

## Improving the Accounting of Rental Operations in Accordance with Financial Reporting International Standards

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**Abstract:** This article discusses the issues of reflecting the accounting of rental operations in the accounting system of the Republic of Uzbekistan in financial statements on the basis of international financial reporting standards.

The need for international financial reporting standards on the basis of a new national standard regulating the rules of formation in accounting and reporting information on rental operations of business entities is mentioned.

In accordance with the international standards of the financial statements of rental operations, the regulation of internal accounting, taking into account the fair value of the acquired asset property in operational and financial rent, the discounted value of the lowest or least rental payments was given a tariff. As a source of financing, the main advantages of renting are highlighted. In accordance with international financial reporting standards, the main directions for improving the accounting of rental operations have been developed.

The report allows users to accurately assess the state of financial statements on the basis of international standards, make rational administrative decisions about the object, as well as get a complete picture of the development of the organization.

In the scientific studies carried out, conclusions, definitions and recommendations of methods for accounting for financial rent and operational rental are given in accordance with international financial reporting standards.

**Keywords:** rent, IFRS, account policy, account system, account operations, financial rental, operational rental, improvement.

### Introduction

Changes carried out under the influence of the scientific and technical progress of the production sphere of Uzbekistan, profound changes in economic conditions provoke the need to look for and introduce unconventional methods for updating the material and technical base for the economy of our country and changing the main means of subjects of various forms of ownership. One of these methods is rental.

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The development of international economic relations necessitated the unification of accounting methods used in the world on the basis of national accounting of capital investments in foreign countries.

In the modern conditions of the development of a market economy, rental relations have developed significantly in the country. Most economic entities need modernized means of production for the implementation of entrepreneurial activity, for the purchase of which it is necessary to withdraw a large amount of funds from circulation at the same time. These temporary difficulties can be overcome through rental relations, property rights and the usual rent in the process of ownership and use have become a complex of economic relations with characteristic features.

The globalization of its economy and integration into the world economy also arise from the need to create a unified accounting system and prepare financial statements for participants in rental relations in the rapidly developing conditions of the leasing services market. Such a system becomes Financial Reporting International Standards. The formation of financial (accounting) statements of the organization in accordance with the requirements of Financial Reporting International Standards is becoming an urgent task, without which it is impossible to effectively manage assets and liabilities, successfully carry out the process of attracting equity capital. The difference in the procedure for accounting and reporting of rental operations, determined in the process of analyzing the internal accounting system with the requirements of international standards, prevents the development of rental relations in the country, contributes to their instability and weakness.

Financial reporting international standards are classified according to the economic content of the transaction, and not according to the form of the contract under which the rent agreement is concluded.

In rental, a significant part of the profits and risks arising in the process of owning an asset is transferred to the rental. Ownership may not be granted. Risks are understood as losses incurred as a result of deterioration in the physical condition of the asset, failure of the company, wear and tear, etc.

The simplest case when a transaction can be classified as leasing is the transfer of ownership of property to the lessee after the end of the lease term. The term for which the property is put into operation forms a large part of the Economic Service period. The complexity of applying this rule to classify rent as leasing lies in the absence of a definition of many terms. In such cases, the decision is made by the company independently.

In accordance with international standards of rental financial reporting, the rental must reflect the minimum value of the property taken into account – the market value and the value of the discounted minimum leasing payments. In the balance sheet, the property leased is simultaneously reflected in the asset as fixed assets and liabilities as liabilities.

In accordance financial reporting international standards, the leasing payment consists of the financial flow and the amount corresponding to the reduction of the financial obligation.

Financial flow is calculated as a percentage of the residual value of the asset equal to the discount rate. The rest of the leasing payment established by the contract means a reduction in the obligation to the leasing company and is not included in consumption.

## Material

There is still no standard for national accounting of Uzbekistan, which regulates rental accounting, it is the accounting planner. The issues of reflecting rental in international financial reporting standards, financial reporting international standards (IFRS (LAS)) regulate 17 "Rent". Since 2020 January 1, Financial Reporting International Standards (IFRS (IFRS)) 16 "rent" have entered into force for the

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mandatory of application. In the new rental standard, almost all rental agreements by the rental are taken into account in the order in which they were previously provided only for financial rent.

