

THE PRACTICE OF APPLYING AND HOW TO FURTHER DEVELOP INTERNATIONAL FINANCIAL REPORTING STANDARDS IN KAZAKHSTAN

***Кабассова Канзия Айтпаевна,**
магистр иностранных языков, преподаватель кафедры
иностраных языков Западно-Казакстанского
университета им. М. Утемисова*

***Кабассова Ардак Каирғалиева,**
старший преподаватель Западно-Казакстанского
университета им. М. Утемисова*

***Kabassova K.**
Master of Foreign Languages, Lecturer of the Department of Foreign
Languages, West Kazakhstan University. M. Utemisova,
Kazakhstan, Uralsk,
Kabassova A.
West Kazakhstan University named after M. Utemisov,
Kazakhstan, Uralsk*

ANNOTATION

The article analyzes the existing system of using international financial reporting standards in the organizations of the Republic of Kazakhstan. The problems related to the application of standards in the accounting policy of the organization have been analyzed, and the problems of tax accounting prevailing in the practice of Kazakhstani enterprises have been touched upon. Particular attention is paid to the quality of the content of the information in the financial statements on IFRS, which is the basis for the decision of management by potential investors.

Keywords: international financial reporting standards, international financial reporting standards for small and medium-sized businesses, national financial reporting standard, financial reporting content.

The development of the accounting and auditing system is an important prerequisite for the creation of a prosperous and dynamic state.

In the early 1990s, Kazakhstan's transition to a market economy predetermined the relevance of accounting reform in the country. The system of domestic accounting was to be reformed, reflecting the reform of Kazakhstan's economy as a whole and the change in the requirements for accounting. The reform of the economy has led to an expansion of the role of accounting as an information system for various users of accounting information, including foreign investors.

International Financial Reporting Standards (FURTHER IFRS) - Financial Reporting Standards approved by the Fund of the Committee for International Financial Reporting Standards. It is a constantly updated system that is being modernized, and these transformations are based on the unification of accounting principles used by companies around the world to compile financial statements.

A distinctive feature of IFRS is the multivariability of approaches to problem solving. An example is the possibility of using alternative methods of accruing depreciation (depreciation) of fixed assets, accounting for stocks, investments, etc.

The need to move to the International Financial Reporting Standards and International Audit Standards is determined by the general policy of the state and the strategy of reforms aimed at building a market economy in Kazakhstan. Consequently, Kazakhstan's integration into the global economy requires the inclusion of the norms and standards of international public organizations in Kazakhstan's law and giving them the status of regulations of the Republic of Kazakhstan. This determines the relevance of the article.

The development of entrepreneurship has been accompanied by an increasing role of accounting information in the areas of management, control and analysis of business activities.

Currently, all organizations, regardless of their type, forms of ownership and subordination, keep accounting of property, liabilities and business operations, in accordance with the current legislation and regulations.

The reason for the growing popularity and demand for reporting, drawn up under IFRS rules in Kazakhstan, is the need to create con-

ditions for attracting foreign investment, cooperation within the EAEU, integration of business into the global economy. A serious problem is that there is still no understanding in the accounting environment about the need for a full transition to IFRS. The problem of non-conformity of accounting models is not unique to Kazakhstan alone. It is global. In the process of working compilers and users of financial reports around the world, there is a problem of unification of accounting.

Two approaches to its solution, harmonization and standardization, are now best known.

The idea of harmonizing different accounting systems is being implemented within the European Community (EU). The essence of it is that each country may have its own model of accounting organization and a system of standards governing it. The main thing is that these standards do not violate similar standards in the member states of the community. The idea of standardizing accounting procedures is implemented within the framework of unification.

On this basis, it can be concluded that the financial reporting standards in the Republic of Kazakhstan consist of national financial reporting standards (further NSFO) and international financial reporting standards.

International financial reporting standards are rules recommended for application by countries within the Committee on International Financial Reporting Standards, which in most cases preserves national accounting characteristics in the application of international financial reporting standards (IFRS).

At the heart of these transformations is the unification of accounting principles used by companies around the world to compile financial statements.

The emergence of international accounting standards is primarily related to such objective prerequisites as:

1) integration, interdependence, mutual conditions of the world economy and the widespread need for financial and investment markets;

2) Expanding the activities of transnational corporations, integrated joint ventures, corporations and mutual capital penetration of different countries;

3) the development of the world's productive forces to a comprehensive, global and international level;

4) free currency conversion of leading countries, as well as the introduction of a single European currency;

5) the need for unified approaches, such as unification and standardization, in the implementation of inter-ethnic programs in the social, economic, financial and economic management sectors;

6) the inability to stay within national principles and rules;

7) the desire to have comparable, understandable information to make the right decisions, without spending considerable money to report in accordance with international rules or national norms of a partner country. [9, c. 467].

