, analysis and synthesis, grouping, peer review, abstract logical thinking are used.

4. Analysis and discussion of results

All companies in the energy sector engaged in gas, electricity or water supply face issues related to receiving goods from a supplier, delivering it to a customer and maintaining the related infrastructure in working order. Utilities have the additional difficulty of controlling products that cannot be stored in warehouses like other products.

At present, the current production capacity of the Republic of Uzbekistan is 12.9 GW, including:

TPP - 11 thousand MW or 84.7 percent;

HPP - 1.85 thousand MW or 14.3 percent;

block stations and isolated stations - more than 133 MW or 1 percent.

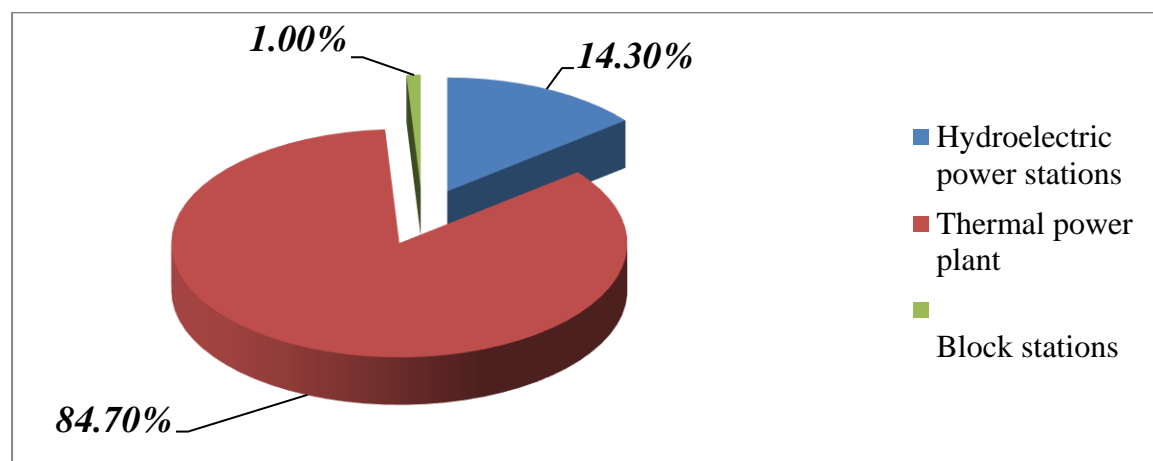


Figure 2. The structure of electricity generation.

A traditional integrated electric utility generates electricity, transmits it throughout a country or region via high voltage transmission lines, and ultimately delivers it to customers through a retail distribution network. The energy sector continues to evolve and many operating and regulatory models are currently emerging. Electricity producers continue to diversify their

supply, with fossil fuels still dominant, but increased attention being paid to biofuels, co-generation of heat and power, and renewable energy sources such as wind and sea wave power. The governments of some Western countries are considering the idea of building new nuclear power plants, which a few years ago might have seemed unbelievable.

This article discusses the most significant accounting issues for the energy sector that are addressed within the entire value chain of energy companies: production, transmission and distribution, retail trade and other activities that have an impact on the company as a whole.

International Financial Reporting Standards (IFRS) is more flexible than US GAAP. American standards are clearer and require unambiguous interpretation. In order to understand which financial reporting standards to choose for application - international or American, it is necessary to determine the objectives of reporting, as well as understand the differences between these systems.

When entering international capital markets, placing shares on stock exchanges and attracting foreign investors for a company in Uzbekistan, the issue of preparing financial statements in accordance with international standards is relevant. IFRS was developed with the aim of unifying the preparation of financial statements by international companies and their acceptance by regulatory authorities in different countries and other users. As for the US national accounting standards US GAAP, their distribution in the world is due to the development of the US stock market and the volume of US investments in other countries. Many developing countries use them when developing their national accounting standards (for example, countries in Latin America).

