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Issues of Improvement of Environmental Reporting on the Basis of International Standards

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Abstract
The article is devoted to the study of the relationship between financial and environmental reporting indicators in accordance with international standards, which highlights aspects related to the proper disclosure of information on the environmental responsibility of business entities. Improved reporting of environmental costs in line with international standards.

Key-words: Accounting, Financial Reporting, Management Reporting, Tax Reporting, International Accounting Standards, International Financial Reporting Standards, Environmental Reporting, Social Reporting.

1. Introduction

One of the key features of management is the application of effective methods that allow users of environmental reporting to develop sustainable development strategies as a result of making management decisions in this area, based on the data recorded in the accounting and reporting, as well as environmental reporting.

The globalization of the world economy has deepened the international specialization of countries, the concept of sustainable development as economic interests, environmental relations and a means of constantly informing interested users: first, environmental reporting as the most advanced form of reporting, then social reporting and, finally, reporting in the field of sustainable development and includes financial and non-financial indicators called non-financial reporting.

The Decree of the President of the Republic of Uzbekistan No. PR-5863 dated October 30, 2019 "The Concept of Environmental Protection of the Republic of Uzbekistan until 2030"

emphasizes the need to "ensure the compliance of existing standards with international standards ISO (International Organization for Standardization) and IEC (International Electrotechnical Commission)".

In the context of the country's integration into the world market and the transition to international standards of accounting and reporting, the organization of environmental accounting, reporting and auditing in the development of environmental policy in large industrial enterprises, a comprehensive program for its implementation, planning measures to protect the environment and environmental safety plays an important role.

However, in the implementation of measures related to the management of environmental activities and environmental protection of economic entities, the report reflects environmental costs and covers all components of economic activity on the basis of information about them: accounting of environmental assets, environmental liabilities, environmental costs and their such standards and regulations have not yet been developed to cover their reflection in the environmental report.

Based on the practice of developed countries, special attention is paid to the preparation of financial statements of business entities in the country, including the harmonization of environmental reporting with International Financial Reporting (IFRS). World experience shows that the features that determine the usefulness of data are achieved through the direct use of IFRS or their application on the basis of the creation of a national system of accounting and reporting.

It is expedient that the basic rules of accounting in our country, as well as the principles and requirements for the organization of the accounting process should be developed taking into account the principles and requirements of IFRS.

2. Literature Review

We will focus on the study of legal, organizational, methodological and economic bases of accounting of environmental costs and liabilities by economists of foreign countries, scientists and practitioners of our country and the reflection of the information contained in it in environmental reports. In her research, EM Matveeva in 1991, the Intergovernmental Working Group on International Accounting and Reporting Standards (IFRS) developed the first guide (recommendations) for accountants to reflect the environmental impact of economic activity in financial statements (Matveeva, 1998).

V.F. Paly and V.V. Paliy The intergovernmental working group on International Financial Reporting Standards under the United Nations Economic and Social Council said that all information

on the organization's environmental activities could be provided in the comments to the financial statements or in the analytical report of the Board of Directors. expressed his scientific views (Pali and other 2001).

N.V. Malinovskaya in her research work "Environmental reporting is systematized information about the environmental aspects of an economic entity for the reporting period, formed on the basis of national or internationally recognized standards and developed taking into account the common interests of interested users" (Malinovskaya, 2016).

As Debayan Ray points out that “Environmental reporting is a term that is now commonly used to describe the disclosure of environmental information, whether confirmed or unconfirmed, to include information on environmental risk, environmental impact policy, strategy, objectives, costs, commitments or environmental performance. stakeholders are information that helps to enrich the relationship with the reporting organization to those who are interested in such information” (Debayan Ray, 2017).

Many corporate environmental performance reports, such as the European Union’s Regulation on Environmental Management and Audit Systems, have complied with the voluntary guidelines of the EMAS or the Global Reporting Initiative, contain practical accounting information required by the EMA for Environmental Management Accounting. Many Japanese companies include EMA data in physical and monetary terms in their environmental and sustainability reports.

