



GIFT OF INDEPENDENCE: 30 YEARS OF REFORMS, ACHIEVEMENTS, AND RESULTS IN THE FIELD OF ACCOUNTING AND AUDITING IN UZBEKISTAN

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Article history:	Abstract:
Received: 6 th November 2022 Accepted: 8 th December 2022 Published: 11 th January 2023	This article examines the historical and modern development of the theoretical and methodological foundations of accounting and auditing in the Republic of Uzbekistan after the establishment of independence. It summarizes the current state of accounting standards and practices in Uzbekistan, discusses how the regulatory environment in Uzbekistan has shaped the development of accounting and auditing regulations, and identifies significant challenges remaining in the efforts to move accounting and financial reporting in Uzbekistan into greater coherence with international standards. Contributions to the professional literature from this article include illustrating the factors affecting the pace of change in a former Soviet Block country and identifying current obstacles remaining to the successful completion of the convergence of Uzbekistan national accounting and auditing standards with international standards, including needs for more complete development of an infrastructure supporting management accounting and internal auditing in addition to additional support for traditional financial accounting and auditing qualifications.

Keywords: national accounting standards, national auditing standards, IFRS, IFRS adoption, Uzbekistan

1. INTRODUCTION

This study is organized as follows. The first section includes a discussion of the market characteristics of Uzbekistan and its need for accounting (1.1), followed by a summary of the Financial Reporting Standards applicable in the country (1.2), and a description of the requirements for accounting education in the country (1.3). The second section describes the historical background and current status of Uzbekistan's financial reporting requirements (2.0), while the third section explores the need for reform, including objectives of reform (3.1), components of reform (3.2) including subsections on accounting standards, auditing standards, managerial accounting, internal audit, and certification of auditors. Section four addresses key components of accounting standards for Uzbekistan, and section five discusses challenges in implementing IFRS in Uzbekistan. Section six provides a conclusion and suggests next steps for continuing IFRS implementation in Uzbekistan. Section seven provides the references consulted during this study.

1.1 Market characteristics and need for accounting

From the first years of independence in Uzbekistan, the development of accounting, accounting and auditing reform has been closely linked with the transition to market relations. This is one of the factors ensuring the attraction of foreign direct investment in the economy of the republic.

Swain (2011) describes the situation of countries analogous to Uzbekistan before the fall of the Soviet Union in 1991 as follows:

Based on central planning and with around 90% of the economy in state ownership of the means of production, distribution and exchange, East Central Europe under communist rule had been dominated by political structures that had rejected wholeheartedly both private ownership and the very logic of the market.

The accounting environment in countries of the former Soviet Union addressed itself to meeting the requirements imposed by statistical and tax



authorities, not capital markets. Narayan and Reid (2000) describe Soviet-style accounting of that time as

...adhering to a prescribed chart of accounts that was designed to meet the requirements of the central planning system. The primary function of accounting was to record the factual data necessary to assess plan accomplishments, rather than to assess an enterprise's financial situation. The focus of Soviet accounting was more on bookkeeping than on the process of accounting. In fact, they were considered the same thing.

After independence was achieved in 1991, Uzbekistan began to move towards a market based economy at a pace limited by the ability of the economy to adapt to new demands, and by the opportunities provided to attract foreign investment and development. After transition from Soviet rule, Uzbekistan had reasonable economic stability, abundant natural resources including oil and gold, and a highly literate population with substantial potential for the development of human capital. However, Nurov and Nurova (2011) observe that regulation, the large number of state-owned enterprises, a governmental climate inclined towards protecting domestic enterprises, and a prevailing lack of experience with foreign exchange markets were major visible sources of weakness. Another possible impediment to the transition towards international accounting standards is the traditional orientation of financial reporting in Uzbekistan towards compliance with taxing authority requirements rather than the provision of financial information to investors, creditors, and others outside the enterprise.

Uzbekistan's government has a strong central executive branch, led by the President. Islam Karimov was the President of Uzbekistan from the date of independence until his death in 2016. President Karimov repeatedly spoke in support of economic reform, but the pace of reform towards a free market experienced obstacles during his administration, like the global economic distress from the 2008-2009 financial market crisis. He was succeeded in office by Shavkat Mirziyoyev, who has made numerous statements and published official resolutions supporting economic reform since taking office.

Aslund (2002) analyzes the economic systems of the countries in the former Soviet Union along an

axis of approaches to reforms oriented towards market-oriented economic development. Some states adopted minimal economic and political reforms, while others moved so far towards a market orientation that they experienced excessive rent-seeking behavior. At that time, Uzbekistan was characterized as resembling to an economic model that could contribute to the comparatively slower pace of movement towards IFRS convergence with national accounting standards.

Ruziev and Majidov (2013) contrast economic progress among three Central Asian countries during the mid 1990s with Kazakhstan and the Kyrgyz Republic adopting neoliberal reforms, but Uzbekistan chose to follow a slow and somewhat inconsistent gradualist (Akimov and Dollery 2009) reform structure implemented at its own pace and on its own terms. An illustration of that idiosyncratic approach is that Uzbekistan is a member of the Commonwealth of Independent States Free Trade Area, but is one of the few countries that has not joined the World Trade Organization (WTO). Uzbekistan initially applied for membership in the WTO, but after 2005 when negotiations came to a halt Uzbekistan did not resume accession negotiations until July 2019 (Melnikova Voronin 2019). In October 2021, a WTO Secretariat team visited Tashkent to discuss next steps in the ongoing negotiations for Uzbekistan's quest for accession to the WTO. (World Trade Organization 2021). During that visit, WTO Deputy Director General Xiangchen Zhang compared the WTO accession process to a philosopher's stone which could be turned into gold if used properly for modernizing the economy. Deputy Prime Minister Sardor Umarzakov confirmed that WTO accession is an absolute policy priority and integral to the reform agenda set by President Mirziyoyev.

Uzbekistan did take necessary steps to separate financial accounting from tax accounting early in its independent existence, establishing the *Production Cost Regulation* in 1993, which showed accountants how to prepare income statements (Narayan and Reid 2000). The Law of the Republic of Uzbekistan "On Accounting", approved by the Oliy Majlis on August 30, 1996, was an important step in the direction of improving accounting in the country. The 1996 Law On Accounting required the following Uzbekistan accounting structures (World Bank 2008):

- The Ministry of Finance was responsible for regulating financial accounting and reporting,
- National accounting standards establish organizational requirements for financial accounting and reporting, but subjects of financial accounting can apply international



accounting standards according to the procedures established by legislation,

- Entities subject to the legislation must have a chief accountant, who reports directly to the head of the entity.
- Financial statements were defined as including a balance sheet, statement of financial results, statement of changes in non-current assets, cash flow statement, statement of changes in capital, and notes to the financial statements.
- All reporting periods were required to be the calendar year (not a fiscal year).
- Since October 2012 the statement of changes in non-current assets is not mandatory

This Law covered both public and private sector entities, and led to the promulgation of a set of National Accounting Standards (based on existing International Accounting Standards) in 1998, but more reforms would be necessary for Uzbekistan to produce accounting information and financial statements that would be acceptable internationally.