Within the framework of the national accounting of Uzbekistan, the classification of rent is determined by the legal form of the relevant agreement, which determines that the contract that meets the definition of the rent agreement reflects the leased asset on the balance sheet of the organization. Unlike Financial Reporting International Standards, rental classification does not imply an analysis of any other characteristics or factors.

International standards of financial reporting (IFRS (IAS)) 17 in accordance with “rent”, rent must be classified as financial or operational, with the order of accounting depending on the classification later. The rules of account provided for in rental contracts apply to contracts that meet the definition of the rental agreement Financial Reporting International Standards, regardless of the official name or legal definition of the respective contract.

Financial rental is a rental that provides for the issuance of almost all risks and benefits associated with the ownership of an asset. International Financial Reporting Standards (IFRS (IAS)) 17 does not provide any digital guidelines, but if the rental term corresponds to most of the asset's useful life, it may indicate that this rental is financial.

Also, in accordance with the requirements of international financial reporting standards (IFRS (IAS)) 17 “rent”, the current value of minimum leasing payments must be discounted using the interest rate inherent in financial rent or, if it does not apply, the interest rate on tenant loans. Financial rental is taken into account in the tenant's balance sheet by recognizing the leased asset as the main instrument assessed at the minimum fair value of the asset or the current value of the minimum rental payments.

At the commencement date of the rent term, lessees must recognize finance leases in their statements of financial position as assets and liabilities in amounts equal to the fair value of the property that is the subject of the lease or the present value of minimum lease payments (if this amount is lower), with each of these values determined at the commencement date of the lease relationship.

The discount rate used in determining the fair value of minimum rent payments is equal to the interest rate implied in the rent agreement, if it is known to the rental. Otherwise, the rental uses the interest rate of his additional lending.

The interest rate implied in the contract is the discount rate at which, at the date of commencement of the rent relationship, the aggregated present value of the minimum rent payments and the non-guaranteed residual value becomes equal to the sum of the fair value of the asset that is the subject of the rent and the initial direct costs of the rental.

Minimum rent payments are subject to distribution between financing costs and reduction of the outstanding obligation. Financing costs are subject to distribution between all periods during the lease term in such a way as to obtain a constant periodic interest rate on the outstanding balance of the obligation.

Similar to international financial reporting standards, the obligation to the lessor to pay lease payments decreases as they are made, however, unlike international financial reporting standards, this does not affect the indicators of the income statement in any way, since interest (financial) expense is not reflected in this case. As in international financial reporting standards, the leased item is then accounted for in the usual manner.

The issue of accounting for the initial direct costs incurred by the lessee in the process of negotiating and concluding a leasing agreement has not been directly settled in the national accounting. In practice, such costs are considered as costs associated with obtaining leasing property, and are included in the cost of the leased item received if it is subject to reflection on the lessee's balance sheet. Otherwise, they are written off as expenses at the time of occurrence, which differs from international financial reporting standards. Unlike international financial reporting standards, there is no requirement to discount the total amount of lease payments in the national accounting.

If a lease is classified as an operating lease, the lessee does not reflect in the statement of financial position any assets or liabilities related to the lease, but only lease payments are reflected on a straight-line basis as part of operating expenses in the income statement.

International financial reporting standards do not provide special instructions on accounting for situations of periodic rent revision in order to adjust the amount of lease payments and bring them in line with market rates.

In accordance with accounting rules, under a conventional lease agreement, which would be classified as an operating lease in international financial reporting standards, the lessee does not reflect the leased asset in its balance sheet; instead, it accounts for this asset in one of the off-balance sheet accounts.

There are no direct instructions in the national accounting of Uzbekistan regarding the accounting procedure for rent payments. In practice, the rental usually attributes periodic lease payments to expenses evenly, guided by the assumption of temporary certainty of the facts of economic activity.

