

Description and Classification of Receipts as an Audit Object Based on International Standards

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Annotation: This article reveals the description and classification of income associated with normal activities (basic income) and income unrelated to normal activities (other income), receipts based on international standards, as an audit object.

Keywords: income, financial reporting element, income associated with its usual activities (basic income), income unrelated to its usual activities (other income), dividend, interest, royalty, international standards of financial reporting, financial income, financial rent.

During a rapidly changing period of global economic trends in the world, it is one of the pressing issues for each mamalakat to keep the population in line with income, as well as to increase its revenues together with economic entities. To achieve these indicators, first of all, there is a need to improve the stages of accounting and auditing related to receipts in accordance with international standards.

President of our country SH.M. Mirziyoev the decisions, regulations and several legal and regulatory documents adopted on accounting and auditing activities in recent years mark exactly these above-mentioned tasks. One of these:

1. Decision of the president of the Republic of Uzbekistan, PQ-4611 of 24.02.2020 "On additional measures to proceed to the khaqaro standards of Financial Reporting" ;
2. Decision of the president of the Republic of Uzbekistan, PQ-5210 of 04.08.2021 " On additional measures to improve the system of certification of Auditors";
3. Decree of the president of the Republic of Uzbekistan, PF-60 of 28.01.2022 will be adopted as regulatory legal documents such as "on the development strategy of the new Uzbekistan for 2022-2026". In this strategy, several tasks and goals were set in kelagak.

Within the framework of the strategy of action on the five priority areas of development of our country in 2017 — 2021, about 300 laws and more than 4 thousand decisions of the president of the Republic of Uzbekistan have been adopted aimed at radical reform of all spheres of state and society life over the past period.

Systematic work has also been carried out to ensure human rights, strengthen the accountability and openness of public bodies and increase the political activity of civil society institutions, the role of the media, population and public associations.

Effective measures have been taken to liberalize foreign trade, tax and financial policies in order to reform the national economy, support entrepreneurship and guarantee the inviolability of private

property, organize deep processing of agricultural products and ensure the rapid development of territories.

Strengthening the social protection of citizens and reducing poverty has been established as a priority of state policy, providing the population with new jobs and a guaranteed source of income, qualified medical and educational services, decent living conditions has reached a qualitatively new level.¹

As you can see, strengthening the social protection of citizens and reducing poverty has been designated as a priority of Public Policy, and increasing the population with new jobs and a guaranteed source of income has been identified as one of the priorities.

Global problems such as new strains of COVID-19, inflation and growing debt levels, income inequalities are manifested in the world economy. According to the World bank Group in 2021, the highest per capita national income was recorded to be "Bermuda – 117730, Switzerland – 85500, Norway – 82500, us – 65850", the lowest was "Mozombik – 490, Malawi – 380, Burundi – US \$ 280". The increase in gross national income entails an increase in the volume of the value of goods and services created in enterprises.

For example, in 2021 alone, Apple's revenue was US \$ 365.82 billion. For this reason, increasing the income of enterprises operating in all countries and achieving the comparability and reliability of information is an urgent issue. To do this, it is required to harmonize the accounting of income with the international standards of financial reporting (IFRS) and carry out audits based on international standards of audit activities.²

One of the elements of financial reporting in accordance with conceptual rules is considered to be income.

Paragraph 2 of the regulation on accounting of Russia (ПБҮ 9/99) provides a definition of income as follows: "income is an increase in economic profit caused by the fall in assets (cash or other property) and (or) the fading of Obligations, which leads to an increase in the capital of the organization."³

Industry-specific sources provide the following definitions " " the income of an organization is money and non-monetary funds received by an enterprise for the implementation of its production, sale, financial and investment activities"⁴ In this resource, it is noted that in accounting, depending on the nature, conditions, income is distinguished from each other by income and other income from the usual types of activities.

In turn, income from the usual types of activities included: receipts from the sale of goods, payments for work performed and services rendered, receivables, licensing fees, rent payments and royalties.

The other income group is noted to include the profit received by the enterprise as a result of collaborative activities, creditor debts that have expired the claim, and other types of income (Figure 1).

¹ <https://lex.uz/uz/docs/-5841063>

² Z.B.Eshpulatova. Korxonalarda daromadlar hisobini takomillashtirish. Dissertatsiya. 2022 y. 3 b

³ Учет доходов. https://www.audit-it.ru/terms/accounting/uchet_dokhodov.html

⁴ 102. Учет доходов и расходов. <https://class365.ru/uchet-tovarov-uslug/uchet-dohodov-i-raskhodov>

A group of foreign scientists (Huifa Chen Qingliang Tang, Yihong Jiang, Zhijun Lin)⁵ studied the influence of standard rules on income on an increase in the quality of accounting, noting that compliance with the rules is the basis for the formation of qualitative information on income.⁶

