



DIRECTIONS FOR IMPROVING LIABILITY ACCOUNTING (IFRS)

Jasur Bosimovich Mukumov

Tashkent State University of Economics., Uzbekistan

ABSTRACT

In this article, the problematic areas of application of international standards of financial reporting and auditing in our country are defined in normative legal documents and the tasks of their elimination are indicated. In addition, these regulatory legal documents set the tasks of training teaching staff and practitioners working in the field of accounting and auditing based on the requirements of international standards and regularly improving their qualifications.

© 2023 Hosting by Research Parks. All rights reserved.

ARTICLE INFO

Article history:

Received 12 Feb 2023

Received in revised form

19 March 2023

Accepted 19 April 2023

Keywords: *Calculation of obligations, international standards, production costs, finished products, semi-finished products, market integration*

In recent years, the necessity of fundamental reform of the accounting of economic entities operating in the Republic of Uzbekistan has become clear, especially the issue of approximation and adaptation of national accounting standards to international standards is becoming a need of the hour.

For this purpose, a number of regulatory and legal documents on accounting reform have been adopted. They include the following (Figure 3.1).

In these normative legal documents, the problematic areas of application of international standards of financial reporting and auditing in our country are determined and the tasks of their elimination are indicated. Also, these regulatory legal documents define the tasks of training teaching staff and practitioners working in the field of accounting and auditing based on the requirements of international standards and regularly improving their qualifications. Fulfillment of these tasks serves to speed up the process of applying international standards of financial reporting and auditing to the activities of economic entities.

At this point, it is necessary to take into account one more aspect, that is, keeping the accounting of economic entities operating in our republic based on the requirements of international standards is considered one of the urgent issues of the present day.

Therefore, adapting and reforming the transition to IFRS to the sectors of the economy, researching its theoretical and methodological aspects and existing problems is the necessity of the same time.

