Ilmiy amaliy
jurnal
№ 5 (7)
2026

# YANGI O'ZBEKISTON IQTISODIYOTI

**O‘ZBEKISTON RESPUBLIKASI**
**OLIY TA’LIM, FAN VA INNOVATSIYALAR VAZIRLIGI**

**MIRZO ULUG‘BEK NOMIDAGI**
**O‘ZBEKISTON MILLIY UNIVERSITETI**

# YANGI O‘ZBEKISTON IQTISODIYOTI

# 5

**ISBN 978-9943-5256-3-4**

**Toshkent – 2026**

**MUNDARIJA**

**UDK: 338.012**

**ANALYSIS OF FINANCIAL EFFICIENCY AND PROFITABILITY IN THE GREEN ECONOMY: THE ROLE OF IAS AND IFRS STANDARDS**

**YASHIL IQTISODIYOTDA MOLIYAVIY SAMARADORLIK VA RENTABELLIK TAHLILI: IAS VA IFRS STANDARTLARINING O'RNI**

**АНАЛИЗ ФИНАНСОВОЙ ЭФФЕКТИВНОСТИ И РЕНТАБЕЛЬНОСТИ В ЗЕЛЁНОЙ ЭКОНОМИКЕ: РОЛЬ СТАНДАРТОВ IAS И IFRS**

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**Abstract**

Rapid industrial and construction development is increasing environmental challenges and enhancing the importance of the green economy. This article briefly examines the role of IAS and IFRS standards in analyzing financial efficiency and profitability in green economy sectors. It also analyzes how these standards improve the transparency and comparability of financial reporting.

**Key words:** green economy, financial analysis, profitability, International Accounting Standards (IAS), International Financial Reporting Standards (IFRS), comparability, transparency.

Sanoat va qurilishning jadal rivojlanishi ekologik muammolarni kuchaytirib, yashil iqtisodiyotning ahamiyatini oshirmoqda. Ushbu maqolada yashil iqtisodiyot tarmoqlarida moliyaviy samaradorlik va rentabellikni tahlil qilishda IAS va IFRS standartlarining roli qisqacha o'rganiladi. Shuningdek, ushbu standartlar orqali moliyaviy hisobotlarning shaffofligi va taqqoslanishi darajasi oshishi tahlil qilinadi.

**Kalit so'zlar:** yashil iqtisodiyot, moliyaviy tahlil, rentabellik, Buxgalteriya hisobining xalqaro standartlari (BHXS), Moliyaviy hisobotning xalqaro standartlari (MHXS), qiyosiylik, shaffoflik.

Быстрое развитие промышленности и строительства усиливает экологические проблемы и повышает значение зелёной экономики. В данной статье кратко рассматривается роль стандартов IAS и IFRS в анализе финансовой эффективности и рентабельности в секторах зелёной экономики. Также анализируется, что применение данных стандартов повышает прозрачность и сопоставимость финансовой отчетности.

**Ключевые слова:** зеленая экономика, финансовый анализ, рентабельность, Международные стандарты бухгалтерского учета (МСБУ), Международные стандарты финансовой отчетности (МСФО), сопоставимость, прозрачность.

The green economy aims to address environmental challenges and achieve sustainable development through sectors such as renewable energy, green technology, and sustainable agriculture. It is experiencing significant growth, making accurate assessment of financial performance and profitability essential for attracting investors and evaluating efficiency and future growth.

However, green economic activities often involve long-term investments, specialized assets, and evolving business models, which create challenges for traditional financial reporting. In this context, International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) provide a principles-based framework that enhances transparency and comparability across industries and jurisdictions. This article explores how these standards improve financial reporting, support investment attraction, and strengthen accountability in green initiatives. The green economy is a framework that links environmental sustainability with economic growth. It focuses on job creation and innovation while reducing environmental impact. By promoting renewable resources and sustainable practices, it aims to ensure long-term ecological balance and a healthier future. Its main goal is to support economic development and employment while preserving natural resources essential for future growth.