International financial reporting standards are considered to be the most developed and advanced accounting standards in the world. That is why in many countries, such as Australia, Germany and the United Kingdom, foreign issuers may report to exchanges in accordance not with the national standards of these countries, but with international standards. In other states, such as Canada, Japan and the United States, this is also permitted, but companies reporting on IFRS are additionally required to submit a list of its differences from reporting that would be prepared in accordance with the national standards of those countries. In some countries (e.g. Czech Republic, Baltic states), IFRS reporting should be made up of all large enterprises. In Kazakhstan, since 2003, all financial institutions, since 2005 - public companies, and since 2006 - other organizations (except government agencies) will have to prepare reporting on IFRS.

Hence the accounting and reporting information generated by IFRS have both advantages and disadvantages that are summarized in Table 1.

Let's take a look at the positive and negative features of international accounting standards. Their objective advantages over national standards in individual countries are:

-Clear economic logic;

-Generalization of modern world accounting practices;

-Easy to understand for users of financial information around the world.

Table 1 – Benefits and Disadvantages of IFRS

Benefits:	Disadvantages:
<ul style="list-style-type: none"> - Expanding opportunities to join international capital markets; -Transparency, usefulness of information and regulation of disclosed volume, helping the user to make informed decisions; -Reducing time and other costs, including material, for national development; -Increased responsibility and increased the knowledge, skills and powers of accountants who can increase the credibility and importance of accounting for the sustainable growth of the country's economy; -Develop cooperation with other countries through information openness, risk reduction and confidence; -Bringing together the economies of different countries by creating quality comparable financial information; -Approaching economic integration and harmonization of accounting and reporting. 	<ul style="list-style-type: none"> - The generalized nature of the standards; -A fairly diverse range in accounting methods; -Lack of detailed explanations for specific cases; -Differences in levels of development from different countries; -Lack of rules and order that take into account the traditions and national characteristics of the economy; -The need to adapt IFRS to the national accounting system and, in some cases, the cumbersomeness of the work; -Lack of knowledge and skills of accountants, as well as a systematic need for training; -Complexity to understand some terminology due to incorrect translation; -The divergence of the regulatory system on certain issues.

At the same time, international accounting standards not only reduce the cost of reporting companies, especially in the context of the consolidation of financial statements of enterprises operating in different countries, but also reduce the cost of raising capital. It is known that the market price of capital is determined by two main factors: forward-looking returns and risks. Some of the risks are indeed specific to the companies themselves, but there are also those that are caused by a lack of information, a lack of accurate information about the return on investment. One of the reasons for the lack of information failure is the lack of standardized financial reporting, which, while retaining capital, actually increases it. This is because investors agree to receive slightly lower returns, knowing that greater openness of information reduces their risks.

The combination of these benefits largely ensures that different countries are committed to using IFRS in national accounting practices.

In connection with this, the introduction of IFRS in Kazakhstan requires the following tasks:

- An objective assessment of the status and prospects of standards development;
- Changes in the accounting regulatory framework;
- Expanding the training and development system;
- Developing incentives to apply.

Thus, the following measures are envisaged to further develop accounting and auditing in Kazakhstan:

-Ensuring the adoption of draft laws on accounting and financial reporting and "On amending and amending some of the laws of the Republic of Kazakhstan on accounting and financial reporting";

-Develop simplified financial reporting standards for small and medium-sized businesses;

-Increased participation of professional public associations in the development and regulation of accounting and auditing professions;

-Improving the training and development of accounting and auditing staff, as well as users of financial reporting in accordance with international standards;

-Developing international cooperation in accounting and auditing;

-Expanding control over the quality of IFRS financial statements;

-Improving accounting and reporting in the public sector and moving to standards that meet international requirements.

International Financial Reporting Standards (IFRS) are a composite of trade-offs and fairly general accounting options. IFRS are advisory in nature, i.e. are not binding. On this basis, national standards can be developed in national accounting systems with more detailed regulation of the accounting of certain objects.

The use of IFRS is necessary for the following reasons:

First, reporting in accordance with IFRS is an important step in enabling organizations to join international capital markets. It is well known that capital, especially foreign capital, requires transparency of financial information about the activities of companies and management reporting to investors.

In today's world, IFRS is gradually becoming a key to the international capital market. If a company is accountable, it has access to the

sources of funds needed for development. However, this company is among those elected, who, subject to other conditions, can count on foreign funding. If the company does not have the required reporting, it, from the point of view of the Western investor, is not credible and cannot be considered as competitive in competition with other applicants of capital.

Secondly, international practice shows that IFRS reporting is highly informative and useful to users.

Third, the use of IFRS significantly reduces the time and resources needed to develop new national reporting rules. These standards reinforce a long history of accounting and reporting in a market economy. They are formed as a result of labor and the search for more than one generation of accountants-researchers, representatives of different scientific schools.

