

ACCOUNTING FOR RECOGNITION OF ENTERPRISES INCOME (ACCOUNTS) IN ACCOUNTING WITH INTERNATIONAL STANDARDS AND “FINANCIAL REPORTING CONCEPTUAL FUNDAMENTALS ”

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Annotation.

This article reveals the tasks based on requirements of regulatory documents on transition of income accounting system to International Financial Reporting Standards (IFRS). The compliance of the report and financial results with the requirements of the international document “Conceptual framework for financial reporting” is analyzed, and proposals for improving this reporting have been developed.

Keywords:

Income, income derived from ordinary activities, income not related to ordinary activities (other income), revenue, benefit, conceptual rules, profit or loss



Today, the expansion of international integration is leading to the rapid development of efforts to recognize and implement International Financial Reporting Standards (IFRSs) in countries around the world. IFRS 15 Revenue from Contracts, which came into force on 1 January 2018, provides for the introduction of a new procedure for the recognition, measurement and reporting of receipts. Therefore, the organization of settlements in accordance with the requirements of this standard, the presentation of transparent information about income and profit in the financial statements. The most tested and effective methods and techniques, recognition and evaluation criteria, international rules and principles. The introduction of a methodology for providing reliable, consistent and comparable financial information about a company's revenues, profits and distribution and share of profits using it is a matter of urgency for all countries, especially those applying IFRSs for the first time.

The results achieved have not been fully implemented in developing countries and it is not possible to achieve full quality implementation of IFRSs on income in one go. It is expedient to introduce them gradually, purposefully and on a large scale. In our country, certain results have been achieved in the harmonization of income and profit accounting with IFRS. In particular, in accordance with IFRS 2 “Income from operating activities” and the Regulations on the structure of expenses and the procedure for determining financial results, the procedure for income and financial results in accordance with international standards has been developed.

Starting from 2021, the procedures for preparation, international audit and publication of financial statements on the basis of IFRS for joint-stock companies, banks, insurance companies, state-owned enterprises and other enterprises on a voluntary basis have been introduced. However, these achievements do not mean that the full transition to IFRS has been decided in the country. At the same time, it should be noted that based on strategic objectives, there are a number of issues that need to be addressed in order to improve the accounting of income and profits in line with the requirements of international investors.

These include the recognition and widespread introduction of IFRS on income, the abandonment of old methods and techniques and the use of modern terms of income, development of revenue recognition steps, use the most advanced methods in evaluation and reporting, recognition of distributed profits belonging to foreign investors and improvement of calculation methodology. Revise the content and

structure of the statement of financial performance and Improving the content and substance of income and profit accounting accounts, achieving transparency and comparability of the report, issues of report transformation and consolidation and compilation.

Ensuring the effective implementation of these tasks requires research to radically improve the methodology of income and profit accounting and reporting on financial results in accordance with the requirements of international standards in accordance with the requirements of foreign investors and other information users. Recognition of income (revenue) in accordance with International Accounting Standards and in the Statement of Financial Performance in accounting is not only convenient for investors or users of information, but also convenient and reliable for accountants of any enterprise that maintains the accounting system, does not cause confusion. I think the system. Let's take a look at these conveniences and advantages and give our own conclusions.

The first, let's analyze the compliance of the information reflected in the "Statement of Financial Performance" with the "Conceptual Framework for the Preparation and Presentation of Financial Statements" (Table 1). The basics will need to comply with the rules. As noted above, this indicator is called "Income from non-core activities". Therefore, it is appropriate to refer to this indicator as "non-operating income" or "other income". It should be noted that in determining the indicator "Profit (loss) of the main activity" in line 100, line 090 "Other income from operating activities" or the proposed name "Income not related to normal activities" can not be involved. Because this benefit only describes the benefit received as a result of normal activities. Therefore, this figure should be reduced to the next steps.

The second, once the company's gross profit has been determined, we think it is also necessary to include a profit margin called "operating profit". This figure is found by subtracting operating costs from gross profit, i.e., period costs. The indicator "Expenses for the reporting period excluded from the tax base" reflected in line 080 has been canceled, so this indicator should be removed from the reporting form.

The third, once the operating profit has been determined, it is necessary to determine the indicator of profit (loss) from ordinary activities or "profit from operating activities". This requires the addition of royalties, dividends, interest, financial lease income to operating income, and the deduction of interest expenses and interest expenses on long-term leases (financial leasing).

The fourth, the next step requires determining the profit (loss) ratio before tax by subtracting non-operating expenses, i.e., non-operating expenses, by adding non-operating income to the income from ordinary activities. In international conceptual terms, when "other income" is reflected in the income statement, it is usually required to disclose it separately for each item. Because information about them is useful in making economic decisions. Conceptually, there is a rule that "for each item of profit, the amount after deduction of expenses corresponding to this income is reflected." However, this rule was not followed in the statement of financial performance. This is because the report provides a general definition of "non-operating income". Given their importance in decision-making, these articles should be disclosed. In addition, gains or losses on other items of income should be reflected. Therefore, we consider it expedient to generalize them in the following sections:

1. Profit (loss) from disposal of long-term assets and other property;
2. Exchange rate gains (losses);
3. Benefits from the write-off of overdue creditors 'and depositors' debts;
4. Non-refundable financial aid and gifts;
5. Revenues from government subsidies;
6. Fines, penalties, and other penalties levied or recognized by the debtor, as well as profit (losses) on recovery of damages;
7. Profit (loss) from revaluation of inventories.
8. Past earnings determined during the reporting period.

We propose to include these indicators in the statement of financial performance. It is appropriate for them to reflect in the report the profit or loss remaining after deducting expenses from the income of the items in question, rather than as separate income and a separate expense item. As a result of this study, the indicators in the "Report on Financial Results" of enterprises were analyzed and proposals for its improvement were developed. In particular, the report proposes to reflect the indicator "Other income from operating activities" in the form of profit or loss on tangible items, rather than separately in terms of income and expenses, based on the requirements of international conceptual rules, and developed their components.

The implementation of these proposals will help bring the accounting of income in line with international standards, increase the transparency of reporting on financial results.

List of used literature

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