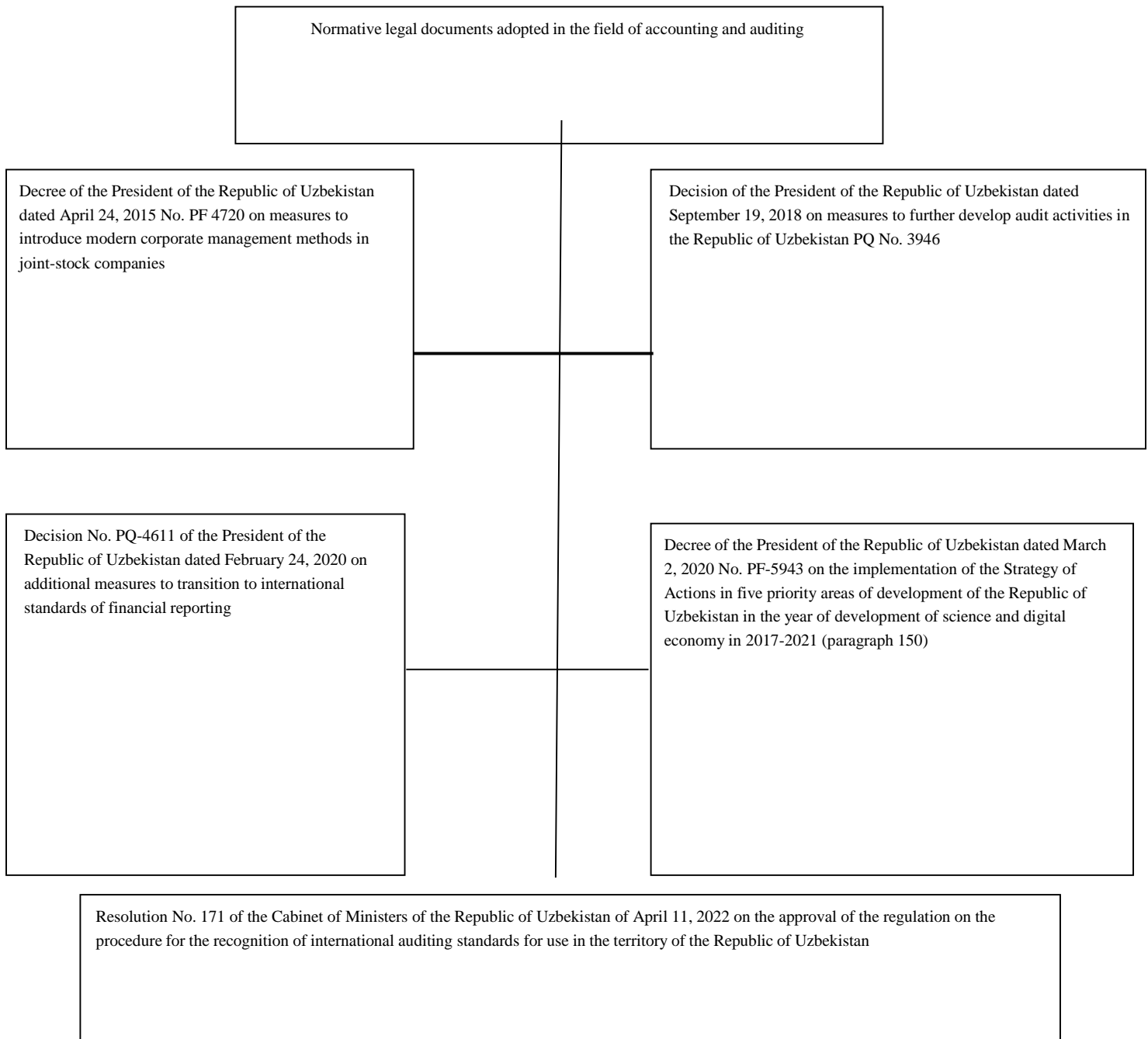


Figure 3.1. Normative legal documents adopted in the field of accounting and auditing¹

¹ Author development.

The need to move to (IFRS) in the field of accounting is manifested in the following (Figure 3.2).

During the transition of the economy of Uzbekistan to the digital economy, it is appropriate to apply measures aimed at adapting the national accounting system (IFRS), in particular, to comply with the requirements of (IFRS) when reflecting transactions related to obligations, creditors and mandatory payments in the balance sheet.

Liabilities are one of the main elements in the accounting of economic entities that form information about their financial status. However, in the economy of Uzbekistan, economists usually use the terms "Property" instead of the term "Assets" and "Liabilities" instead of the term "Liability".

In our opinion, misunderstandings in terms are caused by the existence of different approaches to the liability category from the legal, economic and accounting point of view. Assets are defined as "Resources" using the term "Economic Assets" and liabilities are used as "Sources of Economic Funds".

Based on the existing theoretical approaches to the formation of the financial statement (accounting balance sheet), it should be noted that (IFRS) is considered a normative approach, and in our opinion, the main emphasis in accounting and report preparation is on the causes of problems in the accounting of liabilities and methods of solving the problems encountered. It is appropriate to direct research.

Generally, (IFRS) brings different approaches of accounting in the countries of the world into a unified view and adapts to the sudden economic changes that may occur in the context of the globalization of the economy. Thus, we found it appropriate to make the following points regarding disclosure of the nature of liability accounting in accordance with national accounting standards and (IFRS) in Uzbekistan:

for the purposes of aligning liability accounting with national accounting standards (IFRS), it is necessary to reveal a clear definition of the currently controversial concept of "Liability" and the conceptual basis of liability accounting consistent with international standards;

It is necessary to include the criteria and classification of obligations for accounting obligations in accordance with national accounting standards and (IFRS);

Currently, the procedure for accounting for estimated liabilities is not disclosed in the National Accounting Standards, therefore, it is necessary to include the recognition criteria for estimated liabilities in accordance with (IFRS) and to introduce their evaluation at fair value;

It is necessary to recognize the accounting of financial obligations in the national accounting standards as part of financial instruments in accordance with IFRS, in particular, to consider the debtor and creditor liabilities in the national accounting standards in accordance with the requirements for the types of financial instruments.

Despite the fact that the current norms of the legislation of the Republic of Uzbekistan allow the implementation of (IFRS) principles, local accountants who are familiar with (IFRS) do not have the necessary skills to apply the international rules of accounting in practice.