Making progress on reform in accounting and auditing in the Republic of Uzbekistan imposes a great responsibility on specialists working in this field. Today, especially in Uzbekistan, the formation of a multi-sectoral economy in which private property plays a leading role, as well as the organization of accounting and auditing in order to ensure the effectiveness of these processes, requires acceptance of and implementation of international standards. Numerous studies over the past decades, for example Barth Landsman Lang (2008) and Barth Landsman Lang Williams (2018), have found that firms applying International Accounting Standards generally show higher accounting quality and greater capital market benefits compared to those applying National Accounting Standards not in conformity with International Accounting Standards. Djambakeiva (2021) contends that accounting based on international financial reporting standards ensures transparency, reliability and objectivity of the information provided, which largely contributes to the solution of issues related to the investment of funds by investors and banks in the development of enterprises.

Khojiyev (2020) states " It is difficult for foreign entities to consider financial statements prepared in accordance with Uzbek standards". Moreover, Houge, Easton, and van Zijl (2014) found significant improvement in both forecast accuracy and forecast dispersion following implementation of IFRS, and found that the effect on information quality is greater the lower the strength of investor protection.

Since independence, there have been substantial changes in the accounting and auditing system. In 2000, the Ministry of Finance estimated that Uzbekistan had 400,000 to 500,000 "accountants" in the public and private sectors, largely due to the existence of a large number of manual processing systems, counting bookkeepers and clerks as accountants, and the work force necessary to comply with regulatory and statistical reporting requirements (Narayan and Reid 2000). The number of certified accountants in Uzbekistan today is shown below, with many of them receiving training in accounting from the nation's university system. According to the official data of the National Association of Accountants and Auditors of Uzbekistan, there are currently the following number of certified specialists:

- 1,978 CAP / CIPA certificate holders who received their certificates from April 2002 to April 2021 and met the requirements for continuing education courses;
- 125 certified professionals "Certified Professional Accountant";
- 3,949 "Certified Internal Auditors";
- A total of 25 people resident in Uzbekistan who are certified by the Institute of Certified Financial Managers (UK).

1.2 Financial Reporting Standards

In accordance with the 1996 and 2016 versions of Law of the Republic of Uzbekistan "On Accounting", the composition, structure and content of financial statements are determined by the Ministry of Finance of the Republic of Uzbekistan, not a private-sector entity or organization. This structure, carried over from the Soviet era, means that the government has a much larger role in regulating accounting and financial reporting than it does in countries with a non-governmental standard-setter. That structure may also explain why it has taken Uzbekistan nearly 30 years to make as much progress as it has towards implementation of IFRS.

The Law "On Accounting" mandates that financial statements for enterprises in Uzbekistan include 4 forms of financial reporting for large enterprises, and 2 forms for small enterprises and firms, which are organized in the manner prescribed by law for tax and statistical offices, owners and banks, as stated in Order No. 140 (December 27, 2002). The large enterprise forms provide information on the balance sheet, the income statement, statement of changes in capital, and the cash flow statement, while the small enterprise forms depict only the balance sheet and income statement. The 2016 Law removed the previous required fifth statement



providing details of changes in fixed assets (long-term assets now subject to depreciation).

In accordance with Resolution No. 227 of June 25, 2002 "On measures to further improve statistics and financial reporting", the frequency of submission of financial reporting forms was reduced from half a year to an annual period. National accounting standards for Uzbekistan have been developed and adopted in accordance with international accounting standards, with some modifications, since 2002 (Order No. 103 September 9, 2002).

As a result of the measures taken from the 2000s through the last decade, large enterprises with foreign investment submit quarterly reports to foreign markets in conformity with the requirements of those marketplaces as reflected in the Uzbekistan Corporate Governance Code (Ashurov 2017), while small enterprises and micro-firms submit annual reports based on Uzbekistan requirements. Joint-stock companies have prescribed requirements for disclosures on corporate websites, and also publish their information on the Single Portal of Corporate Information (www.openinfo.uz).

Taking into account changes in the legislation, in 2002 the financial reporting forms and rules for their completion were revised and registered by the Ministry of Justice of the Republic of Uzbekistan on March 19, 2002 Order No. 1117. Major changes resulting from this Order included prescribing a single form of financial reporting throughout the country

The 1996 Law On Accounting was substantially revised on April 13, 2016 to improve legal regulation of accounting in accordance with international principles and standards, raise transparency of accounting, as well as clearly identifying the responsibility of economic entities, their accounting services through a clear delineation of their rights and responsibilities. The 2016 Law eliminated outdated regulations and gaps in the current legislation identified in the analysis of practice of its application in the system of accounting. In particular, the revisions clearly established the requirements for heads of accountancy services, qualifying their skills, carrying out work on accounting and preparation of financial statements, terms of storage of accounting documents, as well as the organization and delivery of external and internal control in this area.

In 2020, Resolution No. 607 once again approved IFRS standards for use in Uzbekistan and established a procedure for recognizing documents accompanying IFRS Standards. According to the IASB website, currently Uzbekistan has endorsed the full set

of IFRS standards for large enterprises (Uzbekistan IFRS Profile 2021).

1.3 Accounting Education

As Love (2006) identified, the establishment of successful market economies in the countries of the former Soviet bloc would require universities that are able to design and deliver the highest quality management education. Changes in orientation and focus would be needed to move away from the former educational objectives of supporting centrally planned economies to a new market environment. Faculty would have to go beyond merely rewriting old syllabuses or writing new ones with a focus, and a positive attitude, towards market economics and businesses, but that in itself would be insufficient. There would have to be the additional and essential re-orientation in the knowledge base and thinking processes of the teachers towards many of the fundamental assumptions and assertions newly expressed in their teaching (Love 2006). There are six universities in Uzbekistan offering specialties in accounting and auditing, including Tashkent State University of Economics, Tashkent Financial Institute, Karakalpak State University, Karshi Engineering and Economics Institute, Samarkand Institute of Economics and Service, and Fergana Polytechnic Institute. As of 2019, those six universities had the capacity to admit 180 candidates for bachelor's degrees and 65 candidates for master's degrees in accounting on campus every year, with the Tashkent Institute of Railway Transport Engineers providing capacity for another 25 bachelor's degree candidates through correspondence study.