Both types of the world's major accounting standards are constantly evolving and improving. Sometimes this happens in parallel and synchronously (for example, in the process of joint projects under a convergence program), and sometimes - completely autonomously and in different directions, so in some periods the two accounting systems differ in different ways. Many of the differences between IFRS and US GAAP that existed in early 2019 became insignificant in 2021 and, conversely, inconsistencies arose in the 2021 report when requirements were the same in 2019, e.g. It will continue to use the actual seen damage model until January 2023, while the IFRS has switched to the expected damage model.

This post will help you understand the significant differences between c IFRS and US GAAP standards. Although he does not discuss all possible differences, this publication provides a summary of the differences that which we encountered most often, as a result of either differences in emphasis, specific application guidance or practice. The focus of this post primarily on recognition, measurement and presentation.

In 2002, following US accounting scandals involving Enron, World Com, and other US companies, the US Congress passed the Public Accounting Reform and Investor Protection Act of 2002 (Sarbanes-Oxley Act). This requirement of the Congressional Act refers to a previous law passed by Congress called the National Capital Markets Efficiency Act of 1996. In this act, the US Congress directed the SEC to respond to the growing internationalization of the securities market by actively supporting accounting standards as soon as possible (Congress,

1996, 2002). Following a legislative response to US accounting scandals, the US Congress in the Sarbanes-Oxley Act of 2002 instructed the SEC to move towards IFRS. In legislation, the US Congress required the SEC to conduct a study on the adoption by the US accounting system of a principles-based accounting system. This reference can be interpreted as an IFRS accounting system. In addition, the Securities and Exchange Commission was required to complete its study within one year and submit a report to the US Senate and House of Representatives.

Following an SEC request, the Financial Reporting Standards Board, FASB, and the International Accounting Standards Board, IASB, responded to the congressional mandate by attempting to achieve convergence between IFRS and US GAAP financial reporting standards. The Board met in September 2002 and declared its commitment to a convergence project called the Norwalk Agreement (Day, 2002). In 2002, the FASB and the IASB signed the Norwalk Agreement, which formalizes a joint agreement to converge US GAAP and IFRS. FASB and IASB have agreed to eliminate existing differences between their standards. At their meeting in 2005, the FASB and IFRS reaffirmed their commitment to converge these standards. A common set of global high quality standards remains a priority. It was thought at the time that it would take many years of discussion and compromise to reach an agreement. However, rapid changes are taking place. The growing participation of jurisdictions and countries in the European Union has increased international interest in formalizing a single set of global accounting standards. The November 2007 SEC decision to allow the use of IFRS in the financial reporting of foreign companies on US stock exchanges without requiring reconciliation to US GAAP ultimately created the mandate to converge the financial reporting requirements of IFRS and US GAAP. Law schools have recognized the need for global accounting standards.

In international practice, when preparing financial statements, along with International Financial Reporting Standards (IFRS), US generally accepted accounting principles are widely used. – US GAAP.

Leading companies of Uzbekistan in the fuel and energy complex, the mining industry, and metallurgical enterprises are striving to enter the international capital markets in order to receive significant investments on more favorable terms.

One of the prerequisites for this is the preparation of financial statements in accordance with IFRS and US GAAP, as well as an audit in accordance with international standards.

The company's financial indicators play a key role in the search for investors to raise financing and place shares on international stock markets. Therefore, the issue of preparing financial statements in accordance with IFRS or US GAAP is of paramount importance for a company in Uzbekistan.

The main criteria for companies to choose an accounting and financial reporting system are:

- the purpose of the transition to Western accounting;
- the sector of the economy in which the company operates;

- country of origin of the company;
- reporting requirements for potential investors;
- the size and structure of the company;
- advantages of this or that accounting system;
- difficulties in the transition process.

If we briefly consider the relationship between these criteria, it should be noted that the goal of the transition to one or another accounting system and the reporting requirements of potential investors are still fundamental. For example, if a company plans to list its shares on the New York Stock Exchange, it is obvious which system it should choose - US GAAP.