Basuki Basuki and Riasty Dewi Irwanda argue that environmental cost reporting should be presented to stakeholders as a means of accountability and management decision-making. He expressed the view that the Environmental Expenditure Report, unlike financial reporting, uses its descriptive applied research method to compile and present these reports (Basuki Basuki et al., 2018).

Measures taken to increase information transparency and reduce such impacts in terms of the negative impact of industrial enterprises on the environment, as well as the development of voluntary mechanisms of environmental responsibility of state-owned enterprises and the transition of state corporations to mandatory non-financial reporting in the field of environmental protection and environmental safety. It is noted that these reports are reviewed and approved by independent third parties (Statute, 2030).

As N.N. Ilicheva et al. Note, “Although financial reporting is designed to meet the general needs of most users, it does not provide all the information a user may need to make economic decisions. This is because the report reflects the financial results of past events and does not include

non-financial data, including reports on sustainable development, environmental and social reporting" (Ilicheva, 2001y).

M.A. Vakhrushina noted that after studying the issue of changing the paradigm of external reporting on the company's activities in the context of the global economy in the context of Russian companies, "the financial statements of Russian companies are not fulfilling their goals. Despite the multiplicity and diversity of the Accounting Rules (ACS) adopted during the years of reform aimed at International Financial Reporting Standards (IFRS), the reports of most Russian organizations remain accounting and retrospective in economic terms" (Vakhrushina, 2014).

3. Research Methodology

The issues of proper implementation of relations related to environmental activities at large industrial enterprises operating in the country, as well as the organization and improvement of accounting for environmental costs on the basis of international standards are covered. Adaptation of environmental cost accounting in industrial enterprises to international standards, the use of advanced foreign experience will serve to improve the methodology of environmental cost accounting. The research process used methods such as comparing and grouping practical materials, and conclusions and recommendations were developed.

4. Analysis and Discussion of Results

In order to improve environmental accounting and reporting in the country, the accounting system does not cover the issues of organization of environmental accounting in the accounting policy of each business entity, the selection of their items to take into account current and capital environmental costs. In addition to the role of financial statements in the accounting of economic relations of industrial enterprises, it is also a source of clear representation of economic activity. The period itself requires business entities to carry out production relations, to carry out their activities without negative impact on the environment, to reflect business transactions in accounting and to bring their financial statements in line with international financial reporting standards.

In order to improve environmental accounting and reporting in the activities of large industrial enterprises operating in the country, accounting in the accounting system for current and capital environmental expenditures, organization of environmental accounting and financial reporting in the

accounting policy of the business entity, harmonization with International Financial Reporting Standards (IFRS) attention is paid.

The IFRS is not based on strict rules but on the principles contained in them. Their goal is to ensure that companies adhere to principles, rather than trying to find gaps that allow them to circumvent basic rules in any practical situation. The core principles of IFRS are consistency, prudence, relevance and reliability. Develop and publish international financial reporting standards to be followed in the submission of financial statements; is to promote them to be widely accepted and coordinated. International practice is based on the application of IFRS 37 Reserves, Contingent Assets and Contingent Liabilities, which sets out the characteristics of an economic category, such as reserves, and its role in the presentation of financial statements.

The study of IFRS 37 takes into account the relative environmental costs and liabilities of JSC "Navoiazot", JSC "Ferganaazot", JSC "Navoi Mining and Metallurgical Combine", JSC "Uzbekistan Metallurgical Combine", JSC "Almalyk Mining and Metallurgical Combine" is explained by the need to formulate methodological approaches to obtaining.

Industrial enterprises do not explicitly require measures to use inventories, as this makes it difficult to measure supply, but IAS 37 Provisions, Contingent Assets and Contingent Liabilities allow IFRSs to reliably estimate the future.

If an item of property, plant and equipment meets the recognition criteria in accordance with IAS 16 Property, Plant and Equipment and National Accounting Standards (IAS), property, plant and equipment, it should be measured at historical cost. In accordance with IAS 16, property, plant and equipment should be applied after the initial recognition of property, plant and equipment or in the 'revalued model' (fair value) or 'cost model' (costs other than depreciation and other impairment losses).

