



Issues of improving income accounting in accordance with International Financial Reporting Standards

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Annotation :

The introduction of International Financial Reporting Standards (IFRS) in our country is one of the important issues on the dental agenda. Today, one of the most important tasks of the country 'ng is the application of international practice in the accounting system to recognize income and expenses, which are the main indicators of financial accounting. This article describes and reveals the concept of accounting for income as an element of financial reporting in accordance with international standards of importance in the accounting system. Today, the study and improvement of the methodological side of this process also remains one of the most important issues. This article will also discuss the definition, composition, recognition, size, and composition of financial statements by type of income, such as income included in income reports.

Keywords: income, conceptual provisions, element of financial statements, profit or loss, interest, royalties, enterprises, international financial reporting standards, expenses, assets, liabilities, specific capital.

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In the new Uzbekistan, intensive work is underway to reform accounting. An important regulatory document in this regard is the Resolution of the President of the Republic of Uzbekistan dated February 24, 2020 RP-4611 "On additional measures for the transition to international financial reporting standards" [1]. International Financial Reporting Standards (IFRS) is a set of documents developed by international professional organizations. Their study and implementation requires a deep analysis of each standard and the development of guidelines for their application.

The IFRS No. 15 standard "receipts for contracts with buyers" provides for the introduction of a new procedure for recognizing, evaluating and reflecting receipts in reports. Therefore, the organization of calculations in accordance with the requirements of this standard the reflection of transparent information about income and profit in financial statements. The introduction of a methodology for providing reliable, harmonious and comparable financial information to international investors in tools understandable to them, that is, the most tested and effective methods and



methods, recognition and evaluation criteria, the use of.

In our country, certain results have been achieved in harmonizing the accounting of income and profit with IFRS. In particular, in accordance with NAS № 2 "Income from operating activities" and the Regulation "On the structure of expenses and the procedure for determining financial results" a procedure for obtaining income and financial results has been developed in accordance with international standards since 2021 on a voluntary basis. Procedures have been introduced for the preparation, international audit and publication of financial statements in accordance with IFRS for joint-stock companies, banks, insurance companies, state-owned enterprises and other enterprises.

However, these achievements do not mean that the country has made a decision on a full transition to IFRS. At the same time, it should be noted that based on the strategic objectives, there are a number of issues that need to be addressed in order to improve the accounting of income and profits in accordance with the requirements of international investors. These include the recognition and widespread implementation of IFRS on income, abandoning old methods and techniques, using modern conditions for generating income, developing, measuring and reporting income, using the most advanced recognition methods, recognizing distributed profits among foreign investors and improving accounting methodology. content and structure of the statement of financial results, recognition and reflection of other comprehensive income, improvement of the content of the accounts of income and profit accounting, harmonization of the formation of final

financial results and accounting in accordance with international standards, achieving transparency and comparability of the report, transformation, transformation and consolidation issues and drawing up reports. To ensure the effective implementation of these tasks, scientific research is needed to radically improve the methodology for recording income and profits and reporting financial results in accordance with the requirements of international standards for foreign investors and other information users.

In the work of scientists of our country, methodological issues of recognition, assessment of income, determination of profit or losses and reflection in the report were investigated. A.Z.Avlokulov [2] in his scientific work, it was proposed to apply a pragmatic concept in expanding information coverage in terms of indicators of financial results, and a three-stage algorithm for reporting control was developed. U.To laev [3] investigated the issues of improving the theoretical, normative and methodological aspects of the formation of financial results. S.N.Tashnazarov [4] proposed a form of profit and loss as well as of other comprehensive income statement in accordance with international standards. M.J.Temirkhanova [5] in her scientific article analyzed the ratio between income from services in tourism enterprises, the functions of the profit category and the profit, receipts and growth of assets of the enterprise. N.Alimova [6] investigated the issues of improving the schetz system, which takes into account the income received from the services provided in the hotel rooms. R.Hasanova [7] developed proposals to improve the financial results report. Although the

