

DEVELOPMENT TREND OF THE METHOD OF ACCOUNTING AND AUDIT OF LEASING OF FIXED ASSETS IN ACCORDANCE WITH IFRS AND NSA IN UZBEKISTAN

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Abstract

The article describes the role of the National Standards of Accounting of the Republic of Uzbekistan and International Standards of Accounting, we will reveal the definitions of fixed assets, the leasing recognition steps, its shortcomings, its requirements and its problems. Also we learn the concept of leasing, the procedure for accounting for the subject of leasing from the lessor and the lessee in the Uzbek accounting practice and in accordance with the requirements of IFRS are disclosed in the article. In addition, methodical approaches to the organization of audit of leasing operations, justified the audit of leasing transactions, the information base of the leasing audit are disclosed in the paper.

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The formation of civilized market relations in the modern Republic of Uzbekistan determines new directions of changes in the economic mechanism. They are accompanied by the formation of an accounting system as an element of the market infrastructure. Currently, accounting is going through one of the most difficult stages in its history. Significant changes are taking place in the theory and practice of accounting in a short time. Changes are also taking place in the accounting methodology due to the adaptation and improvement of the regulatory support of the accounting process to the current level of development of market relations in the Republic of Uzbekistan.

Leasing is an important financial instrument that makes it possible to make large investments in the reproduction of fixed assets and strengthen the material and technical base of agriculture. Therefore, improving the accounting system for leasing operations in accordance with the requirements of IFRS is relevant. When organizing the accounting of leasing operations, it is necessary to determine the accounting procedure for the subject of leasing, the amount of depreciation deductions, and lease payments. In Uzbek accounting practice, for a lessor, the execution of a contract begins with the purchase of a leased item from a supplier. The costs associated with the acquisition of property, including transportation and procurement costs, are accounted for by the lessor on the following terms:

- accounting for the leased asset, the amount of depreciation, lease payments. In Uzbek accounting practice for the lessor the execution of the contract begins with the purchase of the leased item from the supplier. Costs associated with the acquisition of property, including transportation and

procurement expenses are recorded by the lessor in the account «Investments in non-current assets».

- The formed initial cost of the leased item is accepted by the lessor to the account «Profitable investments in tangible assets». Lessee It takes into account the cost of the leased asset on the off-balance sheet account «Leased fixed assets». The amount recorded on this account is equal to the total amount of lease payments. If the leased asset remains on the lessor's balance sheet, the lessee does not accrue depreciation charges on the leased property, but the amount of lease payments is calculated, which is attributed to the expenses of the lessee organization. In the event that, under the terms of the lease agreement, the leasing property is accounted for the balance sheet of the lessee, accounting is organized as follows.

The lessor records transactions on the disposal of the leased item through the account «Other income and expenses» and relates the value of the transferred to leasing of property to an off-balance sheet account «Fixed assets leased». The lessee transfers the leased property to the «Fixed assets» account and charges depreciation on the leased property throughout the contract.

It should be noted that there is a special procedure for accounting for accrued depreciation on leased fixed assets. One of the main types of investments is leasing. In economically developed countries of the world, leasing is one of the main priorities for manufacturing enterprises and, of course, leasing can be used to develop entrepreneurial activities.

Currently, there are more than 65 leasing companies in our Republic, and some of them are already represented on the world market for concluding contracts with large companies around the world.

Leasing transactions are recorded in accordance with the Regulation «On the procedure for reflecting leasing transactions in accounting», developed in accordance with the Resolution of the Cabinet of Ministers of the Republic of Uzbekistan dated April 26, 2004 No. 199 «On measures for the further development of leasing services» (Collection of Legislation of the Republic of Uzbekistan, 2004, No. 17, Article 197). This Regulation applies to all business entities (hereinafter referred to as enterprises), regardless of their forms of ownership and departmental subordination (except for with the exception of budget organizations, banks and credit unions). Objects of lease in the Republic of Uzbekistan are any non-consumable items, including enterprises, property complexes, individual buildings, structures, equipment, vehicles, other movable and immovable property (except for property withdrawn from circulation).

During leasing, all risks associated with the right of ownership and use of the leased object are transferred to the lessee. In the lessee's accounting, leasing should be recognized as an asset and liability for an amount equal at the beginning of the lease term to either the current value of the leased asset or the discounted value of the minimum lease payments, if lower.

According to IFRS 16, a finance lease is a lease under the terms of which there is a significant transfer of all risks and benefits associated with the ownership of an asset. As a result, the legal title can be as follows to be transmitted, and not to be transmitted. According to NSA (National standards of accounting) 6, Leasing (financial lease) is a special type of lease relationship in which one party the lessor), on behalf of the other party (the lessee), acquires from a third party (the seller) the property stipulated by the lease agreement (the leased object) and provides it to the lessee for a fee on the terms determined by such an agreement for possession and use for a period exceeding twelve months.