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'revalued model' (fair value) or 'cost model' (costs other than depreciation and other impairment losses).

In accordance with IFRS 6 Exploration and Valuation of Mineral Reserves (IFRS), the recognition of costs as assets related to prospecting and valuation in the conduct of production relationships by mining companies should be noted in the accounting policy. In industrial production enterprises, costs play a special role in the performance of work, mainly with the discovery of certain minerals. In accordance with this standard, mining companies are required to include costs in the initial valuation of assets associated with the exploration and valuation of mineral resources.

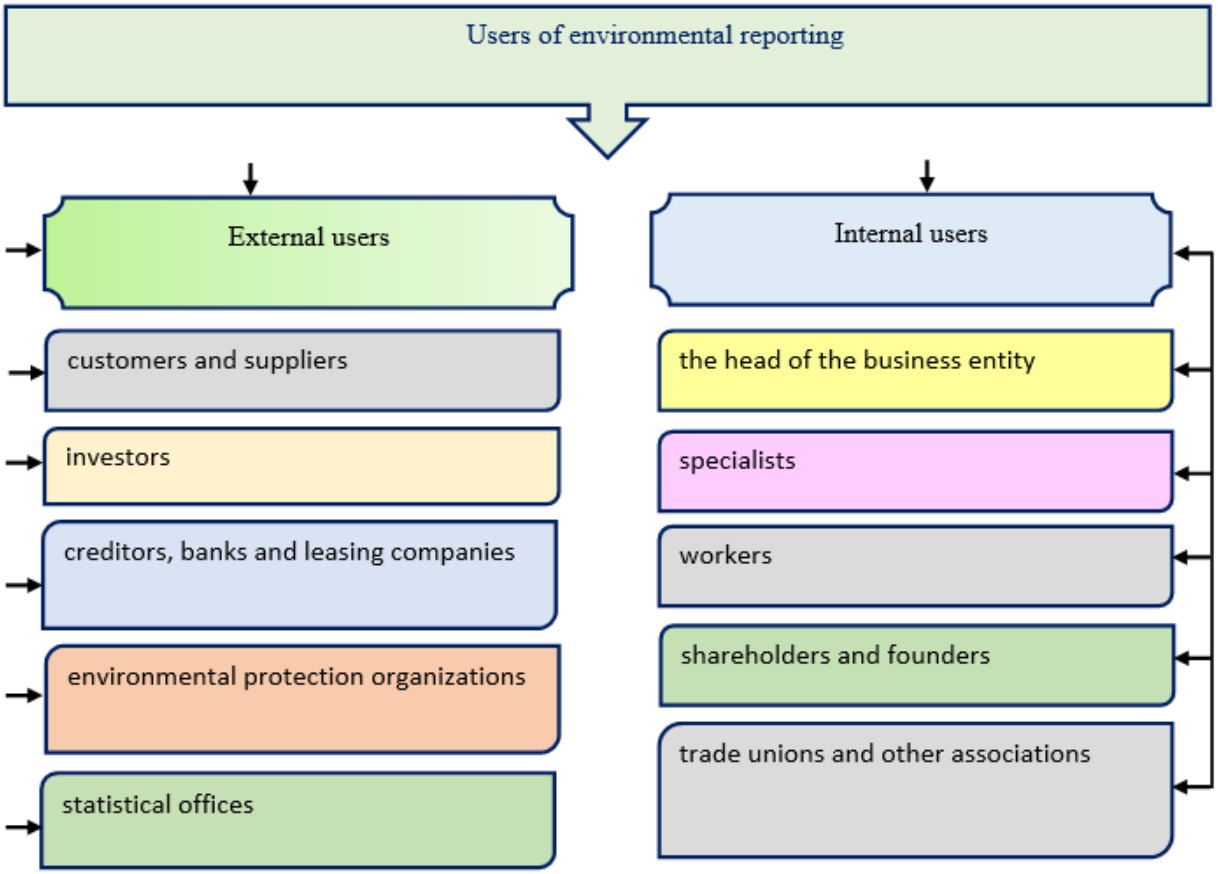
IFRS 13 “Valuation of Irrelevant Values” Non-recoverable amount of an asset or liability is an estimate that other IFRSs require or allow in certain circumstances in the statement of financial position (for example, because the asset's fair value less costs to sell is less than its carrying amount) when the entity estimates the asset to be sold at fair value less costs to sell in accordance with IFRS 5 Long-Term Assets and Non-Current Activities for Sale). The entry into force of these key standards, aimed at ensuring the transparency of financial statements, has significantly changed the practice of preparing consolidated financial statements.

