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Transparency and Disclosure

Uzbekistan

Comparison:

***International Accounting Standards (IAS)
And Uzbekistan Accounting Standards (NAS)***

hosted by

**The National Securities Commission of Georgia
The Georgian Stock Exchange**

International Regional Federation of Accountants and Auditors Eurasia



The Government of Japan

In order to rate the compliance of Uzbekistan Accounting Standards (NAS) with International Accounting Standards (IAS), this report first determines whether there is a NAS that is analogous to an IAS. This information appears in columns A and B of the table on the following pages.

The degree of compliance of NAS with IAS is estimated in column C of the table. This report applies a numerical scale in order to estimate the degree of compliance. It is assumed that each IAS addresses a materially important part of a company's financial statements. (Of course, in cases where the financial information addressed by a standard is immaterial to the company's financial statements, the company does not need to apply any accounting standard at all.) The numbers in column C have the following significance:

- 1 (Major noncompliance:) There is a strong possibility that financial statements that are in full compliance with NAS would not be in full compliance with IAS.*
- 2 (Moderate noncompliance:) There is a moderate possibility that financial statements that are in full compliance with NAS would not be in full compliance with IAS.*
- 3 (Minor noncompliance:) There is a slight possibility that financial statements that are in full compliance with NAS would not be in full compliance with IAS.*
- 4 (Full compliance [i.e. conformity]): There is virtually no possibility that financial statements that are in full compliance with NAS would not be in full compliance with IAS.*

This numerical system is inherently subjective; nonetheless, it is supported by illustrative situations in which financial statements that fully comply with NAS do not comply with IAS. For each NAS, three illustrative deviations of NAS from IAS are provided. (Although there are innumerable potential deviations of NAS from IAS, in the interest of saving time and space only up to three illustrative deviations are presented for each NAS that is analogous to an IAS.) Such illustrations of such deviations appear in column D of the table. The two NAS that do not correspond to any IAS are briefly analyzed at the end of the table. Obviously one cannot estimate the degree of such standards' compliance to IAS.

A summary of the analysis is provided in the following table, which uses IAS as a reference point:

<i>Degree of compliance of NAS with each IAS</i>	<i># standards in category</i>	<i>Specific IAS in each category</i>
<i>1 - (Major noncompliance)</i>	<i>20</i>	<i>Framework, 8, 12,14,19, 21,22, 23, 24, 26, 27, ,28, 29, 30, 32, 34, 35, 36, 37, ,39</i>
<i>2 - (Moderate noncompliance)</i>	<i>7</i>	<i>1, 4,5,7, 20, 33</i>
<i>3 - (Minor noncompliance)</i>	<i>6</i>	<i>2, 10, 16, 17, 18, 31</i>
<i>4 - (Complete, or nearly complete, compliance)</i>	<i>3</i>	<i>9, 11, 38</i>
<i>Average compliance rating (scale of 1 to 4): 2.0</i>		
<i>Unknown (translation not publicly available)¹</i>	<i>1.8</i>	<i>NAS 19,20</i>

¹ The Ministry of Finance has not translated the most recently adopted standards in to English and appears unlikely to do so in the near future. This analysis assumes that despite the critically important needs of local users of financial statements, foreign users are not irrelevant. The translations of previous NAS into English

The lack of compliance of NAS with IAS creates barriers to Uzbekistan's economic development. This problem has little chance of being resolved until Uzbekistan's standard-setting authority - the Ministry of Finance (MoF) - implements a policy of adopting national accounting standards that fully conform to international standards. Some individuals point to the fact that the US has not done so as an argument that IAS must not be progressive. An analysis explaining the weaknesses of this argument appears after the end of the following table.

were performed primarily by international donor agencies, but the donors do not plan to expend resources on translating new standards that do not fully comply with IAS.