Kuziev (2016) suggests that additional capacity is necessary in accounting education and training to meet requirements for knowledge of international standards. That capacity can only be developed by upgrading the skills of university teachers and providing them with knowledge of modern techniques of accounting and auditing. The curriculum may need to be overhauled to cover principles and accounting theory underlying financial reporting standards, and auditing standards as well. Kuziev also recommends better integration of professional certifications and licensing requirements with university accounting education programs

2. HISTORICAL BACKGROUND AND CURRENT STATUS

Karimov, Kuziev, and Rakhimov (2020) and others explain that the need to move to international standards of financial reporting to provide foreign investors with the necessary information and expand



access to international financial markets, as well as to train specialists in the field of accounting and auditing in accordance with international standards make preparation a vital necessity.

Meliev and Bekpulatova (2021) note that in recent years, the main goal in the world audit practice is to provide audit guarantees to businesses through the application of international auditing standards, which suggests the transition from "approval" to "guarantee" audit practice would be a major change for Uzbekistan.

According to a summary of the current posture of accounting in Uzbekistan by Avlokulov (2021),

The main purpose of the transition to international standards is to enter the international market and attract investment. International standards also make an important contribution to the qualitative development of the country's economy. In this process, a favorable investment climate, transparency of business entities, accountability of management to shareholders, the introduction of modern methods of corporate governance will make an important contribution to the development of joint stock companies.

Economist M.S. Khojiyev (2020) reports, Starting from the results of 2021, the financial statements of large business entities in Uzbekistan will be audited in accordance with international auditing standards. It includes joint-stock companies, commercial banks, insurance companies and other large tax-paying legal entities classified as large taxpayers.

According to Tulaev (2020), the preparation of financial reports on the basis of the transition to international standards of financial reporting is being implemented in a wide range of Uzbek enterprises, and this method of reporting has become the main or the only method, not the "extraordinary" method.

Narayan and Reid (2000) observe that in the first stages of reform (1991-2000), many accountants in the former Soviet Union countries believed that transforming financial reporting to a market-oriented system would only require revising the standard chart of accounting to correspond to international accounting standards. Uzbekistan developed its

updated chart of accounts in 1994, but found that laws and regulations would also have to be revised, and training and professional development would be necessary to create an accounting profession in Uzbekistan strong enough to support the transition to international accounting standards.

At the initiative of chief executives of the 470 companies who are required to report on IFRS after 2020 (banks, insurance companies, joint stock companies, and large taxpayers), in 2020 universities and academies in cooperation with vocational training centers began conducting training for chief accountants and specialists in IFRS courses to:

- improve their knowledge of applicable standards.
- teach how to present information in the language of financiers for managers, investors, and shareholders,
- show how to independently compile a balance sheet in accordance with IFRS, (income statement, cash flow statement, and statement of owners' equity as well)
- teach how to calculate income tax and deferred taxes,
- teach how to calculate depreciation on long-term assets, and
- emphasize the technical proficiency and ability necessary to calculate fair values and reflect them in the financial statements
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3. NEED FOR REFORM

3.1 Objectives

Changes in the system of social relations, liberalization of the economy of the Republic of Uzbekistan, openness to foreign economic relations and global economic and integration processes, respectively, require a change in accounting.

The transition to market relations and the privatization of state property will lead to significant changes in the content, structure and psychology of management. This, in turn, requires radical changes in accounting. While current National Accounting Standards in Uzbekistan are applicable equally to public sector entities and private companies, there may need to be some changes in that universal applicability going forward. Ibragimov and Bakieva (2016) propose the following factors for evaluating and revising public sector accounting structures:

1. Consider the accounting policy formation methodology in optimizing



the public sector accounting in public sector entities;

2. Based on the attributes of international standards, create the unique plan of the state budget treasury execution accounting and its accounts according to the classification of state budget revenues and expenditures;

3. Create and enforce the sound and complete national public sector accounting standards which can respond to all requirements and conditions of international standards;

4. Based on international standards introduce the single accounts system of treasury execution accounting of public budget in accordance with the classification of public budget revenues and expenditures;

The need for radical changes in accounting in Uzbekistan is due to a number of objective reasons, including foreign investment, financial and economic relations with foreign countries, globalization of trade and commerce, the development of systems for taxation of privatization processes, reliance on a civilized legal framework for economic relations, greater focus on environmental protection, and increase in attention to ecology. President Karimov in 2015 set forth corporate governance reforms as a priority for the economic development and sustainable growth of Uzbekistan, and those reforms began to be implemented after the Program for Radical Improvement of Corporate Governance System was initiated by a Presidential Decree on April 24, 2015 (Ashurov 2017). Those reforms included attention to long-term strategy, establishing systems of internal control, setting up mechanisms for interaction of governing bodies with stakeholders, recommendations for transparency and publishing information in accordance with international standards of financial reporting (IFRS) and auditing (ISA), amending the Law on Joint-Stock Companies and Protection of Shareholder's Rights, and creating a standard organizational structure for joint-stock companies. (Ashurov 2015). One of the principles of those reforms is the timely and accurate disclosure of all material matters, including financial situation, performance, ownership, and governance of the company.

The trends in the modern economy of Uzbekistan should be reflected in accounting. Accounting must accept this challenge, be prepared to

adapt to modern economic conditions, and meet the requirements set by society for accounting and reporting.

Accounting as a business language supports the implementation of state laws, the development of entrepreneurship, preservation and reproduction of property, the adoption of important economic decisions by stakeholders (investors, shareholders, banks, foundations, shippers, buyers, authorities, etc.) (capital investment, market access, staffing, tax policy, search for sources of funding, calculations, etc.). However, Albu and Albu (2012) and others contend that implementing IFRS in countries whose traditions differ from the Anglo-Saxon traditions on which IFRS is based may not lead to the desired outcomes. In particular, the institutional factors they identified (legal traditions, accounting profession expertise, development of monitoring and enforcement mechanisms, sources of investment capital, and the extent of government intervention) affected the application of IFRS in Romania, including imposing costs initially perceived as outweighing the benefits of implementation. Yet, Silva, Fontes, and Martins (2021) found that the impacts of IFRS adoption in Portugal and Brazil with respect to attracting foreign investment and on the international comparability of financial reporting are consistent with the established view that having comparable financial statements, by making it easier for external investors to evaluate foreign companies and reducing information asymmetry, should increase foreign investment. Key and Kim (2020) found that IFRS adoption had positive effects on Korea's capital markets and its accounting environment. In an analysis of ten former Soviet Block countries, Suliman et al (2019) recommend a full and complete financial and economic reform system that is designed to direct and allocate resource to institutions suitable for speeding up economic growth.

Continuing the following measures will help to ensure that accounting is at the level of modern requirements:

- legal regulation of accounting and formation of its regulatory framework;
- attention to methodological support (instructions, guidelines, comments);
- attention to training and retraining;
- Cooperation with international professional organizations;
- reorganization of the account management system.