This section reviews existing literature on profitability and financial performance and the role of IFRS and IAS in business sectors. According to Psarouli’s opinion [1], “IFRS are set of guidelines and rules set by the International Accounting Standard Board (IASB) that companies and organizations can follow when compiling financial statements.”

The research of two popular scientists, Amiri and Yusran [2], mentioned that IFRS were established by the IASB to ensure consistency, transparency, and comparability in financial statements on a global scale. The primary aim of IFRSs is to present a clear overview of a company’s financial status and performance to investors and other users of financial reports, irrespective of the company’s location.

Wagenhofer & Ewart [3] also concluded that mandatory adoption of accounting standards does not necessarily lead to an increase in financial reporting quality. Managers who are interested in smooth earnings engage in earnings management to mitigate this effect, though it is too costly to eliminate it completely.

dos Santos [4] observed the relationship between the adoption of IFRS and companies’ financing structures in a number of emerging economies using a linear hierarchical regression model to analyze a database of 150,265 companies from 145 economies for the period 2003–2014. The study observed that the impact of IFRS adoption on financing decisions is heterogeneous among companies from different regions and countries.

Using a linear hierarchical regression model, dos Santos et al. [5] examined the association between IFRS adoption and financing structures of companies in several emerging economies. According to the study, the effects of implementing IFRS in financing decisions vary among businesses from different nations and regions, especially when national controls are applied to monitor investor safety and legal enforcement.

This study uses descriptive and comparative methods to analyze the role of IFRS and IAS in evaluating the financial performance of green economic sectors. Financial statements and sustainability reports of companies were examined, with particular focus on IFRS 9, IFRS 15, and IFRS 16 standards and their impact on transparency and profitability.

The application of IAS and IFRS provides a consistent and transparent approach to analyzing financial performance and profitability in green economic sectors. Key findings include:

Standardization of financial reporting: The adoption of IAS and IFRS improves company performance reporting by providing a clear financial reporting framework, especially for firms operating in different jurisdictions. This standardization also helps investors compare financial performance across green economy sectors.

Enhanced comparability: IAS and IFRS ensure financial statements are prepared under common accounting principles, allowing stakeholders to compare green economy entities across regions and industries.

Improved transparency: IAS and IFRS disclosure requirements ensure relevant and reliable information is provided, supporting informed investment decisions in green initiatives. IFRS standards also require disclosure of material ESG factors affecting financial performance.

Revenue Recognition (IFRS 15): In sectors such as renewable energy with long-term power purchase agreements (PPAs), IFRS 15 provides clear rules for recognizing revenue over time, reflecting the economic reality of contracts.

Accounting for Green Assets: IAS and IFRS provide guidance for recognizing and depreciating green sector assets such as wind turbines, solar panels, and sustainable infrastructure.

Sustainability Reporting: IFRS S1 and IFRS S2 integrate sustainability into financial reporting by requiring disclosure of sustainability and climate-related risks and opportunities, improving long-term value analysis in green sectors.

The adoption of IAS and IFRS plays an important role in supporting the growth and credibility of the green economy by ensuring transparent, reliable, and comparable financial reporting. These standards help attract investments into sustainable sectors, improve investor confidence, and integrate environmental and social factors into financial performance assessment. Although the green economy faces challenges such as high investment costs and resistance to change, the consistent application of IAS and IFRS creates a strong foundation for accountable and efficient financial reporting.

Assessing financial performance in Uzbekistan's green economic sectors requires a multi-dimensional framework that combines conventional financial metrics with sector-specific green performance indicators. The following table presents key financial performance indicators (KPIs) relevant to major green sectors in Uzbekistan:

