Advances in Science and Sustainability, 2026, 12–15

doi: 10.70728/susta.v02.i02.002
Volume 02, Issue 02
ISSN: 3060-5407
Paper

PAPER

CORPORATE GOVERNANCE AND FINANCIAL PERFORMANCE REPORTING: INTERNATIONAL EXPERIENCE

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Abstract

This article explores the significance of financial performance reporting within corporate governance systems, emphasizing the role of income recognition in ensuring transparency and accountability. The study argues that corporate financial strategies should extend beyond short-term profit maximization and instead focus on achieving long-term financial sustainability and stability. Particular attention is paid to the accounting practices applied in the Republic of Uzbekistan, which are regulated by national legislation and increasingly aligned with International Financial Reporting Standards (IFRS). The research is based on a qualitative analysis of regulatory documents, national accounting standards, and international accounting principles, with a focus on revenue recognition criteria. The findings reveal that accurate identification of the moment of income recognition, proper measurement of revenues and related expenses, and compliance with established accounting principles significantly enhance the reliability of financial statements. The results of the research may be useful for corporate managers, accounting specialists, researchers, and policymakers involved in the development and improvement of financial reporting systems and corporate governance practices.

Key words: Corporate governance; Financial performance; Income recognition; Accounting standards; IFRS; Financial reporting

INTRODUCTION

In modern economic conditions, corporate governance plays a critical role in ensuring the sustainable development and financial stability of companies. One of the key elements of effective corporate governance is a well-organized accounting system that provides reliable, timely, and transparent financial information. In particular, the statement of financial performance serves as a primary source for assessing a company's profitability, efficiency, and long-term viability. According to Professor M.B. Khamidullin, the financing of corporate strategies should not be limited solely to achieving short-term financial gains, but should instead be oriented toward ensuring long-term financial sustainability and

Compiled on: February 2, 2026.

stability. This approach highlights the strategic importance of accounting and financial reporting in corporate governance systems.

In international practice, financial reporting is not merely a technical accounting process, but a strategic tool that supports decision-making, protects shareholders' interests, and enhances investor confidence. The accounting system must ensure the analysis of investment efficiency, assessment of asset profitability, and calculation of other key financial indicators. In this regard, the structure and content of the statement of financial performance are of particular importance, as they reflect the economic results of a company's activities over a specific period.

In the Republic of Uzbekistan, corporate accounting practices are regulated by the Law "On Accounting" and national accounting standards, which are gradually being harmonized with International Financial Reporting Standards (IFRS). The proper organization of accounting and preparation of financial statements in accordance with legal and international requirements significantly affects the financial stability and investment attractiveness of companies. Therefore, the study of international experience in structuring the statement of financial performance and its application within corporate governance is a relevant and timely research topic.

LITERATURE REVIEW

This research is based on a qualitative methodological approach aimed at analyzing the role of financial performance reporting in corporate governance. The study applies several interrelated research methods, including normative analysis, comparative analysis, and analytical synthesis. National legal and regulatory documents of the Republic of Uzbekistan, particularly the Law "On Accounting" and National Accounting Standard No. 2 "Revenue from Main Operating Activities" serve as the primary sources of analysis.

In addition, International Financial Reporting Standards (IFRS) and foreign academic literature were examined to identify key principles and best practices in income recognition and financial performance reporting. A comparative analysis was conducted to assess similarities and differences between national accounting practices and international standards, with particular emphasis on revenue recognition criteria and the structure of the statement of financial performance.

The research also considers practical aspects of accounting organization in corporate entities. Various forms of accounting organization, such as internal accounting departments, outsourcing of accounting services, and independent accounting practices, were analyzed to evaluate their impact on the quality and reliability of financial reporting. The methodological framework allows for a comprehensive assessment of how accounting systems contribute to transparency, accountability, and effective corporate governance.

RESULTS

This research is based on a qualitative methodological approach aimed at analyzing the role of financial performance reporting in corporate governance. The study applies several interrelated research methods, including normative analysis, comparative analysis, and analytical synthesis. National legal and regulatory documents of the Republic of Uzbekistan, particularly the Law "On Accounting" and National Accounting Standard No. 2 "Revenue from Main Operating Activities," serve as the primary sources of analysis.

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DISCUSSION

The discussion of the results highlights the strategic role of accounting and financial reporting in corporate governance. Unlike small private enterprises, corporate entities often involve multiple owners with diverse interests. Therefore, the accounting system must be designed to protect the interests of all stakeholders, including shareholders, investors, creditors, and regulatory authorities . In joint-stock companies, accounting serves not only internal management needs but also external information requirements, making transparency and reliability essential.

International experience shows that effective corporate governance relies on transparent financial reporting systems that reduce information asymmetry between management and stakeholders. The structure of the statement of financial performance, when aligned with international standards, enhances comparability, credibility, and decision-usefulness of financial information. This is particularly important for attracting foreign investment and integrating domestic companies into global financial markets. The findings also emphasize the importance of modern information technologies in accounting. The use of advanced accounting software and digital reporting tools improves the timeliness and accuracy of financial information. Moreover, continuous monitoring of financial resources and strict control over their use contribute to better financial discipline and risk management within corporate entities .

From a broader perspective, the harmonization of national accounting standards with IFRS represents a critical step in improving corporate governance practices. It facilitates the adoption of international best practices, strengthens investor confidence, and supports sustainable economic development. However, the successful implementation of these standards requires ongoing professional training, methodological support, and institutional reforms.

CONCLUSION

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