In countries with a developed market economy structure, accounting consists of two aspects, namely financial accounting and management accounting.



Financial accounting is intended for users of accounting information outside the enterprise or firm and is reflected in the financial statements. The transition to a system compatible with developed market economies will allow domestic companies to establish contacts with foreign companies and firms, to organize audits, and to establish joint ventures, to improve relations with foreign countries.

One of the necessary conditions for successful financial reporting is the establishment of audit control as a new form of control in a market economy. This is necessary because, for foreign partners, accounting must be provided in accordance with international standards, and the independent audit has historically been associated with the provision of acceptable financial reporting.

In order to monitor the activities of enterprises with foreign capital, once a year the audit organization of the economic account inspects the activities of the enterprise and approves the annual accounting reports. International auditing standards indicate the following activities should be controlled:

- 1) the state of accounting and its compliance with the requirements;
- 2) compliance with the current legislation on financial and economic issues and the rules of the constituent document;
- 3) the accuracy of the accounting.

In the course of the audit, at the request of the auditors, the joint ventures are required to provide accounting documents, cash on hand and other documents substantiating the inventory of goods. Based on the results of the audit, an audit report on the financial accounting and reporting is issued and attached to the annual accounting report.

3.2 Components of reform

3.2.1 Accounting standards

Uzbekistan's integration into the world economic community, and its desire to participate in the activities of international organizations require the country to ensure the conformity of national accounting standards with the methodological principles adopted in world practice. This will permit comparison of national indicators with similar indicators adopted in countries utilizing IFRS. The slow pace of IFRS integration in the first two decades after independence was perceived as contributing to correspondingly slow growth in Uzbekistan's economy, including an increasing excess of imports over exports, which spurred several reform initiatives beginning in the third decade..

According to the Conceptual Framework for International Financial Reporting Standards (IFRS Foundation 2010),

The objective of general purpose financial reporting is to provide financial information about the reporting entity that is useful to existing and potential investors, lenders and other creditors in making decisions relating to providing resources to the entity. Those decisions involve decisions about:

- (a) buying, selling or holding equity and debt instruments;
- (b) providing or settling loans and other forms of credit; or
- (c) exercising rights to vote on, or otherwise influence, management's actions that affect the use of the entity's economic resources.

Hans Hoogervorst, Chair of the International Accounting Standards Board, in 2015 summarized the mission of the IASB as follows:

Our mission is to develop IFRS that brings transparency, accountability and efficiency to financial markets around the world. Our work serves the public interest by fostering trust, growth and long-term financial stability within the global economy.

As Uzbekistan aspires to become more and more actively a full-fledged member of the world economic system, international practice is increasingly influencing the development of the country's accounting. Defining the basic principles of accounting regulation allows to determine the directions of development of the national system of normative regulation of accounting and to state some requirements for it. Khajimuratov (2020) observed that the integration of IFRS into the accounting system of Uzbekistan and the improvement of National Accounting Standards is an inevitable process.

The Production Cost Regulation (January 28, 1995), covering the procedures for forming the financial results of the structure of production and sales of goods (works, services) included in the cost of goods (works, services), and adopted in collaboration with the Ministry of Finance, the State Committee for Forecasting and Statistics and the State Tax Committee, began the first stage of accounting reform. This Regulation establishes a unified methodological



basis for determining the costs of production and sale of products (works, services) and the procedure for the formation of financial results of economic entities - legal entities, as well as individuals engaged in entrepreneurial activities without forming a legal entity.

The 1995 Regulation was developed taking into account the differences that arise when calculating costs for accounting purposes and for tax purposes. The main purpose of accounting is to calculate costs and determine the financial results of the activities of economic entities to determine their competitiveness. The 1995 Regulation contains the grouping of costs and the basic rules for the formation of financial results.

Based on the 1995 Regulation, the specifics of the composition and cost accounting of individual industries are determined by the relevant ministries and departments of economic associations (corporations, concerns, associations, companies, etc.) of the Republic of Uzbekistan in agreement with the Ministry of Finance and the State Tax Committee of the Republic of Uzbekistan.

Subsequently, the 1995 Regulation was amended by Resolution No. 54 of the Cabinet of Ministers of the Republic of Uzbekistan (February 5, 1999), "On the structure of costs of production and sale of goods (works, services) and the order of formation of financial results". It is important to note that after those amendments the Production Cost Regulation met the requirements of the current period and is in line with international principles of cost accounting. This set the groundwork for subsequent improvements in accounting and reporting, as discussed below.

The second stage of the reform was initiated by the law of the Republic of Uzbekistan "On Accounting", approved by the Oliy Majlis (Senate) on August 30, 1996. This law took major steps towards harmonizing the national accounting standards of Uzbekistan with those prevalent on the international level. Table 1 lists the National Accounting Standards established by Uzbekistan as the country worked to move its accounting closer to international standards.

Insert Table 1 about here

Approval of new forms of financial reporting of enterprises (organizations) in 2015 was the third stage of accounting reform, recognizing the different needs and differing resources of large and small enterprises for preparing and reporting their financial information.

3.2.2 Auditing standards

Each country has its own social, economic and political conditions, different traditions and its own

national mentality, and it is important to take such differences into account in the implementation of any reform. In this regard, special attention was paid to them in the organization of auditing activities in Uzbekistan.

An evolutionary path has been chosen in the development of the organization of auditing in the country, that is, the formation and development of auditing has begun to be carried out gradually. In general, the analysis of the development of auditing in Uzbekistan shows that it can be divided into 4 stages. It can be argued that the pace of change in auditing standards in Uzbekistan may have been faster than the pace of change in IFRS adoption because the development of auditing and auditing standards started from such a low point of evolution.

The first stage of the development of auditing was from 1985 to December 1992 (mostly before independence); the second stage from December 1992 to August 1996; the third stage from August 1996 to May 2000; and the fourth stage from May 2000 going forward, after Uzbekistan finally established its own set of National Audit Standards. Features of the first stage can be characterized by the following;

1. The emergence of auditing activities;
2. Optional audit;
3. Mainly proactive audit;
4. The audit is mainly of a consultative nature;
5. Lack of legal basis for auditing.

The main achievement of the first stage is the emergence of auditing and its gradual recognition as a separate branch of entrepreneurship. At this stage, the number of clients for audit firms operating during this period was much smaller than it is today, mainly focused on auditing of entrepreneurial companies. During this period, the activities of enterprises were not subject to mandatory audit. Since the first stage, the requirements for audits have been extended. The role of control and inspection departments in the implementation of external control has been significant and has not lost its importance. Foreign companies and joint ventures were involved in the audit at this stage, as Uzbekistan had yet to develop its own capabilities for independent auditors and audit firms.