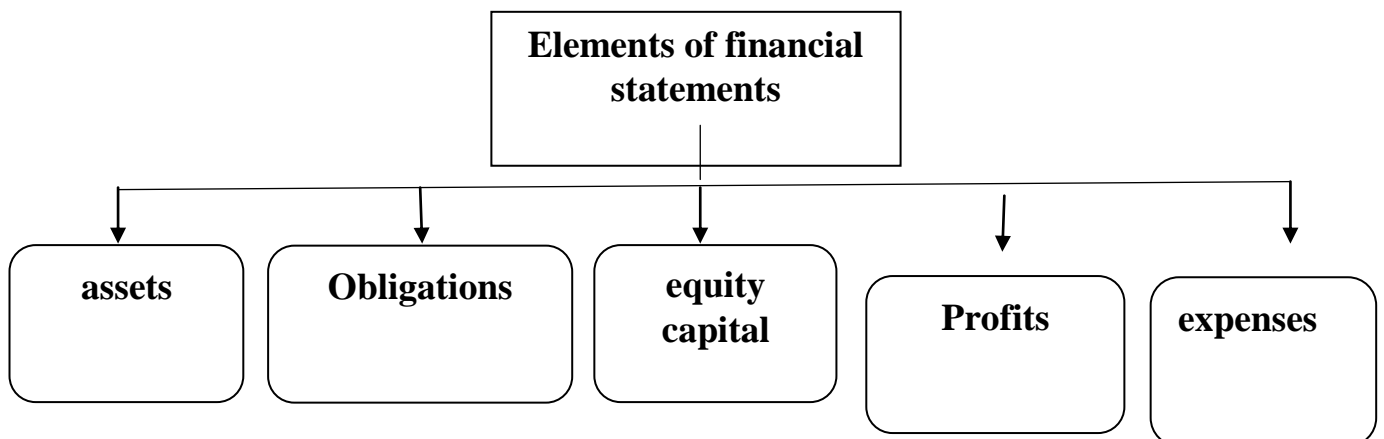


research of the authors is of significant scientific and practical importance, but in these works, the issues of coordinating income and profit accounting with the requirements of international standards, recognizing income (profit), evaluating, compiling and presenting a profit and loss report have not been adequately investigated.

In Paragraph 2 of the regulation on Russian accounting (pbu 9/99), the following definition of income is given: "income is an increase in the economic profit caused by the receipt of assets (cash or other property), which leads to an increase in the capital of the organization, and (or) the fading of obligations." [8]

Its industry-specific sources provide the following definitions: "the income of an organization is money and non – money earned by an enterprise for carrying out its production, sales, financial and investment

In accordance with the conceptual rules, we can reflect the elements of the financial statements in Figure 1- below:



Below 1. Elements of financial statements .¹

In our opinion, for accounting purposes, it is appropriate to give a description of income as an element of financial statements.

Based on the study of the above experiences we give the following definition of income as an element of financial statements:

Income is a key element of financial reporting the acquisition of economic profit in the

activities " [9].

When studying the accounting of income and expenses in sources, the following parts are distinguished:

- 1) What is included in the income and expenses of the enterprise in accounting;
- 2) Income and expenses from the point of view of taxation;
- 3) Principles for accounting for income and expenses of the organization;
- 4) Algorithm for accounting for income and expenses of the company;
- 5) Program for accounting for income and expenses." [10]

A group of foreign scientists (Huifa Chen Qingliang Tang, Yihong Jiang, Zhijun Lin) [11] studied the influence of the rules of the standard on income on the increase in the quality of accounting, and noted that compliance with the rules is the basis for the formation of quality information on income.

¹"Conceptual framework of financial reporting"



form of an increase in the income and (or) quality of assets that have found their reflection in the increase in private, capital, in addition to the additional capital input of the founders during the reporting period and (or) the fading of obligations.

On a conceptual basis, we will be able to formalize substances related to the component of income in the table below.

Table 1.1 .

Rules for determining the content of income on conceptual grounds.²

Article	Contents
4.29	The definition of income includes both income and other income. Receipts occur in connection with the usual activities of the organization and include various names, in particular "sales proceeds", "incentives for services", "interest", "dividends", "royalties" and "rental payments"
4.30	Othercomprehensive income are different articles of profit, which satisfy the definition of income, and also occur not in connection with the usual activities of the organization. Such profit is characterized by an increased economic benefit thus does not differ from earnings in its nature. Therefore, they are not considered as a separate element in these conceptual foundations.
4.31	The other comprehensive income includes, for example, the profit from the outflow of non-current assets. The definition of these incomes also includes profit from unrealized, for example, revaluation of securities in the market, as well as an increase in the balance sheet value of long-term assets. When othercomprehensive income is recognized in the profit and loss statement, they are usually indicated separately, since information about them is considered useful in making economic decisions. Profit items are usually reflected as the amount of the costs incurred after the deduction
4.32	Assets of various manifestations can be obtained at the expense of income or improved in quality, for example, cash, receivables, goods and services received in exchange for shipped goods and services. Income can also be obtained as a result of the repayment of obligations. For example, an organization can provide goods and services to the creditor in order to regulate obligations to pay unpaid debts.

