

APPLICATION OF INTERNATIONAL FINANCIAL STANDARD IN REVENUE RECOGNITION STAGES

¹Eshpulatova Zaynab Baratovna, ²Usmanov Shakhzod Shokhrukhovich

¹Associate Professor of Samarkand Economics and Service Institute

²Student Samarkand Institute of Economics and Service

<https://doi.org/10.5281/zenodo.10205662>

Abstract. *This article reveals the relevance of income accounting issues based on IFRS 15 "Revenue from contracts with customers". Income accounting is analyzed in accordance with International Financial Reporting Standards, proposals have been developed to bring regulatory documents on income accounting into compliance with IFRS, and ways to improve income accounting based on IFRS 15 "Revenue from contracts with customers" are also proposed.*

Keywords: *contract, receipts, coverage, asset control, contractual assets, accounts receivable.*

Introduction. One of the important issues in the process of accounting reform is the transition to International Financial Reporting Standards (IFRS). The Decision of the President of the Republic of Uzbekistan PQ-4611 of February 24, 2020 "On additional measures for the transition to international standards of financial reporting" is aimed at the rapid introduction of IFRS in our country. Based on the tasks set in this Resolution, active implementation of MIS in the practice of organizations operating in Uzbekistan, coordination of accounting subjects with MIS in the higher education system, accreditation of science programs, international certification of professors and teachers and practice staff are being carried out. Learning and implementation of standards requires a separate approach to each of them. As we know, the objects of accounting include assets, liabilities, income and expenses. Among these objects, the topic of incomes has a special place, because the harmonization of incomes with international standards facilitates the organization of other processes on the basis of EMSs. Revenues are the main contribution to the income from the main activity. Rules for revenue recognition and accounting are recorded in a separate standard. This standard is called IAS No. 15 "Receipts from contracts with customers" (hereinafter IAS No. 15). Standard MXCC No. 15 was introduced instead of standard BXCC № 18 "Revenues" and BXCC № 11 "Contracts under construction". It is stipulated that this standard must be applied in the preparation of financial statements starting from January 1, 2018. The purpose of IAS 15 is to determine the principles used in reflecting useful information for the users of financial statements regarding the nature, amount, timing and distribution of receipts and cash flows arising from contracts with customers.

Analysis of literature on the topic. The issues of application of the 15th MXCC have been researched by the scientists of different countries. In particular, T. Voytenko, K. Popadyuk studied the five-stage model of revenue recognition according to the MFRS, and the issues of their application in Russian practice were studied. In his article, F.M.Dzhumalieva studied the advantages of using MHSS, I.I.Prosvirina and others, E.S.Drujilovskaya developed methodical procedures for recognition of receipts under contracts and determination based on the Russian scheme of schemes. US scientists Jeff Koweno proposed a procedure for recognition of revenues from services provided by companies in the reporting period by tying them to their costs. Mark DeFond, Jinshuai Hu proposed to improve management mechanisms based on the analysis of the

relationship between earned income, their cost and cash flow from sales. Our country's scientists R.R. Abduraupov, F.A. Ibragimov, B.B. Khamidov proved that the introduction of MFHS is extremely important for the inflow of foreign investments, Sh.A. Khalilov conducted a study of operating income in construction organizations based on the 15th MFHS proposals on the issues of identification of contracts were developed, and one of the scientists of the field, Avloqulov A.Z. introduced a five-step revenue recognition model in his research work.

Research methodology. Methods such as comparative analysis, systematic approach, and analysis were used during the research.

Analysis and results. As a result of the research, a five-step model for the recognition of revenue from contracts in accordance with the 15th MHXS was dissolved and scientific recommendations were offered.

First of all, it is intended to be applied to contracts arising from trade transactions with customers in the 15th MHXS. This standard clearly states which contracts and transactions are not applicable (Table 1):

Table 1

Contracts/operations for which MFRS No. 15 is not introduced

Contracts / Transactions	MHSSs that regulate these processes
Lease agreement	No. 16 MHXS "Rent"
Insurance contract	MXCC No. 17 "Insurance contract"
Financial instruments and other contractual rights and obligations	IAS No. 9 "Financial Instruments", IAS No. 10 "Consolidated Financial Statements", IAS No. 11 "Joint Activities", IAS No. 27 "Separate Financial Statements", IAS No. 25 "Investments in Associates and Joint Ventures"

According to this model, the income received from the normal activity of the enterprise is recognized: - at the moment of transfer of control over the goods and services promised by the enterprise (or during the transfer) (§ 31); - the amount of compensation, which the enterprise is entitled to in exchange for these transferred assets (§ 47)

Secondly, International standard contracts treat revenue as the main object of recognition. A contract is an agreement between the parties and creates rights and obligations with legal protection. Agreements can be made in written form, verbally or in forms found in the usual business practices of organizations. Revenue is recognized for each contract with customers when all of the following criteria are met at the same time:

- the parties confirm the contract (in writing or verbally or in other business practices) and undertake the fulfillment of the obligations specified in the contract;
- the right to the transferred goods or services can be identified;
- payment terms can be identified;
- the contract has a commercial nature (ie, the risks, time distribution and amount of the company's future cash flows are expected to change as a result of the contract);
- there is a high probability that the company will receive compensation, that is, the right to exchange for the transferred goods or services. If we comment on these cases, after the contract

is approved, it must necessarily reflect the obligations of the parties. The first party promises to deliver goods and services, and the second party undertakes to provide coverage for these assets.