A IAS	B Corresponding NAS (if any)	C Compliance NAS v. IAS	D Illustrative Deviations of NAS from IAS
0. Accounting Policy and Financial Reporting	1. Conceptual Framework for the Preparation and Presentation of Financial Statements	1	<ul style="list-style-type: none"> • NAS gives more emphasis To Reserves as an Element of Financial Statements in keeping with the old Style of accounting. • NAS has no discussion of the Concepts of Capital and Capital Maintenance • Many other differences exist.
1. Presentation of Financial Statements	1. Accounting policy and Financial Reporting	3	<ul style="list-style-type: none"> • NAS doesn't apply to banks, budgetary organizations and insurance whereas IAS 3 clearly does • NAS par 54 provides management discretion in accounting treatments when no standard is available • No provision is provided for minority interest and statement of owner's equity is vague
2. Inventories	4 Inventories	3	<ul style="list-style-type: none"> • NAS par 6 requires inclusion of low value items in inventory-this is an exception to IAS • In IAS any foreign exchange loss on an outstanding inventory liability is capitalized to the asset • IAS permitted FIFO but it is excluded under NAS
4. Depreciation accounting	(Included in:) 5 Fixed Assets	3	
5.			<ul style="list-style-type: none"> •
7. Cash flow statements	9. Cash Flow Statement	1	<ul style="list-style-type: none"> • IAS 17.7 specifically excludes any equities from cash unless it is preferred shares with a redemption date. There is not such provision in NAS. Therefore some investments may be included in cash under NAS • Banks and other financial institutions exempt.

A IAS	B Corresponding NAS (if any)	C Compliance NAS v. IAS	D Illustrative Deviations of NAS from IAS
			<ul style="list-style-type: none"> NAS par 9 requires that foreign currency cash flows be recorded at the exchange rate determined by the Central Bank regardless of whether such a rate exists and regardless of whether the transaction occurred at approximately that rate. IAS 7 requires use of the spot or market exchange rate of the transaction at that date
8. Net profit or Loss for the Period, Fundamental Errors and Changes in Accounting Policies	3. Statement of Financial Results	3	<ul style="list-style-type: none"> NAS par 6 states “a parent need not consolidate if it has only subordinates” this is a contravention of IAS Under NAS when losses of a minority interest exceed the balance in the minority account they can be ignored whereas under IAS par 27 they must be charged to the majority interest unless there is a binding agreement to pay off the loss by the minority shareholders No description of tax treatments as in IAS 27.16
9. Research and Development Costs] Superseded by IAS 38, Intangible Assets	11 Research and Development Costs	NA	(NAS 11 prescribes the accounting for a type of asset that is incorporated into an entirely separate standard on all intangible assets generally. NAS 11 by definition does not comply with IAS.)
10. Events Occurring After the Balance Sheet Date	16. Contingencies and Events Occurring After the Balance Sheet Date	3	<ul style="list-style-type: none"> NAS par 12 does not provide for the provision of contingent gains in disclosure to financial statements as does IAS par 16 and 17 NAS 3 does not specifically exclude obligations under retirement benefits from the scope of this standard as does IAS 10

A IAS	B Corresponding NAS (if any)	C Compliance NAS v. IAS	D Illustrative Deviations of NAS from IAS
11. Construction Contracts	17 Capital Construction Contracts	4	<ul style="list-style-type: none"> • NAS par 24 does not describe the disclosure of receivables and payables • UAS 16 and 17 refer to “subcontractor receives economic benefit” while IAS par 23/24 refer to the probability of economic benefits. • NAS par 12 does not list criteria for recognition of bonus payments
12. Accounting for Taxes on Income	None	1	<ul style="list-style-type: none"> • Fundamental deviations due to the absence of any NAS.
14. Reporting Financial Information by Segment	None	1	<ul style="list-style-type: none"> • Fundamental deviations due to the absence of any NAS.
15. Information Reflecting the Effects of Changing Prices	None	1	Fundamental deviations due to the absence of any NAS.
16. Property, Plant, and Equipment	5. Fixed Assets	2	<ul style="list-style-type: none"> • NAS par 20 does not restate depreciation after revaluation IAS par 35 requires this • IAS requires revaluation of whole class of assets not individual assets • Under IAS par 61 retirement of useless assets is mandated NAS does not address this issue
17. Accounting for Leases	6. Accounting for Leases	3	<ul style="list-style-type: none"> • Terminological confusion between operating and capital leases • NAS Par 5 suggests that the term of an operating lease is a year or less whereas financial leases are over a year. IAS sets no such limits • NAS par 6 limits the inception of a lease term to the signing date whereas par 3 specifies the earlier of the signing or commitment to all major provisions
18. Revenue	2. Operating Revenue	3	<ul style="list-style-type: none"> • NAS par 5b says that the standard does not deal with dividends and revenue arising from investments in general. Whereas IAS 18 excludes only