In accordance with IFRSs, environmental cost reports of business entities should be focused not only on short-term but also on medium-term and long-term prospects, taking into account their strategic objectives. It serves to increase the investment attractiveness of financial statements, which are the main means of communication between a wide range of users interested in the data of business entities.

Environmental reporting data of business entities should be an integral part of the financial reporting of large industrial enterprises. In international practice, there are also different approaches to the recording of transactions related to environmental activities in the financial statements. Requirements for the provision of environmental information vary in many countries. In many developing countries and countries with economies in transition, these requirements are very weak or non-existent. If the financial statements do not contain information about the state of the environment, this will reduce investors ’confidence in the financial statements. Underestimation of environmental liabilities leads to an increase in the value of invested capital due to increased risk.

The number of users of environmental reporting data of economic entities is growing (Figure 1).

Figure 1 - Users of the Environmental Report data



At the same time, investors need to be aware of environmental measures to make investment decisions, to compile environmental reports based on information about the business entity's accounting for environmental costs and liabilities, and to compare the information in it.

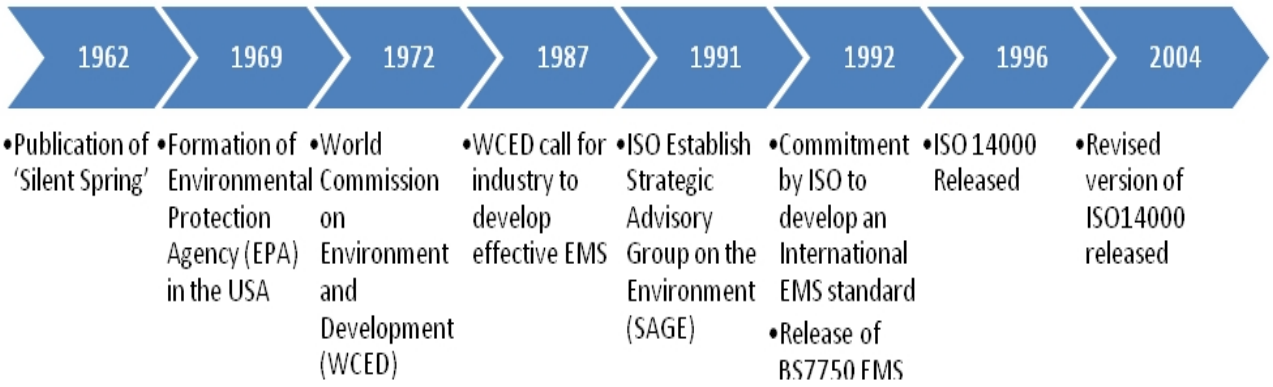
In the world practice, the reporting of transactions related to the regulation of costs of environmental activities is mainly regulated on the basis of international standards ISO (International Standard Organization). The International Organization for Standardization (ISO) was established in 1947. ISO 14000 has been available since 1996 and was updated in 2004 with a revised and expanded version.

The first concept of ISO 14000 environmental system standards was developed in June 1992 in Rio de Janeiro after the ISO recognized the need for an international environmental management standard. In 1993, ISO established a single technical committee, which included 50 representatives from different countries to prepare an international environmental management system. The ISO 14000 standard was developed in a similar way to the ISO 9000 standard because the origin of the ISO 9000 standard was based on ISO 5750, so the basics of the ISO 14000 standard can be traced

back to the BS 7750. (James, 2012, pp. 1-3) The evolution of ISO 14000 is illustrated in Figure 2 below.