Also at that stage, client consultation played a key role in the activities of audit firms. The need for advice on accounting and taxation, mainly from the heads and specialists of foreign firms and joint ventures, led to the gradual development of audit services in this area. Because during this period, the functioning of the system of taxes and taxation in the period of the centralized economy in Uzbekistan also created significant problems for foreign entrepreneurs



in this area. In addition, visiting foreign businessmen, investors and foreign firms are involved in the audit to determine the accuracy of their financial statements in order to cooperate with enterprises of the republic. However, the number of enterprises involved in such inspections was not significant.

In the first stage, the law on auditing and national auditing standards had not been developed. Therefore, audits of the financial performance of enterprises were often based on assessing methods of control and audit while attempting to adapt international auditing standards to Uzbekistan requirements under the old Soviet-style accounting structure.

The most important achievement of the second stage of audit development in the country (December 1992 through August 1996) is the formation of auditing as a separate branch of business, facilitated by the passage of the Law On Auditing on December 9, 1992..

The specific features of this stage are as follows:

1. Creating a legal basis for auditing
2. Acting as a guarantor of financial statements of audit firms
3. Emergence of accounting and reporting as the main form of external control
4. Expansion of the market of audit services and quantitative growth of audit firms
5. Strengthening the financial condition and material and technical base of audit firms.

One of the most important achievements of the second stage is the improvement of the financial condition and strengthening the material and technical base of audit firms. By this time, most audit firms had achieved much higher returns in return for providing audit services and were equipped with computers and other necessary technologies and methods. This, in turn, led to the implementation of auditing services at the level of modern requirements. Previously, the heads of foreign and joint ventures outsourced the audit to foreign international audit firms. In 2000, four of the largest five accounting and consulting firms had a presence in Uzbekistan, including Arthur Andersen, Ernst & Young, KPMG, and PricewaterhouseCoopers (Narayan Reid 2000), and at that time nearly 400 of the slightly more than 500 registered auditing companies in Uzbekistan had minimal equity capital, lacked offices, and may not have had the physical ability to conduct audits. In subsequent years many of the foreign companies and joint ventures began to enter into contracts with specially licensed local audit firms. The main reason for this is the improved quality

of audit services and the relatively low cost of services. At present in Uzbekistan there are auditing companies that offer services equivalent to those available from foreign accounting and consulting firms in terms of human resources, computer proficiency, and computer technology. During the second stage, 700 specially trained auditors began to work in the country.

The main feature of the third stage of the development of auditing is the quantitative growth of this area of activity, required to support the additional accounting work necessitated by the adoption of the Law on Accounting (August 30, 1996). It should be noted these audit firms were formed from the former control and audit departments, which were abolished by the Presidential Decree of August 8, 1996. This meant that many auditors working in audit firms were former "inspectors in government sector". Also at this stage, the market for audit services has expanded significantly. This is because in the past, monitoring the financial activities of enterprises on the basis of accounting and reporting data was carried out mainly by control and audit departments established in line ministries and agencies, but now this monitoring is carried out by independent audit companies. On October 1, 1996, the number of auditing firms with a special license from the Ministry of Finance of Uzbekistan to be engaged in auditing activities increased to 240.

The reliability of information on the financial activities of business entities was confirmed by auditors, and users began to be guaranteed the accuracy of this information. This, in turn, began to play a special role in the financial relations of entrepreneurs operating in various sectors. At this stage, the study of international experience in auditing became widespread, and the Department of Accounting and Auditing Methodology of the Ministry of Finance of Uzbekistan began to develop national auditing standards. The development of national auditing standards is of particular importance in the legal protection of auditors in conducting audits and assessing the situation. These standards also provide a regulatory framework for the audit. Before this, there was no normative document regulating the conduct of audits for auditors operating in the Republic.

The fourth and latest stage in the development of auditing in Uzbekistan is of special importance. At this stage (beginning in 2000), the Law of the Republic of Uzbekistan On Auditing was revised in a new edition and created conditions for a further development of auditing. At the same time, the audit activity plays a special role in the development of the country's economy, financial relations between



business entities, as well as their guarantee relationship with the state budget on taxes and fees. In order to implement this revised Law in practice, the Resolution of the Cabinet of Ministers of the Republic of Uzbekistan No. 365 of September 25, 2000, along with increasing the responsibility of auditing companies, was adopted with the intent to increase the confidence of government agencies in the warranty services provided by auditing companies. By this stage, 21 national auditing standards were developed in the country. Table 2 lists those auditing standards as amended. In addition to being a regulatory framework for auditing, these national auditing standards also serve as a practical guide for conducting audits.

Insert Table 2 about here

On February 26, 2021, President Mirziyoyev approved the latest version of the Law of the Republic of Uzbekistan, "On Auditing", which confirmed the Ministry of Finance as the state body responsible for the field of auditing in general. The Central Bank will govern auditing for banks and other credit institutions. The 2021 Law On Auditing also requires that only persons with an audit qualification certificate can carry out audit activities, defines the status of an audit organization, and explicitly prohibits interference in the activities of audit organizations.

Enumerated functions of the Ministry of Finance on the regulation of auditing include:

- Develop and approve regulations governing auditing, including establishing national standards of auditing
- Monitor compliance by audit organizations with licensing requirements
- Approve training programs and qualification examination for auditing certification
- Disciplining auditors, including suspending, terminating, or revoking audit licenses
- Maintain a registry of certified auditors and a list of licensed auditing organizations

In general, the current (fourth) stage of development of auditing is characterized by the following features:

1. Strict limitation of auditing activities.
2. Increasing the responsibility of audit firms for audits.
3. Identification of business entities subject to mandatory audit.
4. Training of persons engaged in auditing activities on the basis of a special program and examination by a special panel consisting of employees of state and public bodies.

Prior to October 1, 2000, licenses to engage in auditing activities gave audit firms the right to provide not only audits but also other services. Licenses issued after October 1, 2000, give the right to conduct only audits, and audit firms are required to conduct only audits. Before that, audit firms provided training, consulting, bookkeeping and other services, which services in other countries have been argued to create a conflict of interest with the provision of audit services. As of April 1, 2019, there were 98 audit organizations authorized to conduct audits in Uzbekistan, with 584 qualified auditors able to support those audits.

Stated objectives of further development of auditing in Uzbekistan as of 2018 included improving legislation on auditing in today's digital economy, and forming an effective system of external control over the quality of auditing services on the basis of international standards, according to a pronouncement by the President of the Republic of Uzbekistan (Resolution PK-3946 September 19 2018).