Thirdly, The amount of the contract and terms of payment must be recorded in the contract. These situations are used to determine the cost of the transaction and to recognize receivables or payables when the promised product is issued or, if not, contractual assets or contractual liabilities. The term contractual assets is not used in the literature and legal documents related to the field in our country. This is a new indicator for our practice. A contractual asset also has several characteristics. Its first condition corresponds to receivables, that is, when the company transfers the goods (works, services) to the buyer in accordance with the contract, the right to receive coverage arises. Second, the company undertakes other obligations, such as delivery, installation, and technical equipment services, in addition to proof of "expiration of the specified term" when receiving coatings.

Conclusions and suggestions

The following conclusions can be drawn based on the study of the issues of revenue recognition under contracts with customers:

1. A five-stage model of revenue recognition in enterprises is recommended in accordance with the 15th IAS. In accordance with this module, it is recognized that revenue is recognized by the enterprise at the moment of transfer of control over the promised goods and services. The main signs of the transfer of control over goods and services have been clarified;

2. On the basis of research, the first stage of income recognition, the main criteria of "identification of the contract" were determined. In particular, the parties confirm the contract and undertake the fulfillment of the obligations specified in the contract, the right to the transferred goods or services can be identified, the terms of payment can be identified, the contract has a commercial content, the company will receive the compensation with a high probability, that is, the right to exchange the transferred goods or services the criteria related to its acquisition were justified;

3. Definitions of receivables and contractual assets are provided. The main characteristics of contractual assets and their main differences from receivables were revealed. A methodological procedure for recognition, evaluation and calculation of contractual assets was recommended. Accounting records were recommended to reflect contractual assets in the current scheme of schemes and with the help of the proposed schemes;

4. Based on the nature of the activity of each economic entity, it is necessary to develop the mechanisms for the recognition and assessment of receipts based on the five-step procedural rules in accordance with the standard of MHXS No. 15 "Receipts on contracts with customers". The application of the main directions of recognition of income accounting based on researches in our country on the basis of the 15th MHSS, serves to ensure a high-quality and quick transition to the MHSS. by providing investors with reliable information about income in a language, methods and methods that are understandable to them, it can lead to an increase in the attractiveness of the investment environment.

REFERENCES

1. 24.02.2020 PQ-4611 Decision of the President of the Republic of Uzbekistan "On additional measures for the transition to international standards of financial reporting". <https://lex.uz/docs/4746047>

2. IFRS 15. <https://finotchet.ru/articles/102/>
3. T. Voytenko. Recognition of MSFO 15: key moments <https://i.factor.ua/journals/nibu/2019/november/issue-91/article-105324.html>
4. Kirill Popadyuk. Priznanie viruchki po novomu standard https://www.cfin.ru/ias/msfo/IFRS15_Revenue.shtml
5. Djumalieva F.M. Otsenka i uchet dokhodov i raskhodov po MSFO. <https://cyberleninka.ru/article/n/otsenka-i-uchet-dohodov-i-rashodov-pomezhdunarodnym-standartam-finansovoy-otchetnosti-msfo/viewer>
6. I.I.Prosvirina, E.A.Gonchar, S.O.Sazanov, Uchet i audit vyruchki i debitorskoy zadoljennosti v situatsii otsrochki (rassrochki) payment po msfo s primenieniem rossiyskogo plana schetov // Audit i finansovyy analiz. #2 2019 https://auditfin.com/fin/2019/2/fin_2019_21_rus_02_01.pdf
7. Drujilovskaya E.S. Predstavlenie i raskrytie informatsii o dogovorax s klientami v finansovoy otchetnosti po MSFO (IFRS) 15 i RSBU [Text] / E.S. Drujilovskaya // Accounting and budgeting and non-commercial organizations. – 2016. – No. 5. – S. 2-9..
8. Jeff Koweno Accounting implementation services – revenue recognition <https://hogantaylor.com/services/accounting-implementation-servicesrevenue-recognition/>
9. Mark DeFond, Jinshuai Hu. The effect of fair value accounting on the performance evaluation role of earnings/ Journal of accounting and economics. Volume 70, issues-2-3, November-December 2030, 101341 <https://www.sciencedirect.com/science/article/abs/pii/S0165410120300434?via%3Dihub>
10. Abduraupov R.R., F.A. , B.B. Khamidov Vliyanie vnedreniya MSFO na pritok pryamyx inostrannyx investitsiy v stranax s perekhodnoy ekonomikoy // "Mejdunarodnyi bukhgalterskii uchet"t. 22, vyp. 11, November 2019.
11. Sh.A. Accounting of income in construction organizations based on the 15th MHXS by Khalilov. //Electronic journal of international finance and accounting. December 2020.
12. Avlokulov A.Z. Improving the methodology of accounting and auditing of financial results. Doctor of Economic Sciences (DSc) thesis abstract. T.: 2019. p.71.
13. Z.B. Eshpulatova. Income in businesseshimprove the quality. Dissertation. 2022 15-p
14. <https://i.factor.ua/journals/nibu/2019/november/issue-88/article-105224.html>