Unlike international financial reporting standards, the national accounting of Uzbekistan does not contain special instructions regarding the accounting procedure for the distribution of benefits received by the rental from the lessor under an operating lease agreement. Based on the general rules of income recognition, these benefits are subject to uniform distribution for the entire term of the rent agreement, however, practice may vary.

Just as in international financial reporting standards, there are no special instructions in the national accounting of Uzbekistan regarding the accounting procedure for rent payments subject to periodic review in accordance with market prices.

Thus, the current accounting procedure for accounting for rental operations in accordance with the national accounting of Uzbekistan shows a significant lag behind international standards in the development of domestic methods and does not meet the requirements of local practice, which is characterized by intensive use of such operations.

Especially for organizations that are forced to prepare their reports in accordance with international standards, there are big problems. The solution of this problem should be facilitated by the adoption of a new draft of the national accounting standard "rent", which is entrusted to the Cabinet of Ministers of the Republic of Uzbekistan, its main goal is to coordinate rental accounting in accordance with the national accounting of Uzbekistan, to bring it closer is one of the changes made to international financial reporting standards.

## Methods

Studies have shown that there are significant differences in the accounting interpretation of the entire complex of rental relations given in the internal accounting system and international standards of financial statements. The problem of certain differences in the international standards of financial statements and the methodological principles of accounting used in a particular national accounting

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system is not limited to rental operations, but concerns the entire accounting system. When harmonizing the country's practice of accounting for rental operations in accordance with the requirements of international financial reporting standards, the main attention should be paid to explaining methods and constant assessment, account and account-analytical procedures. Because there is no single algorithm here that can be established in the form of procedures, accounting records, assessment calculations, a clearly defined sequence of calculations. Its main purpose is to assess the comparison of accounting data and their correctness for making management decisions.

In this regard, the main direction of improving the accounting of rental operations is the maximum approximation to the international standards of the financial statements of IFRS (IAS) 17 "rent" and IFRS (IAS) 16 "fixed assets". At the same time, it was taken into account that the IFRS (IAS) allows 17 "rent" to reflect the rental asset in financial rent only on the tenant's balance sheet. This is the main difference between international financial reporting standards and national accounting, which provides the parties to determine on whose balance sheet the rental asset is - the lessor or lessee. The current legislation provides for the option of accounting for the rental asset on the balance sheet of the lessee, and officially international financial reporting standards can be met in accordance with the condition on the balance sheet holder of the rental asset.

It should be noted that when using accounting methods, which are determined by internal standards and requirements, there are international financial reporting standards, various assessments of the financial condition of the rental. When considering the balance of the rental, drawn up in accordance with the requirements of internal accounting standards, there are low indicators of liquidity-for each specific unit of time, the amount of funds at the disposal of the rental is small in relation to his general obligations. The amount of the rental funds is sufficient to meet the obligations of the current period. The value of the absolute liquidity ratio is small, fast, and the current ratios are close to the absolute liquidity ratio. There are no receivables in the composition of the lessor's balance sheet.

When considering the rental balance, drawn up in accordance with the requirements of international financial reporting standards, taking into account the total amount of rental payments as part of accounts receivable and in connection with its short and long-term division, the absolute liquidity ratio does not change, and the fast and current liquidity ratio has unchanged stable values. The same coefficient of absolute liquidity indicates that the change in the report does not affect cash flows. The large difference between fast and current liquidity ratios comes from the requirements of international financial reporting standards to include receivables in current assets in the total amount of rental payments. The change of the balance sheet holder of the subject of rent in reflecting this condition in the rental agreement eliminates the differences in the assessment of the financial condition of both the rent and, in particular, the fast and current liquidity ratios. When assessing the results of the activities of the lessor and lessee, a complete comparison of the reporting with the existing domestic system of regulating and legal regulation of accounting of rental operations in accordance with the requirements of domestic legislation and international financial reporting standards is not achieved due to differences in the procedure for calculating and recognizing rent payments in. The change of the balance sheet holder of the rent asset does not cause fundamental changes in the procedure for recognizing the rent income and the rental expenses, in which case the data on the results of the activities of the rental and lessee are significantly distorted. In general, the financial result under the rental agreement coincides, during the period of the rental agreement, significant differences in financial results occur, which leads to serious adjustments to the balance sheet and income statement.