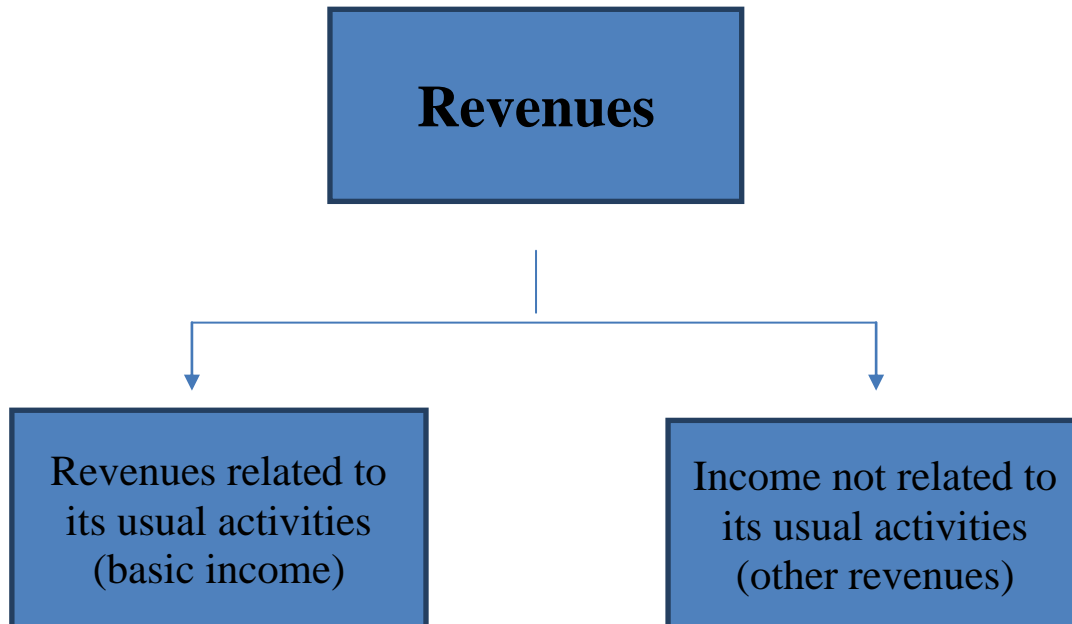


Figure 1. Classification of income according to international standards

Source: Z.B.Eshpulatova. Improvement of income accounting in enterprises. Dissertation on the topic. 2022. 24 p

IFRS 15 Revenue from Contracts with Customers, which is included is effective for annual reporting periods beginning on or after 1 January 2018, with earlier application permitted.

IFRS 15 establishes the principles that an entity applies when reporting information about the nature, amount, timing and uncertainty of revenue and cash flows from a contract with a customer. Applying IFRS 15, an entity recognises revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

To recognise revenue under IFRS 15, an entity applies the following five steps:

- Identify the contract(s) with a customer.
- Identify the performance obligations in the contract. Performance obligations are promises in a contract to transfer to a customer goods or services that are distinct.
- Determine the transaction price. The transaction price is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer. If the consideration promised in a contract includes a variable amount, an entity must

⁵ Huifa Chen Qingliang Tang, Yihong Jiang, Zhijun Lin. The Role of International Financial Reporting Standards in Accounting Quality: Evidence from the European Union //Journal of International Financial Management & Accounting Authors Volume 21, Issue 3 Autumn 2010 Pages 220–278

⁶ Z.B.Eshpulatova. Korxonalarda daromadlar hisobini takomillashtirish.mavzusidagi dissertatsiyasi. 2022 y. 14-15 b

estimate the amount of consideration to which it expects to be entitled in exchange for transferring the promised goods or services to a customer.

- Allocate the transaction price to each performance obligation on the basis of the relative stand-alone selling prices of each distinct good or service promised in the contract.
- recognise revenue when a performance obligation is satisfied by transferring a promised good or service to a customer (which is when the customer obtains control of that good or service). A performance obligation may be satisfied at a point in time (typically for promises to transfer goods to a customer) or over time (typically for promises to transfer services to a customer). For a performance obligation satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied.⁷

As can be seen from the classification of income in Figure 1 Above in accordance with international standards, there are different aspects when income is recognized and audited as an object of audit according to specific characteristics and in accordance with BHMS No. 2 “income from basic economic activities”.

In our country, certain results have been achieved in the Coordination of income and profit accounting to the IFRS.

Therefore, we can give the following conclusions and suggestions;

First, it is important that we classify receipts based on international standards as an object of audit, taking into account that they are related to the activities carried out by a company or firm;

Secondly, according to international standards, receipts should be described in terms of income (basic income) and income (other income), which are not related to their usual activities, and recognized as an object of audit, taking into account the different aspects of each article;

Thirdly, taking into account the importance of taking into account the fact that there is a need to improve the classification of income in the standard of BHMS No. 2 “income from basic economic activities” in accordance with international standards.

List of used adjectives

1. Resolution of the president of the Republic of Uzbekistan, PQ-4611 of 24.02.2020 " on additional measures for the transition to khaqaro standards of Moliviv report”
2. Decision of the president of the Republic of Uzbekistan, PQ-5210 dated 04.08.2021”on additional measures to improve the system of certification of Auditors"
3. Decree of the president of the Republic of Uzbekistan, PF-60 of 28.01.2022”on the development strategy of new Uzbekistan for 2022 — 2026"
4. Z.B.Eshpulatova. Improvement of income accounting in enterprises. Dissertation at avzusi. 2022. 3-24 b
5. Учет доходов. https://www.audit-it.ru/terms/accounting/uchet_dokhodov.html
6. Учет доходов и расходов. <https://class365.ru/uchet-tovarov-uslug/uchet-dohodov-i-raskhodov>
7. Huifa Chen Qingliang Tang, Yihong Jiang, Zhijun Lin. The Role of International Financial Reporting Standards in Accounting Quality: Evidence from the European Union //Journal of

⁷ <https://www.ifrs.org/issued-standards/list-of-standards/ifrs-15-revenue-from-contracts-with-customers/?ref=grand.io>

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