Another example: if the company has in its capital foreign shareholders who have significant influence on its activities and can recommend choosing one or another accounting system. In addition, if the company has potential investors, they themselves will dictate their wishes for choosing an accounting system.

But for most companies, it is more appropriate to choose an accounting system in accordance with IFRS.

To understand the main differences between these two accounting systems, and, as a result, the advantages and disadvantages, it is necessary to consider their fundamental principles in more detail.

IFRS includes the following main documents:

- Preface to IFRS;
- IFRS concept;
- standards (International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS));
- interpretation of standards;
- guidance on the application of standards.

Regulatory documents and provisions US GAAP is structurally divided into five levels in terms of accounting significance:

1. FASB Standards and Interpretations, RIA Opinions, AICPA Bulletins, SEC Proceedings.
2. Industry Guidelines for Accounting and Auditing AICPA, AICPA Provisions, FASB Technical Bulletins.
3. AcSEC Technical Bulletins , EITF General Opinion.
4. AICPA Interpretations and Industry-Wide Guidelines.

5. Clarification of problematic issues AICPA, FASB concept reports, IFRS other accounting regulations, textbooks and articles.

Some fundamental differences between IFRS and US GAAP. Financial Statement Forms .

IFRS financial statements include:

1. Balance sheet.
2. Report about profits and losses (Profit & Loss Statement).
3. Report about changes capital (Statement of changes in equity).
4. Cash flow statement (Statement of Cash flows).
5. Notes to the financial statements (Notes to financial statements).

The US GAAP reporting set includes the same forms as IFRS. The main difference in reporting under IFRS and US GAAP is the reflection of information in the Balance Sheet: in the balance sheet prepared in accordance with IFRS, assets and liabilities are reflected either in descending order of liquidity or in descending order of maturity. Thus, the balance sheet asset under IFRS always starts with fixed assets and intangible assets, and ends with cash. Liabilities include capital items first, then long - term and short-term liabilities.

The US GAAP balance sheet starts with the most liquid assets, ie. cash and ends with fixed assets. This is followed by short-term liabilities, then long - term liabilities.

Report about incomes and material losses. Under IFRS, there is no strictly prescribed form. Expenditures are presented in one of two formats - by cost item or by economic element.

The income statement prepared in accordance with American Accounting Standards is presented in a single-stage (divided into income and expenses) or multi-stage format (operating and non -operating financial result).

In view of the fact that both systems consider alternative approaches to the forms of compiling a profit and loss statement, the choice of a certain form is carried out by enterprises independently, depending on the specifics of their activities.

Cash flow statement. IFRS provides for standard headings for items and groups. The report is prepared by direct or indirect method.

According to US GAAP, the report names groupings of items similar to IFRS, but provides more detailed guidance on their breakdown. The report can be drawn up by both direct and indirect methods.

In accordance with US GAAP, the data in the report are reflected in total, without detailing, as in the IFRS report.

Thus, a capital flow statement prepared in accordance with IFRS principles is more convenient and preferable for a company in Uzbekistan and for users, since information is disclosed

directly in the report itself, which is the main form of reporting, and not in the notes. In addition, it is possible to disclose additional information in the notes to the financial statements.

Another difference in reporting forms relates to the provision of comparative information. While prior period comparative information is required under IFRS, under US GAAP such information is encouraged. However, companies whose debt and equity obligations are traded on the stock market are required to comply with the guidance of the Securities and Exchange Commission (SEC). Securities and Exchange Commission) and present in the balance sheet comparative information for the previous three years.

Therefore, reporting prepared in accordance with IFRS has such a quality as accessibility or understandability, as well as comparability, while US GAAP reporting does not always have the quality of comparability of results.

5. Conclusion

The accounting world is changing rapidly. However, the driving force behind accelerating the process of settling and adopting global accounting is the revenue recognition factor, as well as many other factors.