Approaches to the reflection of accounting data and financial statements in rent are more relevant in accordance with the requirements of international financial reporting standards than the internal

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requirements of accounting. In accordance with the requirements of international financial reporting standards, the income of the rental is not the full amount of rent payments, but the percentage of investments in the leased asset in connection with the consideration of the rental as an investment activity. As rent payments come, as a result of which investments are gradually returned, the share of investments in the leased object decreases, and the income of the rental decreases. In accordance with international financial reporting standards, the income of the rental is of the greatest importance in the initial period of the rent agreement, which corresponds to the period of the greatest expenditure when attracting credit sources of financing. When domestic accounting standards are applied, there is a sharp change in the financial result.

In our opinion, the lessor of the rent payment recommends a uniform reflection of the next rent payment in the part that takes into account the difference between the rental payments and the value of the leased item in the proceeds from the sale.

During the transformation of financial statements, financial results can change significantly, the level of differences between domestic and international standards can lead to a radical restructuring of the entire accounting system of the lessor and lessee. Even a general consideration of changing rental operations indicates the complexity of the problem and the impossibility of combining, since the complexity of operations is significant, and the elimination of imbalances is a complex technical measure, depending on the conditions of the lease agreement. Transformational adjustments in accounting and reporting affect the classification of cash flows associated with profit and loss, accounts receivable, and accounts payable, the division of cash flows into financial, operational and current activities, which leads to a change in the structure of the accounting balance sheet, income statement and cash flow statement.

## Results

IFRS (IFRS) 16 "rental" use can have a significant impact on financial performance and rates for rental organizations. For rent classified as operational rent, the following are expected: the growth of assets, which affects their turnover; the growth of financial liabilities, which affects the indicator of the ratio of own funds and borrowed funds; a change in operational profit that affects financial performance.

For rent classified as a financial rent, changes will not matter. All rents are accounted for by international financial reporting standards (IFRS (LAS)) 17 "rents" in a similar manner to a financial tenancy account. The balance sheet recognizes the liability and the asset. In this case, the asset is presented in the financial condition report or in the structure of assets that have the right to use, or in the structure of fixed assets.

As noted in the resolution of the president of the Republic of Uzbekistan dated 2020 February 24, PD-No. 4611 "on additional measures to switch to International Financial Reporting Standards"[1].

To provide foreign investors with the necessary information environment and expand access to international financial markets by accelerating the transition to international financial reporting standards (hereinafter - IFRS), as well as to improve the system of training specialists in the field of accounting and auditing by international standards.

This confirms that international financial reporting standards (IFRS (IFRS)) 16 "rental" have entered into force. In relation to the international financial reporting standards (IFRS (IFRS)) 16 "rent", it is necessary to assess the potential impact of the organization: to discuss the consequences of financing contracts if the organization depends on its coefficient, which changes significantly as a result of maintaining rental accounting on the balance sheet; to carry out appropriate preliminary training to assess the impact of rental contracts on the balance sheet of the organization, including the impact of