According to IFRS 16, a lease is classified as a financial lease if it substantially transfers all the risks and benefits associated with ownership. A lease is classified as an operating lease if it does not entail a significant transfer of all risks and benefits associated with ownership. The receipt of leasing objects under a leasing agreement is reflected in accounting as follows:

- a) capitalization of leased assets at the cost recognized in the accounting records of the lessee as an asset and liability:

Dt 0800- «Accounting for capital investments»

Kt 7910 «Long-term lease for payment»

b) expenses related to bringing leased assets to a condition suitable for their intended use:

Dt 0800- «Accounting for capital investments»

Kt 1000 - «Accounting for materials», 6700 - «Settlements with personnel for wages», 6500 - «Insurance and payment accounts payable to state target funds» and other relevant accounts

c) putting leased assets into operation (transferring them to fixed assets) at their original cost: Dt 0310 - «Fixed assets received under a long-term lease agreement»

Kt 0800- "Accounting for capital investments"

Expenses related using fixed assets received under a leasing agreement, are reflected in accounting as follows:

a) accrual of depreciation of fixed assets received under a leasing agreement: Dt «Accounting for expenses» (2000, 2100, 2300, 2500, 2600, 2700, 9400 and other accounts, depending on the purpose of the fixed assets received under a leasing agreement); Kt 0299 - «Depreciation of fixed assets received under a long-term lease agreement».

b) expenses related to maintaining fixed assets received under a lease agreement in working order (current, medium or major repairs, etc.): Dt «Accounting for expenses» (2000, 2100, 2300, 2500, 2600, 2700, 9400 and other accounts, depending on the purpose of fixed assets received under a lease agreement);

Kt 1000 - «Accounting for materials», 6700 - «Settlements with personnel for wages», 6500 - «Insurance and payment accounts payable to government target funds» and other relevant accounts. The amount of accrued interest under a financial lease agreement is recorded:

a) For the lessee - on the debit of account 9610 «Interest expenses» and the credit of account 6920 «Accrued interest»;

b) For the lessor - on the debit of account 4830 «Interest receivable» and the credit of account 9550 «Income from financial lease».

When the leased fixed asset is transferred to the ownership of the lessee under the terms of the financial lease agreement, Dt of the Corresponding fixed asset accounts (0100)

Kt 0310 «Fixed assets acquired under a financial lease agreement» by type of fixed assets.

If at the end of a financial lease agreement the fixed asset is returned to the lessor, then in the accounting

Dt 0299 «Depreciation of fixed assets received under a financial lease agreement» Kt 0310 "Fixed assets received under a financial lease agreement". If the leased fixed asset is returned to the lessor before the end of the financial lease agreement, then in the accounting Dt 0299 «Depreciation of fixed assets received under a financial lease agreement» (for the amount of accrued depreciation), 6950 «Long-term liabilities - current portion», 7910 «Financial lease payable» (for the residual amount of lease payments).

Kt account 0310 «Fixed assets received under a financial lease agreement» Return of objects to the lessor before the end of the financial lease agreement for the unpaid balance under the financial lease agreement:

Dt 7950 - «Long-term lease payable»

Dt 6950 - «Long-term liabilities - current portion»

Kt 0310-«Fixed assets received under a financial lease agreement»

It should be noted that for the development of accounting for leasing transactions in the Republic of Uzbekistan, the costs of improving the leased object were reflected as expenses on leased equipment and these costs were taken into account when making leasing payments.

In our opinion, accounting for the leased asset as part of the lessee's property, as provided for by IFRS, increases the responsibility of lessee organizations for more accurate accounting and correct calculation of lease payments, increases their interest in the safety of the leased property, and in the timely repair of machinery and equipment.

In accordance with IFRS, lease payments related to the reporting period are deducted from the principal amount of the debt under the leasing transaction. The lessor recognizes income in the form of lease payments and accounts for them in the financial results. At the same time, lease payments that the lessor must receive during the year are reflected in the accounting as current assets.

It should be noted that from January 1, 2019, accounting issues for leasing transactions will be governed by IFRS 16 "Leases", and not IFRS 17 "Leases". In general, the scope of the new standard remains unchanged. The new standard will apply to all leases. One of the main differences of the new IFRS is the criteria for recognizing a lease (leasing) agreement for fixed assets.

IFRS 16 defines a lease as a whole or its individual clauses if the agreement transfers the right to the lessee to control the use of the asset for a specified period in exchange for reimbursement of the asset's value.

To sum up, it should be noted that the accounting of leasing operations in the Republic of Uzbekistan is developing in stages and in order to improve the accounting of leasing in the Republic of Uzbekistan, a number of laws, regulations, and standards for the accounting of leasing operations in companies and in banks have been adopted.

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