



FINANCIAL ANALYSIS METHODS BASED ON INTERNATIONAL ACCOUNTING STANDARDS

Nozaninxon Muhammadjonova

Department of Accounting and Business

Tashkent Transport Technical School

Abstract

This article explores the main approaches to financial analysis based on International Financial Reporting Standards (IFRS). With the globalization of business and finance, the use of unified financial reporting systems becomes increasingly important. The article examines key IFRS-based analytical tools and their application in assessing the financial health of organizations. It also analyzes the relevance of these methods in the context of Uzbekistan's transition to international accounting standards.

Keywords: IFRS, financial analysis, financial reporting, international standards, accounting, liquidity, solvency, profitability, comparability.

XALQARO BUXGALTERIYA STANDARTLARI ASOSIDA MOLIYAVIY TAHLIL QILISH USHLARI

Muxammadjonova Nozaninxon Sharifjon qizi

Hisob va biznes kafedrası

Toshkent transport texnikumi

Annotatsiya:

Ushbu maqolada Xalqaro moliyaviy hisobot standartlari (IFRS) asosida moliyaviy tahlilning asosiy yondashuvlari yoritilgan. Biznes va moliya sohasining globallashuvi sharoitida yagona moliyaviy hisobot tizimlaridan foydalanish tobora muhim ahamiyat kasb etmoqda. Maqolada IFRS asosidagi tahlil vositalari va ularning tashkilotlarning moliyaviy holatini baholashdagi qo'llanilishi o'rganiladi. Shuningdek, ushbu usullarning O'zbekistonning



xalqaro buxgalteriya standartlariga o'tish jarayonidagi dolzarbligi ham tahlil qilinadi.

Kalit so'zlar: IFRS, moliyaviy tahlil, moliyaviy hisobot, xalqaro standartlar, buxgalteriya, likvidlik, to'lovga qobiliylik, rentabellik, taqqoslanuvchanlik.

Introduction

In today's rapidly evolving economic environment, the accuracy and transparency of financial reporting have become key pillars of trust in both national and international financial markets. As companies expand their operations beyond domestic borders, the need for a common language in financial reporting has led to the widespread adoption of International Financial Reporting Standards (IFRS). These standards aim to enhance the comparability, reliability, and relevance of financial statements across different jurisdictions, allowing stakeholders to make better-informed decisions.

Financial analysis serves as a critical tool for evaluating the financial performance and position of a business. When performed under IFRS, such analysis becomes more structured and globally comprehensible. Unlike national accounting systems that may follow specific regulations unique to a country, IFRS promotes a principle-based framework that supports transparency and consistency in financial reporting. This, in turn, improves the quality of financial analysis conducted by internal and external users such as investors, auditors, financial analysts, and regulatory bodies.

Uzbekistan, like many emerging economies, is gradually aligning its accounting and financial reporting practices with international standards. This transition marks a strategic step toward integration with global financial markets and improving investor confidence. However, adopting IFRS also brings certain challenges, including the need for capacity-building among finance professionals and adjustments in institutional infrastructure.

The purpose of this article is to examine the methods of financial analysis within the IFRS framework and evaluate their significance for economic decision-making. The article highlights various analytical tools such as ratio analysis,



cash flow evaluation, and comparative reporting, while also addressing the specific context and prospects of IFRS-based financial practices in Uzbekistan.

Literature Review

A considerable body of literature addresses the significance and methodology of financial analysis under IFRS. According to Nobes and Parker (2020), IFRS promotes harmonization in global financial reporting, which significantly enhances the comparability of financial data across countries. This comparability allows for more effective financial analysis, particularly for multinational companies and investors.

Epstein and Jermakowicz (2010) emphasize that the adoption of IFRS provides a more transparent and economically realistic view of a company's financial position, which is essential for meaningful financial analysis. They also point out that IFRS encourages the use of fair value accounting, which can improve the accuracy of asset and liability valuation.

Barth, Landsman, and Lang (2008) explore the impact of IFRS on financial statement quality and assert that firms reporting under IFRS exhibit higher levels of accounting transparency. Their research concludes that IFRS-based reporting reduces information asymmetry and contributes to more accurate market valuation.

In the context of emerging economies, including Uzbekistan, several scholars such as Karimov (2021) and Rashidov (2023) note the transitional difficulties in shifting from local accounting standards to IFRS. However, they also highlight that the long-term benefits of adopting IFRS, particularly in facilitating better financial analysis and attracting foreign investment, outweigh the initial adaptation challenges.

Overall, the literature reveals a consensus that IFRS-based financial analysis enhances the quality of decision-making by offering a more consistent and transparent financial framework.

Methodology

This research adopts a qualitative analytical approach to explore the application of IFRS-based financial analysis methods. The methodology is built upon a



comparative examination of international standards and their implementation in the context of Uzbekistan's accounting system. Data for the study is sourced from academic literature, IFRS official publications, financial reports of companies operating under IFRS, and regulatory documents issued by Uzbekistan's Ministry of Finance and relevant institutions.