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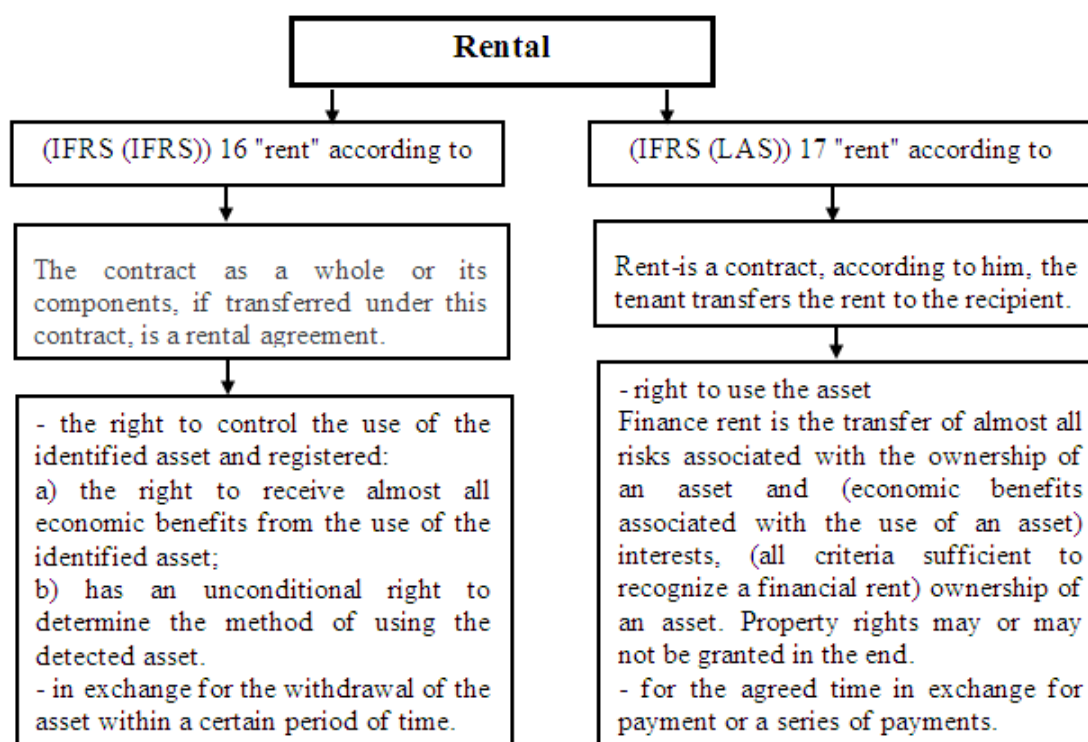
existing rental contracts and contracts; (IFRS (IFRS)) 16 after the entry into force of the "rent", in accordance with the valid (IFRS (IAS)) 17 "rent", to collect specific data on the rental contracts to be taken into account; international financial reporting standards (IFRS (IFRS)) 16 to attract an specialist in the transition to "rent" and assess the need to purchase appropriate software for maintaining rental accounting.

Determination of rental relations on the date of initial application of the new standard for current contracts. International Financial Reporting Standards (IFRS (IFRS)) 16 "rent", on the date of the initial application for simplification of the practical nature of the organization rental agreements on this date or for their individual components, no re-analysis is required. Instead, orientation is allowed: international financial reporting standards (IFRS (IFRS)) 16 in connection with the application of "rent", applicable (IFRS (IAS)) 17 in relation to contracts defined as lease agreements in accordance with "rent"; international financial reporting standards (IFRS (IFRS)) 16 in connection with the application of "rent", by applying the current (IFRS (IAS)) 17 "rent", not applying the signs of rent to contracts that are not identified as available.

If an organization chooses this simplification, it must disclose this fact in the financial statements and apply a simplification of it compared to all contracts of the international financial reporting standard (IFRS (IFRS)) 16 "rent" at the initial date of application.

The main difference between rental definitions is that according to the international financial reporting standard (IFRS (IFRS)) 16 "rents", the tenant must have the right to control the use of the asset, and according to the current (IFRS (IAS)) 17 "rents"-only the right to use it. At the same time, the old standard considers many other criteria instead of the concept of control, for example, the presence of risks associated with the ownership of an asset, the term of rent or compensation, etc.