In Uzbekistan, one of the benefits of engaging in an appropriate audit is somewhat unusual. In the case of a "positive" audit opinion of audit companies, the State Tax Inspectorate may not involve business entities in the inspection of their activities for up to two years, provided that the settlements with the state budget office are made in a timely manner. This, in turn, together with the confidence of government agencies in the audit firms that are equally liable with the business entity for errors and omissions made during the audit.

3.2.3 Managerial accounting

Management accounting is also used to manage, plan, record and control an enterprise or firm (see, for example Dismuratov and Boltaev 2021). One of the main tasks of the management account is to provide the management with timely and reliable information on the costs and revenues of the enterprise and its individual divisions. The management accountant takes into account the order in which the costs incurred for the products produced by the firm are properly accounted for and the cost of the product is determined. This is why it is important to set up a cost or production account. Following the government's publication of an Action Strategy for priority areas of development of Uzbekistan for 2017-2021, Tashnazarov (2018) identified the following six major initiatives that needed to be pursued for Uzbekistan to develop useful management accounting systems:



1. Improve reporting of production costs, sales costs, and the order of reporting financial results to conform better with the requirements of IFRS 5, *Inventories*.
2. Develop methodologies for calculating the cost of products and services similar to the systems used in developed countries, including standard costing, variable costing, absorption costing, job order costing, and process costing.
3. Take steps to implement cost reduction initiatives, responding to the 2016 *Report of the Cabinet of Ministers*.
4. Implement standard costing systems to reduce fixed costs per unit, use production capacity efficiently, and facilitate analysis of deviations from standards.
5. Support the political objective of eliminating loss-making operations, transitioning to performance and profitability orientations.
6. Expand educational attention to Management Accounting, including cost optimization, profit analysis, and profit maximization.

President Mirziyoyev (2017a) stated the justification for economic reform, including accounting and financial reporting, as follows:

Most importantly, the economic policy of our country has been critically reconsidered, such as the pursuit of unrealistic figures, or the presentation of unrealistic fantasies as reality. Introduction of innovative development models in the world today is growing, due to the export of advanced ideas, know-how, and "smart" technologies. Unfortunately, the work being done in this direction in our country is not satisfactory. Economics means calculation. Thorough calculation in all of our work should come first. Otherwise, all our work will remain unsatisfactory.

In related discussion, President Mirziyoyev went on to say "Critical analysis, strict discipline and personal responsibility - should be a daily rule of every manager's activity" (Mirziyoyev 2017b).

3.2.4 Internal audit

Effective control over financial reporting and the issuance of audited financial statements can

require going beyond external audit requirements and implementing effective internal audit structures and procedures as well. The Institute of Internal Auditors (IIA) has defined the mission of Internal Audit as "To enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight". The International Professional Practice Framework (IPPF) is the conceptual framework organizing authoritative guidance promulgated by the IIA, including Core Principles, Definition of Internal Auditing, Code of Ethics, and International Standards (Institute of Internal Auditors 2021). Those core principles

(Demonstrates integrity; Demonstrates competence and due professional care; Is objective and free from undue influence (independent); Aligns with the strategies, objectives, and risks of the organization; Is appropriately positioned and adequately resourced; Demonstrates quality and continuous improvement; Communicates effectively; Provides risk-based assurance; Is insightful, proactive, and future-focused; Promotes organizational improvement)

and the rest of the principles-based standards for Internal Auditing appear to be applicable to accounting practice in Uzbekistan (Mekhmonov Termirkhanova 2020), but the 39 languages into which the IPPF has been translated do not at this point include the Uzbek language. Resolution 607 (August 24, 2020) assigned the Ministry of Finance the responsibility for translating IFRS standards into Uzbek, which is supposed to follow the official IFRS Foundation translation process, including ongoing translation of updates to IFRS Standards. Responsibility for translating the IPPF is unclear at this point.

In assessing the current status of Internal Auditing in Uzbekistan, Mekhmonov and Termirkhanova (2020) identified several shortcomings, and went on to recommend:

- adopting international internal audit standards and best practices,
- developing internal assessment on an ongoing basis,
- improving the organizational independence and direct interaction of the internal auditor with the Audit Committee of the Board of Directors.
- facilitating consulting for companies willing to conduct internal auditing,
- introducing risk-based audit plans and programs, and



- extending internal auditing process management consistent with the international standards.

3.2.5 Certification of Auditors

From October 1, 2000, the Ministry of Finance decreed that candidates for admission to the Association of Accountants and Auditors of Uzbekistan as qualified auditors will be trained on the basis of a 240-hour special program approved by the Chamber of Auditors of the Association of Accountants and Auditors of Uzbekistan and a special commission consisting of highly qualified professors and teachers of higher education, specializing in accounting, economics and auditing, and then will be required to take the certification exam over 2 days (the first day of tests includes all candidates, only progressing to the second day if successful after the first day).

If the results of the examination are positive, the Ministry of Finance of Uzbekistan will issue a certificate of competency, which entitles the holder to engage in auditing activities for 5 years.

A 2007 report on progress in Uzbekistan from the Accounting/Certified International Professional Accountant (CIPA) Project noted that domestic audit practices lagged behind the requirements of international practice. The Project reported 177 candidates for CAP or CIPA certification at that time, substantially less than the 255 candidates desired to meet the Project's Year 1 target.

The World Bank (2008) assessment noted that improvements in corporate financial reporting hinge on accountants and auditors receiving appropriate professional education and training. It recommended reviewing syllabi and teaching approaches for university accounting courses for compliance with NAS, supporting accounting education providers to update their knowledge and skills of NAS and IFRS, standardizing and raising the quality of university accounting and auditing education programs nationwide, as well as asking for continued government support of accounting education and licensing.

Tashnazarov (2018) recommends additional attention be devoted to improving the professionalism, skills and certification of accountants to be able to meet international expectations. This will require the development of professional curricula and examinations, the creation of textbooks, case studies and practice sets, and holding training sessions, seminars on accounting, and professional conferences. Professionalism in accounting will necessarily require

identification of and compliance with the rules of ethics for accountants.

For one indication that necessary resources may be available to facilitate the development of accounting education in Uzbekistan, consider the 2021 Grant Application published by the Central Asia University Partnerships Program (UniCEN 2021). It solicits proposals and offers funding for building partnerships between higher education institutions in the United States and Central Asia to jointly address United Nations Sustainable Development Goals, one of which is decent work and economic growth. The grants offer support for enhancing teaching and learning capacities by modernizing curriculum and developing jointly taught courses in the priority areas at Central Asian universities.