The revenue recognition factor is a major concern because under IFRS revenue is usually recognized when a sale occurs, whereas in US GAAP revenue recognition is typically delayed until the revenue process has occurred and the expense has been accounted for and reconciled with the revenue generated. As mentioned earlier, companies using IFRS financial reporting standards without US GAAP reconciliation will report higher earnings than comparable US multinationals using US GAAP. This gives foreign companies an edge as analysts focus on dollar earnings, which investors see as a measure of value.

The conclusion of the authors is the timeliness and need for convergence and harmonization of IFRS and US GAAP into a single set of global accounting standards. This will lead to a more stable and prosperous world economy and will help solve many of the world's financial reporting problems.

In the energy industry, when implementing IFRS or US GAAP at the regional level, it is necessary to provide for the development of instructions for the application and transition to international standards. For example, in the UK there is a special standard for small enterprises in the energy industry. Effectively organized operational accounting can ensure the transition to IFRS or US GAAP most quickly.

Based on the foregoing, the following conclusions can be drawn:

1. A feature of US GAAP is the orientation of financial statements to potential investors and creditors of the enterprise.

The basis of US GAAP is a large set of sufficiently detailed accounting and reporting rules without reference to fundamental sources in the form of basic principles and conceptual foundations.

There are quite a lot of American accounting standards, they are worked out in detail and concretized, they have a large number of industry documents. US GAAP is recognized on the US stock exchanges, which are a significant part of the global stock market. If a company focuses on the US market, then it needs to prepare statements in accordance with US GAAP.

2. International standards define a general approach to the preparation of financial statements and offer options for accounting for individual assets, liabilities or transactions of the company. They are not mandatory and are advisory in nature.

3. In accordance with IFRS, an entity has the right to choose whether to capitalize borrowing costs or attribute them to current periods. In addition, borrowing costs include interest paid as well as incremental borrowing costs and foreign exchange differences to the extent that they are treated as an adjustment to interest costs.

US GAAP classifies as borrowing costs only interest on loans that must be capitalized in accordance with the established procedure. In addition, the income from the temporary diversion of funds from targeted loans in accordance with IFRS necessarily reduces the amount of costs for capitalization on borrowed funds, and according to US GAAP this is not allowed.

In view of these differences, it can be noted that IFRS positions are the most fair, since they allow for the revaluation of fixed assets and showing these assets in the balance sheet at fair (market) value, which most fully reflects the realities of the market. The same applies to intangible assets.

4. Under IFRS, goodwill is tested for impairment as part of a cash-generating unit. Such a unit cannot exceed an industry or geographic segment.

Under US GAAP, goodwill can be tested for impairment on a channel segment or an organizational unit that is one level below the industry segment. Determining the impairment loss for goodwill in this case occurs in two steps. First, the carrying amount of the segment or organizational unit that includes the goodwill is compared with its fair value. The carrying amount of the goodwill is then compared to its fair value. An impairment loss for goodwill is recognized for the excess.

Reversals of previously recognized goodwill impairment losses are prohibited in both systems. It should be noted that, unlike IFRS, US GAAP does not allow any impairment losses to be reversed (for example, impairment losses from property, plant and equipment). Under IFRS, where there has been a change in the assumptions used previously in calculating the recoverable amount, it is necessary to reverse a previously recognized loss.

However, at present, due to the globalization of international markets and economic relations, IFRS are becoming increasingly important as the most convenient means of communication between enterprises in different countries. International standards allow greater flexibility in the reflection of individual accounting objects and establish the basic principles for the formation of the main accounting criteria.

Thus, the choice of a specific accounting system is based on an analysis of the activities of the enterprise, the sector of the economy in which the enterprise operates, the preferences of investors, the objectives of the transition, the structure and size of the enterprise.

In addition, it is possible to calculate the costs of switching to a particular accounting system, conduct a predictive analysis based on economic and mathematical models and choose the most cost-effective option.