A IAS	B Corresponding NAS (if any)	C Compliance NAS v. IAS	D Illustrative Deviations of NAS from IAS
			<p><i>income in investments accounted for by the equity method.</i></p> <ul style="list-style-type: none"> • <i>Par 8 ignores any trade discounts given as excluded from income</i> • <i>Par 12 ignores rights of recission or the inability to collect A/R as treated in IAS par 13</i> •
19. <i>Employee Benefits</i>	None	1	<ul style="list-style-type: none"> • <i>Fundamental deviations due to the absence of any NAS</i>
20. <i>Accounting for Government Grants and Disclosure of Government Assistance</i>	10. <i>Accounting of Government Subsidies and Disclosure of Government Assistance</i>	2	<ul style="list-style-type: none"> • <i>Overall confusing treatment government grants are treated as income whereas IAS par 11/12 treat grants as income or capital</i> • <i>NAS par 16 requires that non-monetary costs be recorded at “actual cost” whereas IAS par 23 specifies fair value.</i> • <i>NAS par 18 describes two methods of recognizing grants but unlike IAS par 29 does not specify which should be applied.</i>
21. <i>The Effects of Changes in Foreign Exchange Rates</i>	None	1	<ul style="list-style-type: none"> • <i>Fundamental deviations due to the absence of any NAS</i>
22. <i>Business Combinations</i>	None	1	<ul style="list-style-type: none"> • <i>Substantial deviations due to the absence of any NAS.</i>
23. <i>Borrowing Costs</i>	None	1	<p><i>Fundamental deviations due to the absence of any NAS.</i></p>
24. <i>Related-Party Disclosures</i>	None	1	<ul style="list-style-type: none"> • <i>Fundamental deviations due to the absence of any NAS</i>
25. <i>Accounting for Investments</i>	12. <i>Accounting for Financial Investment</i>	4	<ul style="list-style-type: none"> • <i>In NAS par 3 investments in retirement benefits, associates and life insurance companies is excluded.</i> • <i>IAS par 36 provides guidelines for transferring between short and long term investments but NAS par 321-22 are confusing</i> • <i>NAS does not distinguish between the market of LCM methods</i>
26. <i>Accounting and Reporting by</i>	None	2	<ul style="list-style-type: none"> • <i>NAS 19 purports to guide the accounting for all non-governmental voluntary pension funds, but provides guidance for defined contribution</i>

A IAS	B Corresponding NAS (if any)	C Compliance NAS v. IAS	D Illustrative Deviations of NAS from IAS
<i>Retirement Benefit Plans</i>			<p><i>plans only. IAS 26 also provides guidance on the accounting for defined benefit funds. In contrast, if any defined benefit plans were to appear in Uzbekistan, it would be almost impossible for such plans' financial statements to contradict NAS.</i></p> <ul style="list-style-type: none"> • <i>NAS 19 prescribes regulatory accounting requirements that are particular to the legal characteristics of Uzbekistan's accumulation pension system. These requirements are more appropriately prescribed by the relevant regulatory authority, such as the pension agency. IAS 26 addresses general-purpose accounting requirements based on the economic substance of financial events and balances. General purpose financial statements prepared according to IAS 26 may differ from regulatory-type accounting per NAS 19.</i> • <i>IAS 25 provides additional guidance on how to determine the fair value of pension fund assets. NAS 19 provides no additional guidance and therefore increases the possibility that NAS 19-compliant financial statements will value pension fund assets in a way that does not comply with IAS 25.</i> • <i>Other differences exist.</i>
<i>27. Consolidated Financial Statements and Accounting for Investments in Subsidiaries</i>	<i>8. Consolidated Financial Statements and Accounting for Investments in Subsidiaries</i>	2	<ul style="list-style-type: none"> • <i>NAS 13 restricts its scope by defining "control" simply as "the power to determine the financial and other policies of the partnership [sic] with the purpose of obtaining benefits from its activities." In contrast, IAS 27: specifies several qualitative characteristics of subsidiaries that should be consolidated into the financial statements of a parent; and establishes a clear quantitative threshold for determining subsidiaries that should be consolidated.</i> • <i>IAS 27 specifies that minority interests should be presented in the consolidated balance sheet separately from liabilities and the parent shareholders' equity, and that minority interests in income should also be separately presented. NAS 13 is silent on this issue and by implication permits any presentation that the reporting entity desires.</i>