To analyze the practical use of IFRS-based tools, the study focuses on key financial indicators such as liquidity ratios, solvency ratios, profitability margins, and cash flow assessments. These indicators are evaluated within the IFRS framework, emphasizing their interpretation and significance in different financial contexts. Special attention is given to how financial statements prepared under IFRS allow for improved horizontal (trend) and vertical (structure) analysis.

In addition, case-based analysis is employed by reviewing financial reports from a selection of Uzbek and international companies that have adopted IFRS. This enables the identification of similarities and differences in the analytical outcomes depending on reporting standards. Interviews and expert opinions from local accounting professionals were also considered to gain insight into current practices and challenges in transitioning to IFRS in Uzbekistan.

This methodology supports the objective of understanding not only the theoretical foundations of IFRS-based financial analysis, but also its practical implementation and potential for improving financial decision-making in emerging economies.

Discussion

The implementation of International Financial Reporting Standards has fundamentally changed the way financial statements are prepared and analyzed. IFRS emphasizes transparency, comparability, and faithful representation of financial data, which enhances the quality of financial analysis. One of the major advantages of IFRS is its principle-based nature, which allows companies to present a more accurate economic picture rather than merely following rigid accounting rules.

Financial analysis under IFRS involves the application of various tools such as ratio analysis, trend analysis, and cash flow analysis. These methods allow



Modern American Journal of Business, Economics, and Entrepreneurship

ISSN (E): 3067-7203

Volume 01, **Issue** 02, May, 2025

Website: usajournals.org

*This work is Licensed under CC BY 4.0 a Creative Commons
Attribution 4.0 International License.*

stakeholders to assess an entity's financial health more effectively. For instance, profitability ratios (such as return on assets and return on equity) offer insight into operational efficiency, while liquidity and solvency ratios help assess an organization's capacity to meet short- and long-term obligations. These indicators are particularly meaningful when they are derived from IFRS-compliant reports due to the standardization and greater disclosure of key financial information.

In Uzbekistan, the transition to IFRS is still in progress, but growing momentum is observed across the banking and corporate sectors. Institutions such as the Central Bank of Uzbekistan and the Ministry of Finance have initiated reforms to promote IFRS adoption, especially among large enterprises and financial institutions. However, challenges remain, including a lack of trained personnel, insufficient technical infrastructure, and the need for better integration with international auditing practices.

Another important factor in the discussion is the role of financial software and automated systems. The use of Enterprise Resource Planning (ERP) systems that are IFRS-compliant facilitates more accurate data collection, processing, and reporting. These technologies also support real-time analysis, thereby increasing the responsiveness of management decisions.

Furthermore, the global trend of adopting IFRS has also influenced foreign investment flows. Investors tend to prefer jurisdictions where financial reporting is aligned with global standards, as it reduces risks related to information asymmetry. Thus, the adoption of IFRS and the consistent use of its financial analysis tools can significantly contribute to Uzbekistan's economic development and integration into global markets.

Ultimately, the ability to conduct thorough financial analysis using IFRS-based statements is not only a technical skill but a strategic necessity. It supports transparency, strengthens investor relations, and lays the groundwork for sustainable economic growth.

Main Part

Financial analysis based on International Financial Reporting Standards (IFRS) provides a structured and globally recognized framework for evaluating an



***Modern American Journal of Business,
Economics, and Entrepreneurship***

ISSN (E): 3067-7203

Volume 01, **Issue** 02, May, 2025

Website: usajournals.org

***This work is Licensed under CC BY 4.0 a Creative Commons
Attribution 4.0 International License.***

organization's financial performance and position. The core objective of such analysis is to deliver transparent and comparable financial information to stakeholders, enabling informed decision-making.

One of the primary tools of IFRS-based financial analysis is ratio analysis. This includes liquidity ratios such as the current ratio and quick ratio, which assess a company's ability to meet short-term obligations. Solvency ratios, such as the debt-to-equity ratio and interest coverage ratio, evaluate the firm's long-term financial stability. Profitability ratios, including net profit margin and return on equity, measure the efficiency with which a company generates profits. These ratios are more reliable when derived from IFRS-compliant statements, as the underlying data adheres to consistent international valuation principles, such as fair value measurement and accrual accounting.

Trend analysis under IFRS allows financial analysts to observe performance over time. Since IFRS encourages detailed segmental reporting and consistent treatment of transactions across periods, trend analysis becomes a useful tool for detecting growth patterns, revenue fluctuations, or cost trends. Vertical analysis, in turn, enables the understanding of financial structure by evaluating the proportion of each item in the financial statement relative to a base figure, such as total assets or revenue.