Also, if the preparation of the financial report does not provide enough information to form a complete picture of the company's financial condition, financial indicators and changes in the financial condition, the company's financial report must include appropriate additional indicators and explanations. The inclusion of additional indicators and explanations in these financial statements (IFRS) is included among the main measures. It is not a secret that in the practice of accounting of our republic, financial reports are prepared mainly for tax authorities, that is, the cases where the prepared financial reports are focused on tax purposes or the payment of taxes occupy the main place.

One of the problems faced by business entities in preparing financial statements based on (IFRS) is that the methods defined in the Tax Code do not fully correspond to the principles of international standards of financial reporting.

As a result of the research, proposals were developed to improve the analytical calculation of liabilities.

It is known that the profit tax is one of the main taxes that stimulate business activity. Also, according to the requirements of the Tax Code, there will always be differences between profit tax accounting and tax accounting. Therefore, it was proposed to include the working account 6420 - "Debts on profit tax" in the account 6400 - "Accounts for recording debts on payments to the budget". Correspondence of accounts on working account 6420 - "Debts on profit tax" is presented in Figure 3.3 below.

6420 - "Profit tax liabilities" working account ensures that inconsistencies between accounting and tax accounting are avoided, and the obligations on profit tax are correctly reflected in the reporting period.

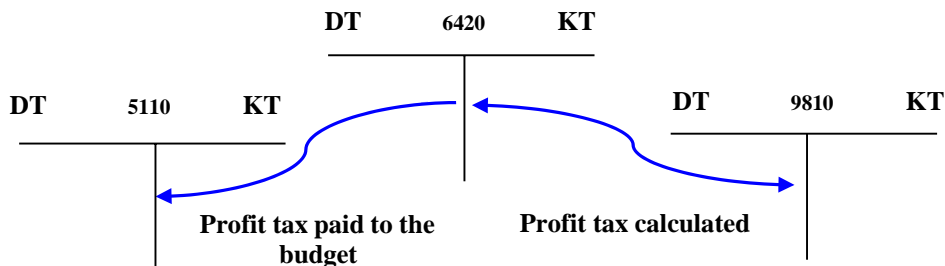


Figure 3.3. 6420-correspondence of accounts on the working order "debts on income tax" ²

In the chart of accounts, 6100-"Accounts payable to separate units, subsidiaries and dependent economic societies" is allocated. However, there are no accounts to reflect liabilities to partners and joint ventures in accounting. Therefore, it is appropriate to include working accounts 6992-"Accounts payable to partner enterprises", 6993-"Accounts payable to joint enterprises", 7992-"Long-term debts to partner enterprises" and 7993-"Long-term debts to joint enterprises" in the plan of working accounts. we found

In the credit of working accounts 6992-"Accounts payable to partner enterprises" and 6993-"Accounts payable to joint enterprises" current liabilities to partners and joint enterprises are reflected in connection with accounts accounting for inventory, cash, expenses, etc. (Table 3.2).

Table 3.2

Accounting entries for proposed working accounts 6992-"Accounts payable to joint ventures" and 6993-"Accounts payable to joint ventures" ³

	Content of economic transactions	Connection of accounts	
		Debit	Credit
	Assets were received from partners and joint ventures	0710-0890, 1010-1120, 2810-2990	6992, 6993
	Inventories received from partners and joint ventures were received	1510	6992, 6993
	Differences in the value of Inventories received from partners and joint ventures were taken into account	1610	6992, 6993
	The services provided by partners and joint ventures in terms of primary and secondary production, service economy, general production and management needs were accepted.	2010, 2310, 2510, 2710, 9420	6992, 6993
	Semi-finished products from partners and joint ventures were accepted	2110	6992, 6993
	The services provided by partners and joint ventures were included in the expenses of the next period	3190	6992, 6993

² Compiled by the author

⁵⁶ Compiled by the author

	Cash receipts from partners and joint ventures (for referrals)	5010	6992, 6993
	Funds were received from partners and joint ventures	5110-5530	6992, 6993
	Cash equivalents were received from partners and joint ventures	5610	6992, 6993

The procedure for transferring accounting entries on working accounts 7992-"Long-term debts to partner enterprises" and 7993-"Long-term debts to joint enterprises" is reflected

in table 3.3.