A IAS	B Corresponding NAS (if any)	C Compliance NAS v. IAS	D Illustrative Deviations of NAS from IAS
28. Accounting for Investments in Associates	None	3	<ul style="list-style-type: none"> • Other differences exist. • NAS 14 uses only a quantitative means of determining whether an entity exercises “significant influence” over another (which is the criterion for applying the equity method of accounting with respect to the other entity). IAS 28, in making this determination, emphasizes economic reality rather than simple arithmetic; therefore IAS 28 also requires the use of five qualitative characteristics to determine whether significant influence exists. NAS 14 and IAS 28 may frequently lead to different results about whether to apply equity method accounting to an enterprise. • NAS 14 does not require disclosure of any differences between the investing entity’s ownership interest and its proportion of voting power held. IAS 28 requires disclosure of the investing entity’s voting power if different from its ownership interest. • NAS 14 does not require disclosure of the investing entity’s contingent or severable liability to fulfil contingent liabilities and capital commitments of the associate. IAS 28 requires disclosure of such contingencies and liabilities of the investing entity on behalf of the associate. • Various other differences exist.
29. Financial Reporting in Hyperinflationary Economies	None (NAB 18 not in force)	1	Substantial deviations due to the absence of any NAS. (However, note: at this point it is not clear that this standard should apply to enterprises in Uzbekistan.)
30. Disclosures in the Financial Statements of Banks and Similar Financial Institutions	None	3	<ul style="list-style-type: none"> • NAS 21 does not explain how to account for reserves for losses on loans and advances in addition to specifically identified losses plus other estimated probable losses. Neither does NAS 21 explain how to account for credits resulting from reductions of such amounts. IAS 30 specifies how such losses and credits should be accounted for. • IAS 30 requires disclosure of the nature and amount of irrevocable

A IAS	B Corresponding NAS (if any)	C Compliance NAS v. IAS	D Illustrative Deviations of NAS from IAS
			<p><i>commitments to extend credit. NAS 21 does not require such disclosure.</i></p> <ul style="list-style-type: none"> • <i>IAS 30 requires disclosure of certain contingencies and commitments, including off balance sheet items, that are not required to be disclosed in NAS 21. Such contingencies and commitments include: sale and repurchase agreements that are not recognized in the balance sheet, and documentary credits where the underlying shipment is used as security.</i> • <i>Other differences exist.</i>
31. <i>Financial Reporting of Interests in Joint Ventures</i>	14 <i>Representation of Participation in Joint Activities in Financial Reporting</i>	3	<ul style="list-style-type: none"> • <i>IAS 31 defines the essential characteristics of joint ventures and the contractual relationships that govern them. This information is critical to assist accountants in distinguishing joint ventures from certain “investments in associates” (addressed by IAS 28). NAS 15 provides no such information, and thereby greatly increases the likelihood that Uzbekistani accountants will be confused by this subject matter.</i> • <i>IAS 31 specifies that certain interests of venturers should be accounted for as investments. They are: interests in jointly controlled entities acquired and held for subsequent disposal in the near future; and interests in jointly controlled entities that operate under severe long-term restrictions that significantly impair the entities’ ability to transfer funds to the venturer. (The latter situation is frequently found in economies with capital controls.) NAS 15 has no such requirement, and therefore permits “usual” accounting for such interests in situations where such reporting would be misleading to financial statement readers.</i> • <i>IAS 31 gives specific detailed guidance on how to account for transactions between a joint venturer and the joint venture itself. NAS 15 does not give such detailed guidance and thereby gives the reporting entity opportunities to deviate from IAS 31.</i> • <i>Various other differences exist.</i>
32. <i>Financial Instruments:</i>	None	1	Substantial deviations due to the absence of any NAS.

