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APPLICATION PROBLEMS OF IFRS IN PRODUCTION ENTERPRISES

Abstract

The reforms carried out in the economy of the Republic of Azerbaijan impose some new tasks on commercial enterprises that are suitable for market relations. The performance of such tasks is impossible without adequate information about the enterprise's activities. Such information appears in the accounting and reporting system. Data is used to make informed economic decisions. The decisions made must be relevant to the requirements of the business that changes from time to time, otherwise it becomes impossible to be stable and operate stably in the face of serious market competition. The quality and authenticity of economic decisions made at the level of institutional units depends on how information is formed from a theoretical, methodological and practical point of view in any appropriate accounting and reporting system.

Keywords: *accounting, production problems, competition, business, commerce*

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MHBS-in istehsal müəssisələrində tətbiq problemləri

Xülasə

Azərbaycan Respublikasının iqtisadiyyatında aparılan islahatlar bazar münasibətlərinə uyğun olan kommersiya müəssisələrinin üzərinə bir sıra yeni vəzifələr qoyur. Müəssisənin fəaliyyəti haqqında adekvat məlumat olmadan belə vəzifələrin yerinə yetirilməsi mümkün deyil. Bu cür məlumatlar mühasibat uçotu və hesabat sistemində görünür. Məlumat əsaslandırılmış iqtisadi qərarlar qəbul etmək üçün istifadə olunur. Qəbul edilən qərarlar biznesin zaman-zaman dəyişən tələblərinə uyğun olmalıdır, əks halda ciddi bazar rəqabəti şəraitində sabitlik və stabil fəaliyyət göstərmək qeyri-mümkün olur. İnstitusional bölmələr səviyyəsində qəbul edilən iqtisadi qərarların keyfiyyəti və həqiqiliyi istənilən müvafiq uçot və hesabat sistemində nəzəri, metodoloji və praktiki baxımdan məlumatın necə formalaşmasından asılıdır.

Açar sözlər: *mühasibat, istehsal problemləri, rəqabət, biznes, kommersiya*

Introduction

It is known that since the market economy is arbitrarily more intense and uncertain, it becomes imperative to systematically review the methodology, methods and methods of gathering information about the happening events, situations, facts and modern objects. Over time, the economy of the Republic of Azerbaijan is integrated into the world economy, the trade and economic cooperation of state enterprises and companies with companies of other countries is expanding and deepening. The relevant world economic organizations develop uniform accounting and reporting standards. The main purpose of this is to ensure unification and harmonization of accounting and reporting worldwide. That is, the state's accounting and reporting system is slowly being transformed into an interstate accounting and reporting system, and the transition to interstate standards in the financial reporting sector is important. External users first use financial statement information when making financial decisions (1).

IFRS- International Financial Reporting Standards (IFRS) are a set of accounting rules for the financial statements of public companies that are intended to make them consistent, transparent, and easily comparable around the world .

IFRS specify in detail how companies must maintain their records and report their expenses and income. They were established to create a common accounting language that could be understood globally by investors, auditors, government regulators, and other interested parties.

The foundation of the International Financial Reporting Standards Board is to make it easier for international investors to invest in the capital markets of countries. Because the International Financial Reporting Standards Council is creating a global accounting system and ensuring clarity, comparability and reliability of financial tables (Abdullayeva, 2019: 35). In a general sense, accounting standards are norms that guide accounting applications and regulate the preparation of financial tables.

The International Financial Reporting Standards Board is a set of standards that aim to enable the comparison of financial statements prepared by harmonizing accounting standards worldwide. The European Union has achieved its harmonization goals through accounting directives, in particular by implementing the fourth and seventh directives. These guidelines have been incorporated into the laws of the member countries. As a result of different financial reporting environments within the EU and the directive nature of the guidelines, member countries' financial reporting standards and practices have varied greatly. In countries with a strong capital structure, financial reporting has developed as very important and transparent 12, while in countries with a weak financial organization, transparency and development have become less important.

Institutional problems

Quality of economic decisions made at the scale of institutional units, real theoretical-methodological and information in any appropriate accounting and reporting system from a practical point of view, it depends on how it is formed. Classification and analysis of financial statement components in the report a number of issues have not been fully resolved in the new standards.

In connection with the implementation of financial problems IFRS, the accounting systems of economic entities should be restored, management personnel should be reorganized, professionals should be hired, modern software should be acquired, and a large amount of funds should be allocated to replace management processes with new ones (Jafarov, 2015: 17). It is not an exception to provide audit services according to the International Auditing Norms or the National Auditing Norms drawn up and approved in accordance with the financial statements prepared by the organization in accordance with the conditions of IFRS. In addition, the implementation of reforms in the direction of state accounting and the importance of directing large-scale investments can also be emphasized as a problem (Druky, 2014: 18) .

In the conducted studies, it was determined that, especially in large enterprises, the number of employees in the departments preparing IFRS financial statements is usually 3-4 or 1 person. These experts are usually experts who do not have a high level of IFRS knowledge of these standards. This has a negative impact on the quality characteristics presented in the new financial statements prepared accordingly (Jafarov, 2017: 18).