In the process of transforming accounting in the transition to IFRS, the enterprise needs to revise the accounting policy and schedule of the document, reflecting the movement of primary documents, as information on the facts of the financial and economic activities of the enterprise, which could have a significant impact on the views of users of financial reporting, in accordance with IFRS should be reliable, neutral, prudent, complete and reflect the economic content of events and operations. IFRS are in a state of constant change and renewal. In addition, IFRS adaptation to US GAAP is also influenced. World experience has shown that such qualitative characteristics of international financial reporting standards as comprehensibility, relevance, reliability and comparability, defining the usefulness of information, are achieved by the direct use of international standards or their application as the basis for the construction of a national accounting and financial reporting system. The economic perspective of IFRS is to distribute capital more efficiently, to make investments more efficient and to grow in profitability, to enter the world market, and to reduce the cost of capital raising. As a result, it will lead to the development of new business structures, the emergence of new jobs, the reduction of unemployment, the increased competitiveness of Kazakhstani organizations in international markets, and the economic growth of the country as a whole.

The theoretical and methodological basis was provided by legislative, normative, methodical materials, textbooks, monograph works of

domestic and foreign scientists in the field of accounting: Nurseitov E.O., Radobovets V.K., Vladimirov T.V., Seydakhmetov F.S., etc., as well as publications in special journals.

References:

1. President Nazarbayev's message to the people of Kazakhstan "Increasing the welfare of the citizens of Kazakhstan is the main goal of the state policy" of February 6, 2008.

2. Civil Code of the Republic of Kazakhstan (Special Part). Commentary (post-article) / Edited by M. K. Suleymenova, Yu. G. Basin. – 2nd ed., ispr. and additional. – Almaty: Heat, 2003. – 634 p.

3. Kazakhstan Act of 28.02.07 "On Accounting and Financial Reporting" №234-III (with changes and additions as of 28.02.2007 №235-III).

4. Order of the Minister of Finance of 21.06.2007 No.217 "On the approval of the National Standard of Financial Reporting №2".

5. Order of the Minister of Finance of 22.06.2007 №221 "On the Approval of Accounting Rules".

6. Order of the Minister of Finance of Kazakhstan dated May 23, 2007 №185 "On the approval of the Model Accounting Plan".

7. Rock, V. I. National Accounting System in Kazakhstan. LEM Publishing LLO / V. I. Rock, N. V. Scala, G. M. Nam. – Almaty, 2007. H.1. – 420 p.

8. Alimbetov, N. Chairman of the Chamber of Professional Accountants of Kazakhstan, member of the working group of the Ministry of Finance of Kazakhstan and Majilis of the Parliament of Kazakhstan on the drafting of the Accounting and Financial Reporting Act / N. Alimbetov // MART 2018. № 12 / WINNER.

9. Seydakhmetova, F. S. Modern Accounting / F. S. Seydakhmetova. – Almaty: LEM Publishing Company LLPs, 2015. – 548 p.

10. Concept of the development of the accounting and audit system in the Republic of Kazakhstan for 2017-2019.

11. Kutera, M. I. Accounting / M. I. Kutera. – Theory, P. 59.

12. Vladimirova, T. V. And others Accounting Theory / T. V. Vladimirova, – M.: Examination Publishing House, 2017. – 320 p.

13. Glushkov, I. V. Accounting at a modern enterprise / I. V. Glushkov. – M., KNORUS, Novosibirsk, ECOR, 2016. – 225 c.

14. Yerzhanov, M. S. Accounting Policy / M. S. Yerzhanov, S. Yerzhanova. – Almaty: Karja Karajat, 2017. – 220 c.
15. International Financial Reporting Standards. – M.: Askeri, 2020.
16. Niddles, B. Accounting Principles. Lane / B. Niddles, H. Anderson, D. Caldwell; Under Ed. Y. V. Sokolova. – 2nd ed., stereotype. – M.: Finance and Statistics, 2016. – 496 p.
17. Nourseitov, E. O. Accounting in organizations / E. O. Nourseitov. – Almaty, 2016. – 472 p.
18. Nourseitov, E. O. Features of National Accounting and IFRS / E. O. Nourseitov. – Almaty: BICO, 2017. – 300 p.
19. Radolovets, V. K. Accounting at the company / V. K. Radolovets, V. K. Radolovets, O. I. Schmidt. – Almaty, Central Hudit Kazakhstan, 2018. – 728 p.
20. Tumasyan, R. S. Accounting / R. S. Tumasyan. – M.: Omega-L, 2016. – 794 p.
21. Alimbetov N. Financial and Legal Commentary to the Law of the Republic of Kazakhstan "On Accounting and Financial Reporting" of February 28, 2007 № 234-III / N. Alimbetov // Accountant's Bulletin, March 2007, № 12.