A IAS	B Corresponding NAS (if any)	C Compliance NAS v. IAS	D Illustrative Deviations of NAS from IAS
<i>Disclosures and Presentation</i>			
33. <i>Earnings per Share</i>	13 <i>Earnings per Share</i>	1	<i>Substantial deviations due to the absence of any NAS.</i>
34. <i>Interim Financial Reporting</i>	None	1	<i>Substantial deviations due to the absence of any NAS.</i>
35. <i>Discontinuing Operations</i>	None	1	<i>Substantial deviations due to the absence of any NAS.</i>
36. <i>Impairments of Assets</i>	None	1	<i>Substantial deviations due to the absence of any NAS.</i>
37. <i>Provisions, Contingent Liabilities and Contingent Assets</i>	None	1	<i>Substantial deviations due to the absence of any NAS.</i>
38. <i>Intangible Assets</i>	7. <i>Intangible Assets</i>	?	<i>A translation of NAS 28 into English is not publicly available. (See footnote on page 1 of this Appendix.)</i>
39. <i>Financial Instruments</i>	None	1	<i>Substantial deviations due to the absence of any NAS.</i>
<i>Framework for the Preparation and Presentation of Financial Statements</i>	<i>Conceptual Framework for the Presentation and Preparation of Financial Statements</i>	2 ²	<ul style="list-style-type: none"> • <i>Management accountability and the results of management stewardship are objectives of the IAS framework, but not the NAS framework.</i> • <i>NAS summarizes and oversimplifies the qualitative characteristics of financial statements. IAS emphasizes that economic substance is more important than mere legal form; NAS ignores this altogether.</i> • <i>The idea that assets represent probable future economic benefits is emphasized in IAS but ignored in NAS</i>

² The Frameworks for the preparation and presentation of financial statements are not themselves standards, but guide the standard setting bodies in the development of future standards. In the case of the NAS framework, the numerical assessment in column C is an estimate of the likelihood that NAS prepared in accordance with the NAS Framework would promote substantial compliance with IAS.

A IAS	B Corresponding NAS (if any)	C Compliance NAS v. IAS	D Illustrative Deviations of NAS from IAS
			<ul style="list-style-type: none"> • <i>Various other deviations exist</i>
UZBEKISTAN ACCOUNTING STANDARDS THAT ARE NOT BASED ON ANY INTERNATIONAL ACCOUNTING STANDARDS			
None	19	NA	<p><i>The IASC is developing a standard on natural resource extraction, including oil and gas production. For now, the AICPA industry guide is recognized worldwide. Uzbekistan’s Standard 20, though useful, is far more simple and general than the established accounting principles for this industry, and thereby permits some deviations from recognized practices.</i></p>
None	20.	NA	<p><i>This standard prescribes regulatory accounting treatment of industry-specific activity. Prescribing such accounting is better suited to an appropriate regulatory authority.</i></p>
None		NA	<p><i>This standard reflects two basic errors: (1) NAS 23 prescribes special-purpose accounting treatment in order to meet the needs of tax inspections. This role is better filled by the tax inspectorate. (2) NAS 23 attempts to distill simplified accrual accounting requirements from Uzbekistan’s already oversimplified standards. It purports to reduce the accounting burden on small enterprises. Instead, it succeeds in confusing small enterprises and decreasing the quality of their financial reporting to tax inspectors and others. (Note: A far better approach would be to permit certain “small” enterprises to use cash basis accounting for the purpose of tax declaration. USAID’s Accounting Reform Project and Fiscal Reform Project have both proposed this approach to the Government of Uzbekistan.)</i></p>
None	24. <i>Organization of Accounting Service</i>	NA	<p>It is difficult to discern any need for this standard. It does not appear to comply with the objective of accounting standards generally and bears no recognizable relationship to the Framework for either IAS or NAS. It may have been a (confused) attempt to meet the documentary needs of tax inspectors. If so, it should instead have been adopted as a tax regulation rather than as an accounting standard.</p>
None	25. <i>Accounting and Financial Reporting for Pension Asset</i>	NA	<p>There is little or no need for this standard. It prescribes requirements of accounting for the financial statements of an entity whose principal users – the pension funds – are themselves subject to specific accounting standards (albeit inadequate ones in NAS). If</p>

<i>A</i> <i>IAS</i>	<i>B</i> <i>Corresponding NAS (if any)</i>	<i>C</i> <i>Compliance NAS v. IAS</i>	<i>D</i> <i>Illustrative Deviations of NAS from IAS</i>
	<i>Managing Companies</i>		tax inspectors have specific reporting requirements from pension fund asset managers, such requirements should be promulgated as a tax regulation. If pension regulators have specific reporting needs, then such requirements should be promulgated as a separate regulation.
<i>None</i>	<i>26. Accounting and Reporting for Broker-Dealer Organizations</i>	<i>NA</i>	<i>Although this standard performs a potentially useful function, it is vastly oversimplified. To the limited degree that Uzbekistan's brokers and dealers need a Uzbekistan standard specific to their industry, they would be better served by a translation of the leading broker/dealer industry accounting guide.</i>