Indukaev.V.P noted in his researches the same opinion, that is, due to the lack of solid knowledge and skills of professional experts about these standards, which arise in staffing problems for the implementation of IFRS (Indukayev, 2016: 274). In my opinion, since tax accounting and financial accounting are separated in connection with the application of International Standards, it would be appropriate for accountants to organize their work based on the mentioned functions (Jafarov, 2016: 21).

Taking into account that the economic relations system of Azerbaijan was formed on the basis of the former Soviet economic relations system, the necessity of the concept of reconstruction of the traditional national accounting system in accordance with the international standards of financial

statements in our republic was characterized by the following similar reasons and features as in the CIS countries:

1. The transitional period of the economy in our republic In connection with the entry into force of the Law of the Republic of Azerbaijan "On Accounting", which reflects the formation and development of new property relations and objects, a number of conceptual concepts given in the international standards of accounting in connection with the entry into force of the Law of the Republic of Azerbaijan on September 2, 2004 The financial reports compiled by the organizations were not accepted by international organizations as they were not reflected in the relevant accounting rules regulated by the Law of the Republic of Kazakhstan and the normative-legal acts adopted on its basis.

2. Since the traditional (national) accounting and reporting system was based on administrative methods, the selection and presentation of information in the financial reports prepared by organizations was not considered neutral, as it affected the achievement of a predetermined result.

3. Since the real value of assets in the traditional (national) accounting and reporting system is recorded only at the initial and 25 replacement cost in the results of the financial status and activity of organizations, the fixed assets that are subject to physical and moral wear and therefore are considered unsuitable for obtaining economic benefits in the future are those it created a false impression of the existence of the production potential of the organization and as a result of this, it created conditions for making incorrect decisions by the users of those reports regarding the analysis of the efficiency of the production potential of the organization.

4. In the traditional accounting rules, the registration and accounting of economic transactions, which were not justified by legislation and took place according to the legal form, and not according to the economic essence and reality, did not ensure that these transactions were properly related to the relevant accounting periods.

5. In contrast to the international standards of financial statements, in the financial statements compiled according to the traditional accounting rules in force in the above reporting periods, changes in capital during the adoption of the correct economic decision about the activity and financial results of the organization by users, events after the balance sheet date, Estimated liabilities, contingent disclosure of liabilities and contingent assets, fair value and other information considered necessary was not provided.

6. In the event that the value of assets is assessed at initial and replacement cost according to traditional (national) accounting rules, during the assessment of assets and liabilities in accordance with the relevant provisions of the International Standards of Financial Reporting (historical value, current value, probable sale price, discount rate and fair value) different evaluation methods are used. Also, the method of reflecting the elements of financial statements in accounting, adopted on the basis of international standards, is based on completely different criteria and principles from a conceptual point of view than the methodology of recognition and recording of said elements determined by traditional (national) accounting rules (Karpova, 2016: 189).

7. In order to disclose to the users the essence of the information presented in financial reports in accordance with international standards, the fact that the specialists who prepare these reports have fundamental knowledge of the International Standards of Financial Reporting will create ample opportunities for the development and spread of the accounting profession, as well as for increasing its reputation. It is primarily a matter of teaching staff who have theoretical and practical knowledge and skills about international standards of accounting and financial reporting within the framework of targeted programs that are required to be implemented for specific periods of time, which ensure the adoption of a new way of thinking and philosophy on the formation and development of accounting in the context of the globalization of the economy. it is about the training of trainers, as well as the preparation and distribution of relevant teaching-methodical materials.

Conclusion

Today, the necessary measures are being taken in the relevant fields, even if they are new. MN and TN in order to eliminate these defects in financial accounting carried out joint consultations.

Professional teaching teams of higher and other educational institutions, the last and modern methodological base and teaching for first-year students preparation of materials.

This qualification knows how to apply IFRS for the implementation of trainings studied or taught in foreign universities an intern group of teachers can be formed.

On the efficiency and purpose of state funds, as well as budget funds State control, which is important in spending - state management capitals serving the country's interests, being one of its main and mandatory components shows and is conducted in different directions on behalf of the state. Also subsidias in enterprises area and tax courtesy.

Within this priority, the institutional foundations of business conditions by AR strengthening is planned. Basically, the mechanism of free competition to improve, by relatively weakening the role of man in state-business relations increasing efficiency, transparency and accountability as the main trend has been done. Due to the increase in the flow of foreign capital attracted to Azerbaijan strengthening the position of foreign investors in the domestic market of the country objectively uniform accounting rules and financial statements fertile conditions for their unification, as a result, their standardization created. For this reason, the international standards of financial reporting efficient and appropriate use of budget funds in non-applying countries, as well as comparison of financial information about the activities of national entrepreneurs attracting foreign investments, taking into account the existence of the problem international for entrepreneurs who want to enter the country and the world market implementation of accounting according to standards is of particular importance earns. Financial reporting in general – making economic decisions to accompany the property and financial situation of the enterprise, the results of its activities on accounting information to make and evaluate forming necessary information to users in the selected form and order should be considered as a method of rendering.

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