Table 3.3
Accounting entries for the proposed working accounts 7992-"Long-term debts to joint ventures" and 7993-"Long-term debts to joint ventures" ⁴

№	Content of economic transactions	Connection of accounts	
		Debit	Credit
1.	Assets were received from partners and joint ventures	0710-0890, 1010-1120, 2810-2990	7992, 7993
2.	Inventories received from partners and joint ventures were received	1510	7992, 7993
3.	The service provided by partners and joint ventures was taken into account in the purchase of installed equipment and capital investments	0710-0720, 0810-0890	7992, 7993
4.	Long-term debts to partners and joint ventures were transferred to the current part	7992, 7993	6992, 6993

The above-mentioned working accounts serve to clearly reflect the obligations to partners and joint ventures in the financial statements prepared by the joint-stock company and to increase the transparency of reporting information.

The results of the research presented above show that recognition, measurement, evaluation, accounting and reporting of obligations are appropriate in accounting for obligations in the practical activities of enterprises and ensuring the reliability of indicators of obligations in the report.

For these purposes, we would like to make the following proposals for solving the problems of accounting for liabilities and improving the regulation of accounting for liabilities in the national accounting standards:

- improvement of the conceptual bases of accounting of liabilities;
- development of regulatory documents to take into account certain types of obligations;
- improving the provision of open and reliable information for all users of financial statements, not only for tax purposes, in accounting for obligations;
- improvement of reporting requirements regarding the obligations of enterprises in reporting;
- Accounting in the proposed additional synthetic analytical accounts in accordance with the National Accounting Standards (IFRS) for liability accounting.

If we pay attention to the international standards of financial reporting, it is envisaged to form reserves for restructuring as part of the evaluated obligations. According to National Accounting Standards No. 37 entitled "Assessable Liabilities, Contingent Liabilities and Contingent Assets", "restructuring is a program planned and controlled by the management when the scope of activities performed by the enterprise or the methods of carrying out these activities have changed significantly."

Figure 3.4 shows examples of restructuring.

⁵⁷ Compiled by the author

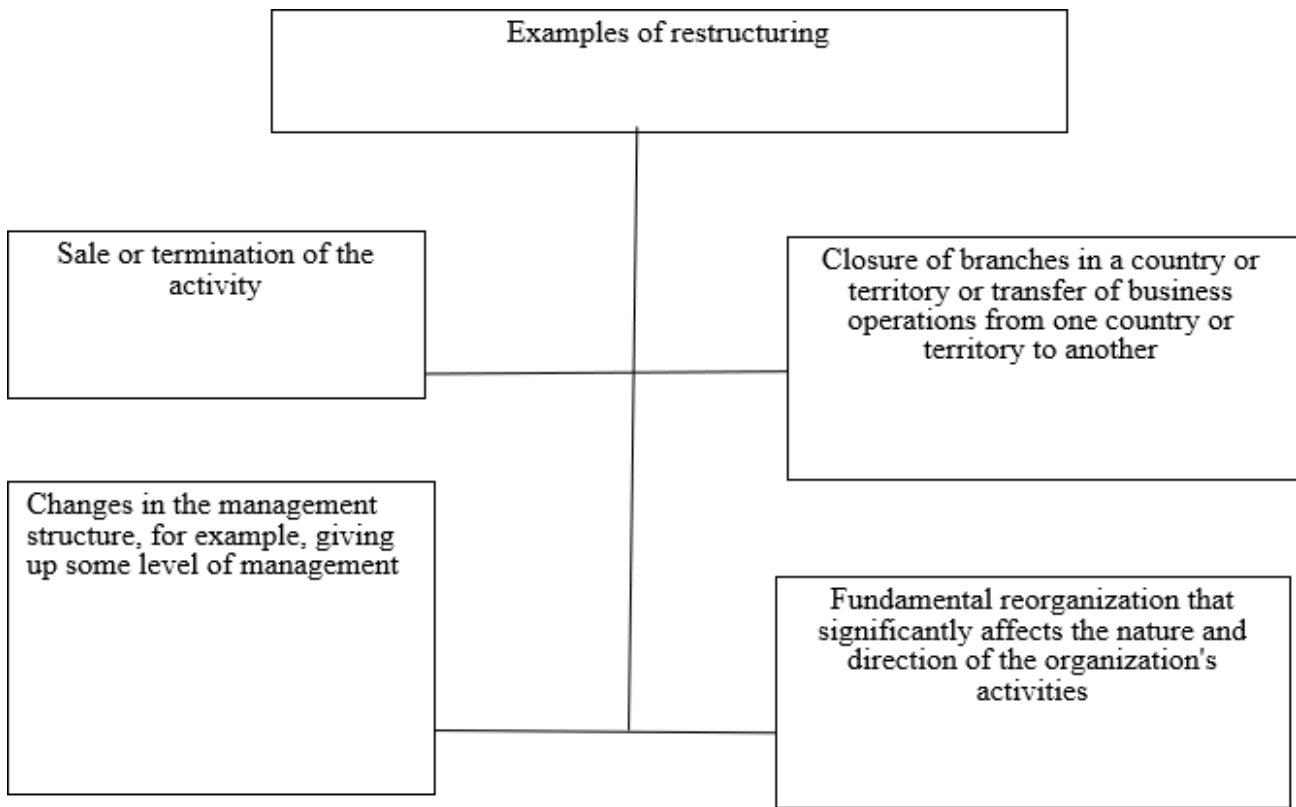
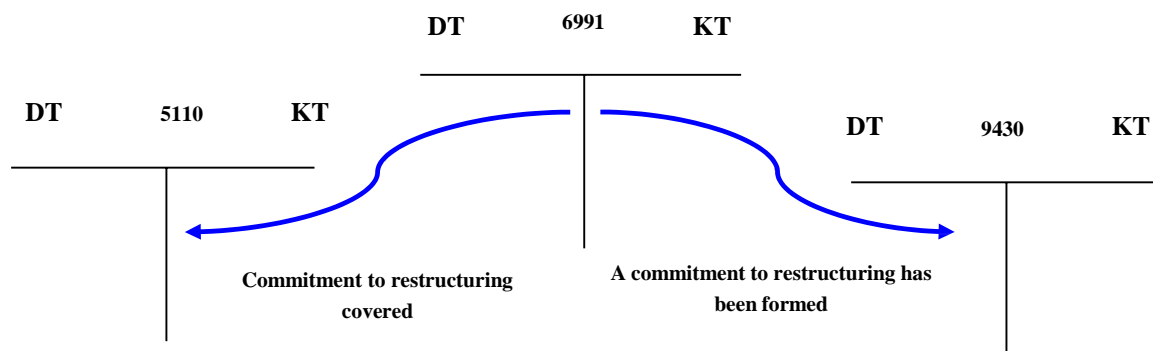