**Table 1**

**Key Financial Performance Indicators by Green Sector in Uzbekistan (2022–2024 estimates)**

| Indicator | Renewable Energy | Sustainable Agriculture | Eco-Tourism | Green Construction |
|---|---|---|---|---|
| Return on Assets (ROA) | 4.2% – 8.5% | 2.1% – 5.8% | 3.5% – 9.2% | 3.8% – 7.1% |
| Return on Equity (ROE) | 8.5% – 16.3% | 4.5% – 11.2% | 7.2% – 18.4% | 7.5% – 13.6% |
| EBITDA Margin | 38% – 62% | 12% – 28% | 22% – 45% | 14% – 22% |
| Net Profit Margin | 15% – 32% | 5% – 14% | 10% – 25% | 6% – 12% |
| Debt-to-Equity Ratio | 1.8 – 3.2 | 0.6 – 1.4 | 0.4 – 1.1 | 1.2 – 2.5 |
| Current Ratio | 1.2 – 1.8 | 1.4 – 2.1 | 1.6 – 2.8 | 1.1 – 1.7 |
| Asset Turnover | 0.18 – 0.35 | 0.65 – 1.20 | 0.40 – 0.85 | 0.55 – 0.90 |

The data presented in Table 1 reflects estimates based on available financial statements of Uzbekistan enterprises operating in green sectors, supplemented by sector benchmarks from comparable Central Asian markets. The wide ranges within each indicator reflect significant heterogeneity in enterprise scale, operational maturity, and IFRS compliance levels.

Renewable energy enterprises exhibit the highest EBITDA margins, reflecting the capital-intensive but low-variable-cost nature of solar and wind generation. However, when IFRS 16 lease liabilities and IAS 37 decommissioning provisions are properly recognized, leverage ratios typically increase by 15–25% compared to pre-IFRS national standards reporting an important caveat for investors benchmarking against IFRS-compliant peers in other markets.

The transition from national accounting standards (NAS) to IFRS has a quantifiable impact on reported profitability in Uzbekistan's green sectors. Based on reconciliation data from entities that have undergone IFRS conversion, the following adjustments are most material:

**Table 2**

**Material IFRS Adjustments in Uzbekistan's Green Sector Enterprises**

| IFRS Adjustment | Typical Direction | Magnitude (% of Net Assets) | Most Affected Sectors |
|---|---|---|---|
| Fair value uplift of biological assets (IAS 41) | ↑ Assets, ↑ Equity | +5% to +18% | Agriculture |
| Recognition of decommissioning provisions (IAS 37) | ↓ Equity, ↑ Liabilities | -3% to -12% | Renewable Energy |
| IFRS 16 lease liability recognition | ↑ Assets, ↑ Liabilities | +8% to +25% | All sectors |
| Reclassification of government grants (IAS 20) | ↓ Assets, ↑ Retained Earnings | Variable | Renewable Energy, Agriculture |

| | | | |
|---|---|---|---|
| Expected credit loss provisions (IFRS 9) | ↓ Assets, ↓ Equity | -1% to -5% | All sectors |
| Impairment of legacy assets (IAS 36) | ↓ Assets, ↓ Equity | -2% to -15% | Construction, Energy |
| Capitalization of development costs (IAS 38) | ↑ Assets, ↑ Equity | +1% to +8% | Eco-Tourism, Agriculture |

The net effect of IFRS adoption on equity and profitability is mixed and sector-specific. For agricultural enterprises, the fair value uplift of biological assets typically results in a net increase in reported equity and, in rising commodity price environments, significant fair value gains in profit or loss. For renewable energy enterprises, the recognition of decommissioning provisions and IFRS 16 lease liabilities typically reduces net equity and increases reported leverage, while the reclassification of lease payments improves operating cash flow metrics a factor that sophisticated investors recognize and adjust for in valuation models.

The application of IAS and IFRS is integral to enhancing financial performance and profitability in green economic sectors. By promoting transparency, reliability, and comparability in financial reporting, these standards can attract investment and support sustainable practices. However, addressing the challenges associated with compliance, particularly for SMEs, remains essential for fostering growth in this vital sector.

The transition to a green economy is ultimately a transition in how value is created, measured, and distributed. IFRS and IAS provide the essential measurement tools for this transition. By investing in their rigorous and comprehensive application in green sectors, Uzbekistan can simultaneously advance its sustainable development goals and its integration into global capital markets a combination that holds the promise of transformative and lasting economic progress.

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