²https://www.minfin.ru/common/upload/library/2014/06/main/kontseptualnye_osnovy_na_sayt_bez_predisloviya_-_kopiya.pdf
 based on author development



In Uzbekistan, the composition of income in the "conceptual framework of financial reporting" is correctly classified, and it complies with the requirements of international standards. But, in the standard, the composition of other income is not fully formed. In this case, the regulation "on the composition of expenses" in practice does not comply with international standards in certain aspects of income recognition. In accordance with this regulation, the income received by economic entities as a result of their economic activity is included in the report under the following main sections:"

- 1) net income from sales;
- 2) other income from the main activity (operating income);
- 3) income from financial activities;
- 4) extraordinary income.

Analyzing this, the net profit from sales falls on the main income from the main activity" [12]. The so-called "other income from the main activity" is not correct in content. It is considered appropriate to call it "income from non-core activities" or "other comprehensive income", as it is named in the standard "conceptual grounds for the preparation and presentation of financial statements". Certain items of income from financial activities, including financial rent, royalties, dividends and interest, will have to be included in the main receipts. Exchange rate differences do not depend on the policy of financial activity pursued by the enterprise. Therefore, we consider it appropriate that this income is reflected in the structure of other income.³

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The following conclusions can be made as a result of comparing the provisions of the "regulation on the composition of expenses", "conceptual framework for the preparation and presentation of financial statements" and the NAS № 2 standard "income from basic economic activities", which is considered a regulatory legal document for accounting of income in Uzbekistan: 2719

First, the conceptual framework of international standards provides a definition of income. This definition is universally recognized. The most important feature of the presented definition, in which the definition of income as an element of financial statements is given. According to it, the following conditions are required to be met at the same time: the first condition is recognized as income. When private capital leads to an increase in the amount of additional capital by the founders, the second condition is that the phenomena that generate income should lead to an increase in assets (cash or other assets) or an improvement in its. The amount in the amount of events and processes that ensure the timely fulfillment of these two conditions is recognized as income.

Secondly, it can be seen that in international practice there is no classification of "income from financial activities". In international practice, the income of an enterprise is divided into income related to ordinary activities and income not related to ordinary activities (other income). In accordance with international standards, in Table 1 above, "revenues are generated during the normal operation of an enterprise: 1. Income from

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sales; 2. Promotion for services; 3. Interest; 4. Dividends; 5. Royalty; 6. Rental income". Obviously, by international standards, income from financial activities is present both in its ordinary activities and in its unusual activities. We will need to move on to these principles of income classification. If we record interest, royalties, dividends as income from financing activities in our financial statements, it means that we have rejected them from normal results of operations, and this can lead to methodological confusion.

Thirdly, in the practice of our country, profit and loss on financial assets are indicated in one line as "Profit from revaluation of securities", while in international practice the procedure for reflecting profit and loss and other comprehensive income is reflected in the report. Today, when our reports are moving to international standards, it is appropriate for us to move on to the procedure for revaluation of financial assets, reclassification of gains and losses and other parts of the statement of comprehensive income.

Fourth, there is a discrepancy between NAS № 2 "Profit from operating activities" and NAS № 21 "Accounting Scheme and Instructions for its Application". In NAS № 2, income from interest, dividends and royalties is included in income related to the ordinary activities of the enterprise, while in NAS № 21, these incomes are reflected in accounts that take into account "income from financial activities". In accordance with this classification, we consider it appropriate to make certain changes to the chart of accounts. Fourth, in Russian practice, interest income and income from securities are also included in other income. In fact,

the international standard recommends that interest and dividends be included in income from ordinary activities.

This methodological procedure serves to generate useful information for users of information that accurately reflects other total income in the accounts and reports. 2720

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