On the Adoption of IAS-Conforming Standards in Uzbekistan

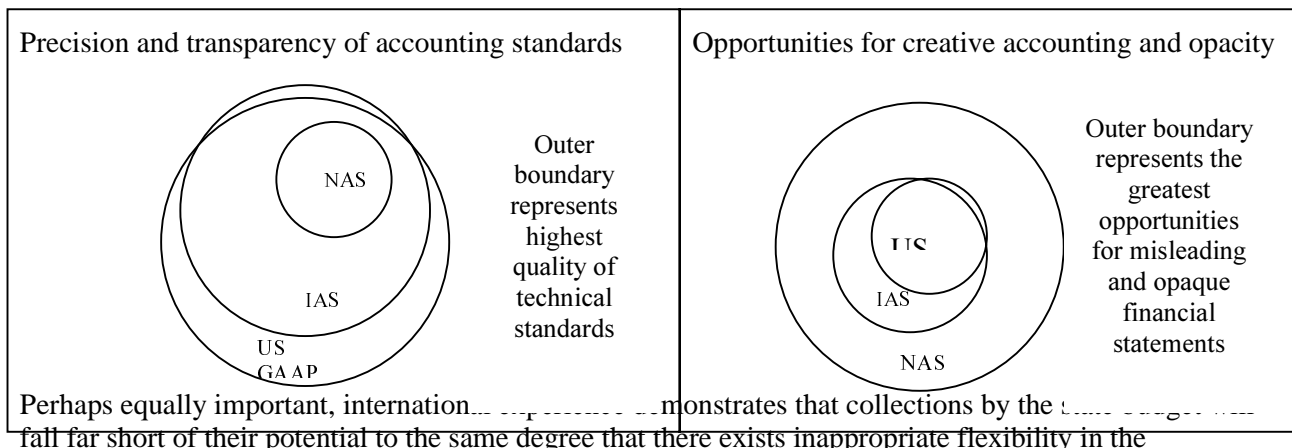
At the December 1999 Joint Commission between the US and Uzbekistan governments, the Government of the Republic of Uzbekistan pledged to bring its national accounting practices into full compliance with international standards. Uzbekistani enterprises, financiers, scholars, accountants, auditors, bank regulators, and many others strongly encourage the Government to fulfill its commitment by means of full and expeditious adoption of IAS. International experts, both within and outside the CIS, also endorse adoption of standards that conform to IAS. This letter highlights some reasons why full adoption of IAS is necessary, and presents four means by which such adoption may be implemented.

The reasons for the various endorsements of IAS are ample. Enterprises that hope to adopt the best management practices, receive credits and investments (whether local or foreign), or acquire other enterprises, must use a commonly accepted comprehensive system of accounting. The stability and security of the banking and pension systems depend on international-caliber accounting standards.

Worldwide, it is generally recognized that only two comprehensive accounting systems are satisfactory and have any possibility of long-term viability: IAS and US GAAP. Outside North America, only IAS is satisfactory. Some economically advanced countries, such as in Europe, can afford to spend several years making a full transition to IAS because they have reasonably sophisticated and functioning accounting systems that have developed over a period of several decades or longer. Such countries are efficient enough that they can afford a gradual conversion to IAS over a period of several years. (Even most developed countries, however, have already encouraged enterprises to apply IAS before the enterprises are officially required to do so.)

Within the CIS, the situation is more urgent. At the World Economic Forum held recently in Uzbekistan, local and international experts emphasized that in order for countries of the CIS to fulfill their economic potential, their governments must adopt IAS quickly and in full. The transition to IAS, in Uzbekistan as in most countries, is inevitable; and whereas the transition will be rather easy to facilitate now, the process will be more painful and disruptive in several years. This is due to several reasons:

- Enterprises are becoming more adept at evading taxes by means of exploiting weaknesses in NAS, which is the basis for preparing most corporate income tax declarations. The longer companies are able to evade taxes, the more they will become accustomed to doing so and the greater difficulty the government of Uzbekistan will have in collecting taxes.
- As participants in the world economy interact more and become more sophisticated, IAS is getting more detailed and sophisticated by means of adding more standards and interpretations. If Uzbekistan waits many years before adopting IAS in full, IAS will have incorporated additional standards concerning sophisticated concepts that will be new to Uzbekistani enterprises. At that time, Uzbekistani enterprises may be less eager to make the transition than they are currently, because the transition to compliance with IAS will require greater amounts of time and effort than it would now.
- IAS is far more rigorous than NAS but somewhat less rigorous than US GAAP, and the rigor of IAS will increase over time as IAS and US GAAP converge. In recent years, the US SEC and the IASC had already begun to collaborate closely on the development of standards. In February, the 104 countries that constitute the membership of the IASC voted to facilitate convergence of IAS and US GAAP in order to make IAS fully global in application. The precision, transparency, and quality of IAS and US GAAP are higher than NAS. As a result, the scope of discretion and opportunities for creative accounting offered by NAS is relatively large. This situation may be depicted as follows:



comprehensive framework on which tax declarations are based. In Uzbekistan, that framework is NAS. Unfortunately, the opacity permitted by NAS exacerbates the current budgetary problems.

The following table estimates the ranking of each existing NAS according to its compliance with IAS on a scale of 1 (major noncompliance) to 4 (full compliance).

<i>Category (compliance of NAS with IAS)³</i>	<i>IAS</i>	<i>Analogous NAS</i>	<i>Number of IAS in each category</i>
1 (major non-compliance of NAS with IAS)	1, 7, 14, 15, 16, 17, 19, 20, 21, 22, 23, 29, 32, 33, 34, 35, 36, 37, 39	1, 4, 6, 9, 16, 17,	19
2 (moderate non-compliance of NAS with IAS)	12, 18, 26, 27, Framework	5, 11, 13, 19, Framework	5
3 (minor non-compliance of NAS with IAS)	2, 4, 8, 11, 24, 25, 28, 30, 31	3, 6, 7, 8, 10, 12, 14, 21, 15	9
4 (full compliance of NAS with IAS)	None	None	0
Overall rating of NAS compliance with IAS: 1,7			

Uzbekistan needs to fulfill its commitment to adopting IAS-compliant standards. As IAS 1 clearly states, and as the experts at the World Economic Forum Eurasia Summit clearly concluded, it is impossible to comply with IAS except through full adoption of *all* IAS. There are four main ways in which Uzbekistan accounting practices may be brought into compliance with international practices:

- 1) Adopt new NAS that fully comply with IAS, and require use of all new NAS starting 1 January 2001,
- 2) Adopt new NAS that fully comply with IAS, but as of 1 January 2001, require use of only those new NAS that are analogous to currently existing NAS. In other words, each existing NAS would become fully compliant with the analogous IAS, but the remaining standards would become effective at a later date that the Ministry of Finance considers appropriate. The new NAS that would become effective on 1 January 2001 would fully comply with IAS 1, 2, 4, 7, 8, 10, 11, 12, 16, 17, 18, 19, 21, 24, 25, 26, 27, 28, 30, 31, 38, and Framework.
- 3) Adopt NAS that fully comply with IAS, but as of 1 January 2001, require application of only those new NAS for which the existing NAS are in substantial non-compliance with IAS. This approach would require, as of 1 January 2001, a new NAS for each IAS in Category 1 of the table above. All other new NAS would become effective at a later date that the Ministry of Finance considers appropriate.
- 4) Adopt NAS that fully comply with IAS, but as of 1 January 2001, do not require application of any new NAS. All new NAS would become effective at a date that the Ministry of Finance considers appropriate.

Under alternatives 2, 3, and 4, the date selected by the Ministry of Finance for use all new NAS would ideally be not later than 1 January 2002. In all four alternatives, enterprises should be encouraged to apply the IAS-conforming NAS at a date earlier than the required date if they so choose.

Regardless of the alternative selected, the Accounting and Auditing Methodology Department would have several extremely important roles to perform. Among them would be to explain the application of accounting standards to the increasingly sophisticated transactions that will occur as Uzbekistan becomes more integrated into the world economic system. USAID would be willing to provide training and other various forms of technical assistance in the process of adoption and explanation of the standards.

³ There is no publicly available version of NAS 27 and 28 (analogous to IAS 10 and 38) in English.