4. KEY COMPONENTS OF ACCOUNTING STANDARDS

Knowledge of the chart of accounts, its principles and application techniques is important not only for accountants, but also for other employees involved in accounting, such as auditors, employees of tax and financial agencies, and others. This is important in the current context of significant changes in the entire accounting system, its individual facilities and business operations. Pattanayak and Cooper (2011) summarize the importance of the chart of accounts as follows:

The chart of accounts is possibly the most critical element or lynchpin of a well-functioning public financial management system. The chart of accounts, although [sic] appears to be just concerned with classifying and recording financial transactions, is critical for effective budget management including tracking and reporting on budget execution. The structure of the budget – in particular the budget classification – and the chart of accounts have a symbiotic relationship. As such, a mistake in designing the chart of accounts could have a long lasting impact on the ability of the public financial management system to provide required financial information for key decisions. The design of the chart of accounts must be planned well to take care of current management needs and potential future requirements. At the same time, the chart of accounts should be able to be changed –



particularly in the context of an integrated financial management information system – to respond to changes such as reorganization and changing needs.

In this context, with the revision of the accounting systems and standards in Uzbekistan, there was a need to develop a new chart of accounts in line with international practice. The Ministry of Finance of the Republic of Uzbekistan in cooperation with USAID (Accounting Reform in Uzbekistan), Entrepreneurship Development in Uzbekistan and other projects worked to develop a new chart of accounts that met international standards for 1999-2000. In order to ensure a successful transition to the new chart of accounts, it was decided to publish the new chart of accounts in the media for wide discussion.

The new chart of accounts was approved by Order No. 37 (March 30, 2000) and entered into force on January 1, 2002. The main task of the new chart of accounts is to improve the national accounting system in such a way that the financial statements necessary for management to make important decisions are prepared by business entities on the basis of new accounts. This chart of accounts, built on double-entry principles, discussed permanent accounts, temporary accounts, and off-balance accounts for items not belonging to the company. This new chart of accounts was registered by the Ministry of Justice on October 23, 2002, Order No. 1181 as National Accounting Standard No. 21.

Enterprises and audit firms with foreign investment have been maintaining their accounts under the new chart of accounts since January 1, 2002, stock exchanges have been added to the entities using the new chart of accounts since January 1, 2003, and other entities, regardless of ownership, have switched to the new chart of accounts since January 1, 2004.

The transition to a new chart of accounts and financial reporting structure was designed to ensure that national accounting standards are in line with internationally accepted methodological principles, that financial performance is comparable to similar indicators used in foreign countries, eliminate differences in understanding of accounting policies and reporting by domestic and foreign experts. and international recognition of its reliability provides confidence in the financial statements of enterprises and allows the Republic to attract foreign investment. The main purpose of developing national accounting standards is to bridge the gap in understanding of accounting policies and reporting information by

national and foreign experts, or to achieve harmonization of accounting, in technical terms.

In accordance with Article 5 of the 1996 version of the Law "On Accounting", the Department of Accounting and Auditing Methodology of the Ministry of Finance in cooperation with the European Union project "TACIS" in February 1997 began to develop National Accounting Standards (NAS) of the Republic of Uzbekistan. In 2008, an assessment by the World Bank (2008) identified the following differences between Uzbekistan NAS and IFRS:

- some IFRS/IAS have no NAS equivalents, for example, IAS 39 (Financial Instruments), IAS 40 (Investment Property), IAS 41 (Agriculture), IFRS 4 (Assets held for sale and discontinued operations);
- existing NASs are not always up to date because IAS/IFRS have changed significantly during the last decade (for example, IAS 10 and IAS 37 are now covered by NAS 16 although NAS 16 is based on an older IAS 10);
- several NASs contain more detail than their IAS/IFRS equivalents and are also supplemented by the standard chart of accounts (NAS 21), standard financial reporting formats with additional forms, such as the report on fixed assets and debtors and creditors, and additional regulations and guidelines (for example, IAS 1 has several NAS equivalents for each of the prescribed financial statements; this is, to some extent, due to traditions that exist in Uzbek environment, including the history of rules-based standards).

At present, the country has a conceptual framework for the preparation and organization of financial reporting and 22 national accounting standards, largely based on the published International Financial Reporting Standards. In February 2020, Resolution no. 4611 "On Additional Measures to Transition to International Financial Reporting Standards", required joint-stock companies, commercial banks, insurance companies, and large taxpayers to prepare IFRS financial statements starting January 1, 2021. Other entities that voluntarily adopt preparation of IFRS financial statements will not have to file National Accounting Standards. There are approximately 700 entities in Uzbekistan that will have to file IFRS financial statements for calendar year 2021, but there are substantial doubts that sufficient qualified accountants and auditors are available to assure the quality of those IFRS reports.



5. Challenges in implementing IFRS

The study of the requirements of foreign partners showed the need to create a single concept of accounting and reporting, in which the movement of foreign investment should be clearly reflected in accordance with international requirements, which ensures that financial reporting is understandable to investors. Mexmonov et al (2020) recommend that the system should be aimed at protecting and preserving the rights of investors, because they are the most vulnerable and numerous elements of the securities market.

All this has a certain impact on the structure of the accounts, making it necessary to detail the data, based on the needs of the enterprise management system and external users of information. The signing of the Resolution of the President of the Republic of Uzbekistan on February 24, 2020 "On additional measures for the transition to international financial reporting standards" No. 4611, and the approval of the related "Road Map" consisting of 18 items indicate that serious work is being done in this direction.

In recent years, there have been changes in the accounting system. Currently, one of the main documents regulating the system of accounting and reporting in the country is based on IFRS. Several obstacles still need to be dealt with before implementation of international accounting standards can be fully successful. They include

- Lack of appropriate methodological guidelines (Khajimuratov 2020)
- Lack of specialists and qualified personnel
- Difficulty in translating International Financial Reporting Standards and related guidance from English into languages familiar to Uzbekistan accountants
- High cost of training to acquire international certification for accountants
- High cost of auditing and consulting services necessary to meet international standards
- Relative absence of automated programs for accounting and reporting

Karimov (2020) highlights similar issues with the application of international audit standards in Uzbekistan. Kuziev (2016) suggests that a necessary step in financial reporting is the development of an algorithm to transform reports prepared under National Accounting Standards into IFRS format.

In an analysis of IFRS implementation in Indonesia, using a gradual approach in a developing, non-English speaking country, Mardona and Chand (2018) identify four main issues that are impediments to successful implementation of IFRS:

- the perceived complexity of certain accounting standards,
- the judgement and interpretation of accounting standards,
- issues in training and education, and
- residual differences between IFRS and Indonesian accounting standards.