Figure 3.4. Examples of restructuring⁵

As a result of the research, it was proposed to include the working account 6991-"Obligations related to restructuring" in the accounting policy in order to correctly form accounting information and ensure financial stability. Correspondence of accounts on this working account is reflected in Figure 3.5.



⁵⁸ Author development.

Figure 3.5. Correspondence of accounts on working account 6991 "Obligations related to restructuring"⁶

The reflection of the obligations associated with restructuring in the structure of the assessed obligations serves to rationally plan the activities of the Joint-Stock Company, correctly formulate accounting information and ensure financial stability.

LIST OF LITERATURE USED

1. Ўзбекистон Республикасининг Фуқаролик кодекси. Ўзбекистон Республикаси Олий Мажлисининг Ахборотномаси, 1996 й. Қонун ҳужжатлари маълумотлари миллий базаси, 03.01.2020 й., 03/20/603/0071-сон.
2. Ўзбекистон Республикасининг «Бухгалтерия ҳисоби тўғрисида»ги Қонуни. Ўзбекистон Республикаси қонун ҳужжатлари тўплами, 2016 й., 15-сон, 142-модда
3. Ўзбекистон Республикасининг «Аудиторлик фаолияти тўғрисида»ги ЎРҚ-677-сон Қонуни. 9-модда.
4. Ўзбекистон Республикаси Президентининг 2022 йил 28 январдаги ПФ–60-сон Фармонининг 1-илоvasи билан тасдиқланган «2022–2026 йилларга мўлжалланган Янги Ўзбекистоннинг тараққиёт стратегияси»
5. Ўзбекистон Республикаси Президентининг 2020 йил 24 февралдаги «Молиявий ҳисоботнинг халқаро стандартларига ўтиш бўйича қўшимча чора-тадбирлар тўғрисида»ги ПҚ-4611-сонли қарори