BS 8555 (Environmental Management Systems. Guidelines for the step-by-step implementation of environmental management systems, including environmental impact assessment) is a new British standard published in April 2003 by the British Standards Institution (BSI). The purpose of the BS 8555 is to instruct all types of companies, especially small and medium enterprises (SMEs), to implement externally certified environmental management systems using full or zero-level, not step-by-step, step-by-step instructions (By Bo Chen Iso, 2004. p. 64).

Figure 2 - ISO 14000 Evolution



The organization of control over environmental costs in the Russian Federation by responsibility centers provides an opportunity to obtain reliable and complete information for their objective reflection in the formation of production costs and management decisions on environmental and economic issues. Cost accounting in an environmental report is the recording and reporting of costs associated with limiting all types of adverse effects on the environment to the level allowed in the normal production process. The creation of such a system of accounting for environmental costs allows businesses to allocate environmental costs and liabilities in accordance with the established objectives, additional classification, as well as the preparation of reports taking into account the environmental factor, as can be seen in Table 1.

Based on the data in the table above, we assess the dynamic changes in environmental spending in the Russian Federation, one of the main strategic partners of the Republic of Uzbekistan. In particular, the cost of environmental protection in the Russian Federation in 2005 amounted to a total of 233930.0 million rubles, which is 1.1% of GDP, while in 2017 it increased to 657024.0 million rubles, a decrease of 0.7% of GDP. the rest.

The main share in the environmental expenditures of the Russian Federation was spent on the collection and treatment of wastewater, as well as the protection of atmospheric air and the prevention of climate change.

Table 1 - Environmental Protection Costs in the Field of Environmental Protection[1]

	2005	**2010**	**2014**	**2015**	**2016**	**2017**
The amount of environmental protection costs	**233930**	**372382**	**559703**	**582128**	**590865**	**657024**
including environmental protection activities:						
protection of atmospheric air and prevention of climate change	53765	80071	112412	102765	102307	122458
wastewater collection and treatment	105369	169152	223439	234112	235553	238459
waste disposal	22739	41510	60885	68482	66652	79517
surface and groundwater protection	13444	17219	36105	37952	44535	33608
Conservation of biodiversity and protection of natural areas	12542	22975	34489	44593	35926	42525
Others	26071	41455	92374	94224	105891	140457
Environmental expenditures as a percentage of GDP	1,1	0,8	0,7	0,7	0,7	0,7

The main share in the environmental expenditures of the Russian Federation was spent on the collection and treatment of wastewater, as well as the protection of atmospheric air and the prevention of climate change. In particular, in 2005, 45.04% of total environmental protection expenditures were accounted for by wastewater collection and treatment, while 22.98% were accounted for by air protection and climate change prevention. In 2017, the share of these expenditures was 36.29% and 18.63% respectively.

5. Conclusions and Suggestions

We believe that the following proposals will contribute to the improvement of environmental reporting in business entities:

1. Environmental reporting provides an opportunity for the manager of the enterprise, as well as external users to obtain information on the ecologically significant activities of economic entities, which are necessary for effective management of environmental costs and investment decisions.

[1]Federal State Statistics Service (Rosstat) environmental protection in Russia. Statistical collection. Moscow 2018. 125p.

2. It is expedient to bring the calculation of environmental costs of industrial enterprises in line with international financial reporting standards.
3. Currently, the lack of international standards for environmental reporting for business entities makes it less important for them to pay special attention to the environment, so it is important to develop international standards for environmental reporting in the framework of international financial reporting standards.
4. Accounting for environmental costs in accordance with international standards in large industrial enterprises, the transition to mandatory non-financial reporting in the field of environmental security, improving reporting to strengthen investor and business confidence, increase competitiveness, reduce corruption, create a favorable investment climate, ensure sustainable development and allows the assessment of the aspiration for information transparency necessary to demonstrate social responsibility.

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