Such challenges currently are clearly present in Uzbekistan as well. Ergasheva and Shermatov (2019) state that continuous support for the harmonization of IFRS and national accounting standards in Uzbekistan needs improvement in internal coordination. They recommend strengthening the Uzbekistan statutory and legal framework by defining criteria for distinguishing between public interest entities, small and medium sized entities, and micro entities for tailoring proportional financial reporting requirement appropriate for the market and the entity, as well as creating a robust audit quality assurance program. Also necessary is building institutional capacity to create an updated accounting and auditing infrastructure, supported by improving capacities for professional education and training in both practice and university settings. President Karimov's 2015 identification of corporate governance reforms as one of the top priority areas of economic development and growth further illustrates the challenges facing Uzbekistan (Ashurov 2017)

6. CONCLUSION AND NEXT STEPS

This study illustrates the factors affecting the pace of change in a former Soviet Block country and identifies current obstacles remaining to the successful completion of the convergence of Uzbekistan national accounting and auditing standards with international standards.

Changes in the economic and social life of the country, the integration of Uzbekistan into the world economic system required the harmonization of the legislative and regulatory framework of accounting with generally accepted international standards. Therefore, the transition to a new chart of accounts was a step towards the transition of Uzbekistan to the accounting system adopted in the countries that have transitioned to a market economy.



In conclusion, it should be noted that the Republic of Uzbekistan has finally developed a regulatory framework for improving accounting and auditing. However, one of the main problems remains the training of qualified personnel. One partial solution to this problem would be to ensure that students studying in higher education institutions specializing in accounting and auditing are trained in enterprises and organizations that have implemented international financial reporting standards in their activities. Tashnazarov (2018) further recommends the establishment of an Institute of Professional Accounting in Uzbekistan to support the development of the accounting field and the further implementation of IFRS in the country.

Uzbekistan has made substantial progress towards implementing IFRS in the country and adopting appropriate international auditing standards from its starting point as a Soviet Block country with no market-driven economy, no tradition of providing financial statements and financial information to stakeholders outside the enterprise or the government, and essentially no tradition of independent audit. However, as identified by Presidential Statements and other decrees over the past several years, the implementation process still has significant room for improvement. Those improvements will necessitate the growth of capabilities for accounting and auditing education in Uzbekistan, and further movement towards the professionalization of accounting personnel, as there continues to be a lack of highly qualified specialists in international financial reporting standards.

As discussed above, Uzbekistan still needs to make progress towards developing effective management accounting and internal audit capabilities if the transition to a market-based economy utilizing IFRS reporting is to succeed in achieving its objectives of economic growth and full access to international financial markets. Uzbekistan also has yet to adopt IFRS for financial reporting for small and medium enterprises.

DECLARATION OF COMPETING INTEREST

The authors declare that they have no known competing financial interests or personal relationships that could have appeared to influence the work reported in this paper.

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12. Resolution No. 365, September 25, 2000. On improving auditing activities and increasing the role of auditing inspections. Cabinet of Ministers of the Republic of Uzbekistan
13. Resolution No. 607, August 24, 2020. On approval of the Regulation on and the procedure for recognizing International Financial Reporting Standards and their Interpretations. Cabinet of Ministers of the Republic of Uzbekistan
14. Resolution No. PK-3946, September 19, 2018. On measures to further develop auditing in the Republic of Uzbekistan. President of the Republic of Uzbekistan.
15. Resolution No. PP-4611, February 24, 2020. On additional measures for the transition to international financial reporting standards. President of the Republic of Uzbekistan

National Database of Legislation of the Republic of Uzbekistan. Available at www.lex.uz/docs/3914502 .



Table 1 - National Accounting Standards

Date approved	Standard	Description
July 26, 1998	NSBU 1	Accounting policy and financial reporting (amended Sep. 18, 2012)
Aug. 20, 1998	NSBU 2	Income from the main economic activity
Aug. 25, 1998	NSBU 3	Report on financial results
Dec. 29, 2006	NSBU 4	Inventory (invalidated July 1, 2020)
March 25, 2005	NSBU 5	Fixed assets (amended Oct. 22, 2018)
April 6, 2009	NSBU 6	Lease accounting (amended June 9, 2017)
March 23, 2004	NSBU 7	Intangible assets (amended June 12, 2017)
Oct. 14, 1998	NSBU 8	Consolidated financial statements and affiliated entities
Oct. 10, 1998	NSBU 9	Report on cash flows
Oct. 19, 1998	NSBU 10	Government subsidies and disclosure of government assistance
Dec. 3, 1998	NSBU 11	Research and development activities
Dec. 25, 1998	NSBU 12	Financial investments
June 15, 2006	NSBU 14	Statement of equity (amended June 13, 2017)
March 1, 2005	NSBU 15	Balance sheet (amended June 14, 2017)
Oct. 30, 1998	NSBU 16	Contingencies and subsequent events
Nov. 2, 1998	NSBU 17	Contracts for capital construction
Oct. 19, 1998	NSBU 19	Organizing and carrying out inventory counts (amended Jan. 5, 2018)
July 16, 2013	NSBU 20	Simplified accounting by small businesses (amended July 21, 2015)
October 9, 2002	NSBU 21	Chart of accounts (amended Oct. 23, 2017)
March 12, 2004	NSBU 22	Foreign currency translation (amended July 12, 2017)
August 5, 2009	NSBU 24	Cost accounting on loans (amended June 20, 2017)

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Table 2 - National Audit Standards

Date approved	Standard	Description
June 6, 1999	NSA 3	Audit planning (invalidated July 30, 2021)
Aug. 4, 1999	NSA 5	Quality control of auditor work (invalidated July 30, 2021)
Aug. 4, 1999	NSA 6	Audit documentation (invalidated July 30, 2021)
Aug. 4, 1999	NSA 9	Materiality and audit risk (invalidated July 30, 2021)
Sep. 9, 1999	NSA 10	Other information contained in financial reporting (invalidated July 30, 2021)
Sep. 9, 1999	NSA 11	Audits of computer data processing (invalidated July 30, 2021)
Aug. 4, 1999	NSA 13	Analytical procedures (invalidated July 30, 2021)
July 27, 1999	NSA 14	Auditor selection (invalidated July 30, 2021)
July 27, 1999	NSA 16	Use of the work of experts (invalidated July 30, 2021)
Aug. 11, 2006	NSAD 4	Internal standards of auditing organizations
Dec. 29, 2006	NSAD 12	Assessment of systems of internal control
May 31, 2001	NSAD 24	Procedures if misstatements are identified
Jan. 27, 2003	NSAD 25	Observance of regulatory legal acts
May 31, 2001	NSAD 31	Acquaintance with activities of business entity
March 3, 2002	NSAD 50	Auditor proofs
Jan. 27, 2003	NSAD 55	Related party transactions
April 9, 2003	NSAD 56	Subsequent events
Jan. 1, 2003	NSAD 60	Use of the results of work of other auditors
Feb. 14, 2001	NSAD 70	The audit report and audit opinion on financial reporting
Jan. 1, 2003	NSAD 80	Auditor check of special question
Feb. 14, 2001	NSAD 90	Professional services of audit organizations