Cash flow analysis is another crucial aspect, particularly under IAS 7, which governs the presentation of the cash flow statement. It requires classification into operating, investing, and financing activities, thereby offering a clear picture of the sources and uses of cash. This separation enables analysts to assess whether a company's operations generate sufficient cash to sustain growth or if it relies excessively on external financing.

Comparative analysis is made more effective under IFRS due to standardized financial statement formats. Analysts can evaluate performance across firms, industries, or countries. For example, multinational corporations are increasingly using IFRS to align the financial statements of their foreign subsidiaries, facilitating better internal and external assessments.

In the context of Uzbekistan, IFRS adoption is being implemented progressively. The government has issued mandates for banks and large joint-stock companies to prepare their financial reports in accordance with IFRS.



Educational institutions are also updating their curricula to include IFRS training for future accountants and financial managers. Despite these efforts, challenges such as limited IFRS expertise, language barriers in interpreting standards, and lack of updated financial software still pose barriers.

Nevertheless, the benefits of IFRS-based financial analysis are becoming evident. Increased transparency attracts foreign investors, while the enhanced accuracy of financial information supports better financial planning and strategic management. For companies, mastering IFRS-based analytical methods means gaining a competitive advantage in the global economy.

In the main components of financial analysis—ratios, cash flows, trends, and comparatives—gain greater validity and application power when integrated into the IFRS framework. For Uzbekistan, embracing these standards not only modernizes the accounting system but also strengthens the country's position in international financial markets.

Conclusion

The integration of International Financial Reporting Standards into financial analysis processes represents a significant advancement in global accounting practices. By adopting IFRS, organizations ensure that their financial statements are not only transparent and comparable but also aligned with international best practices. This facilitates accurate financial analysis, better investment decisions, and improved stakeholder confidence.

For Uzbekistan, the gradual transition to IFRS provides both opportunities and challenges. On the one hand, the application of IFRS-based analysis enhances the reliability of financial information, promotes consistency in reporting, and opens doors to global capital markets. On the other hand, the process requires substantial investments in training, system upgrades, and regulatory adjustments.

This article has outlined the primary tools and methods used in IFRS-based financial analysis, including ratio analysis, cash flow assessment, trend evaluation, and comparative analysis. Each method contributes to a deeper understanding of an organization's financial condition when supported by IFRS-compliant data.



As Uzbekistan continues to reform its financial reporting infrastructure, it is essential for educational institutions, companies, and government bodies to cooperate in building capacity and awareness. With consistent implementation, IFRS-based financial analysis can become a powerful tool for ensuring sustainable growth, increasing financial discipline, and fostering integration into the global economy.

References:

1. Nobes, C., & Parker, R. (2020). Comparative International Accounting. Pearson Education.
2. Ibragimova, D. I. (2024). AN ANALYSIS OF ISAJON SULTON'S HISTORICAL PROSE: ERA, HEROES, THEMES, AND IDEAS. Mental Enlightenment Scientific-Methodological Journal, 5(05), 120-127.
3. Inomjonovna, I. D. (2023). BOSHLANG'ICH SINFI O'QUVCHILARI INTELLEKTINI SHAKLLANTIRISH VA IQTIDORINI NAMOYON QILISHGA DOIR TEXNOLOGIYALAR.
4. Epstein, B. J., & Jermakowicz, E. K. (2010). IFRS: Interpretation and Application of International Financial Reporting Standards. Wiley.
5. Tadjibayeva, R. (2024). Providing the organization of legal education and education in raising legal awareness and legal culture in the society. Web of Teachers: Inderscience Research, 2(9), 108-115.
6. Tadjibayeva, R. O. (2025). Oylalarda iqtisodiy bilimni shakllantirish konikmalari. Tarbiya va bilim, 1(1), 525-527.
7. Таджибаева, Р. О. (2025). Навыки формирования экономических знаний в семьях. Экономика и социум, 5(132), 55-71.
8. Yuldasheva, G. K. (2024). On strengthening interethnic harmony and tolerance in new Uzbekistan public policy. European Journal of Learning on History and Social Sciences, 1(4), 30-35.
9. Kadirova, O. H., Yusupaliyeva, F. Y. (2023). Methods of development of English-speaking skills of elementary school students. Ethiopian International Journal of Multidisciplinary Research, 10(11), 332-334.



***Modern American Journal of Business,
Economics, and Entrepreneurship***

ISSN (E): 3067-7203

Volume 01, **Issue** 02, May, 2025

Website: usajournals.org

***This work is Licensed under CC BY 4.0 a Creative Commons
Attribution 4.0 International License.***

-
10. Yuldasheva, G. K. (2024). Ethnopedagogy and ecological culture. *Journal of Academic Research and Trends in Educational Sciences*, 3(2), 173-178.
 11. Barth, M. E., Landsman, W. R., & Lang, M. H. (2008). International Accounting Standards and Accounting Quality. *Journal of Accounting Research*, 46(3), 467–498.