Criteria for the recognition of finance rental in accordance with the international financial reporting standard (IFRS (IAS)) 17 "rent": the lease agreement provides for the transfer of ownership of the asset to the tenant at the end of the rent term; the tenant has the right to purchase an asset at a price that is expected to be below fair value on the date of implementation of this right, the implementation of this right can be expected with sufficient confidence on the date of the beginning of the rental relationship; rent term to a significant part of the period of economic use of the asset; the current value of the minimum rental payments on the date of the beginning of the rental relationship is almost equal to the fair value of the asset that is the subject of the rent and the corresponding financing costs; leased assets are so specialized that only the tenant can use them without significant modifications; profits or losses from changes in the fair value of the residual value are provided to the tenant (for example, in the form of a rental discount, which is equal to a large part of the income from sales at the end of the rental period); the tenant has the opportunity to extend the rent for another period at the rental level, which is much lower than the market price; the tenant has the right to terminate the rent agreement ahead of schedule, in which the rental losses associated with the termination of the contract belongs to the tenant.



**Figure 1. The difference between rental definitions.**

The organization carries out a reassessment that the contract as a whole or its individual components are a rent agreement only if the terms of this Agreement change. If the contract is such, each component of the rent under the contract should be considered as a separate rent from the non-leased components of the contract, with the exception of cases when the organization has applied practical simplification.

### Discussion

Unlike domestic accounting, International Accounting and reporting standards do not pay enough attention to accounting issues, therefore, keeping records of business transactions in accounting accounts is a personal matter of organizations. In recent years, trends in professional accounting users have led to the adaptation of the internal accounting system to international financial reporting standards, the formation of financial statements by international standards, therefore, it is no coincidence that international financial reporting standards are recognized.

(IAS)ni (IFRS) changed to international financial reporting standards. Thus, international financial reporting standards, along with the formation of new accounting rules, increase the level of this accounting profession.

In the course of the study, based on the re-analyzed basic principles of International Financial Reporting Standards, it is necessary to consider the procedure for accounting for rental relations under international financial reporting standards (IAS) 17 "rent".

International Financial Reporting Standards (IFRS (IAS)) 17 "rents" are mainly applied to all lease agreements. International Financial Reporting Standards (IFRS (IAS)) 17 "rent" should not be applied when assessing: lessees of investment property under finance rent and lessors of investment property sold under operating rent. In this case, international financial reporting standards (IFRS (IAS)) 40 "Investment Property" are applied. In addition, the IFRS (IAS) 17 "rental" standard in relation to



biological assets for tenants and rental does not apply the provided assessment methods, according to which IFRS (IAS) 41 "agriculture" is provided for financial rental or operational rental based on International Financial Reporting Standards.

One of the main differences between the rules and procedure for internal accounting, IFRS (IAS) 17 is "rent", first of all, the initial recognition of rental assets and liabilities in accounting, as well as the reflection of income and expenses in subsequent periods. The main purpose of the report is to provide at any time information about the financial condition of the organization, that is, about the real value of its assets and liabilities. In accordance with this purpose, when a lease is classified as Financial, the tenant's balance sheet assets represent the leased asset as a fixed asset and liability, but in the future, rent payments are in equal amounts.

The rules for the reflection of Assets, Liabilities, Income and expenses in rental operations in accounting and financial statements are established by the international financial reporting Standard (IFRS (LAS)) 17 "rent".

The purpose of the standard is to establish the rules for accounting for business transactions when concluding lease agreements between tenants and rental, as well as the requirements for disclosing this information in the organization's report.

The International Financial Reporting Standard (IFRS (LAS)) 17 "Rent" operates with the following concepts and definitions.

Rent-a contract in which the lessor grants the tenant the right to use the asset within the agreed period in exchange for a lease or a series of payments.

Financial rent-rental, under the terms of which all risks and benefits associated with the ownership of the asset are significantly transferred. A legal name may or may not be given.

Operating rent-is an rental that is different from financial rent.

The rental agreement may contain conditions that provide for a change in rental payments, for example, with a change in the price level of the leased asset, the lessor's expenses for the financing of the rent, which may occur between the rental date and the rental period, increase. IFRS (LAS) 17 "rent" determines the consideration of the consequences of such changes from the date of acceptance of the rent.

The financial and operational classification of ijaga is based on the transfer of risks and benefits associated with the ownership of a leased asset. Risks include a breakdown, depreciation of the asset, a change in the price environment for products produced using a leased asset or for the leased asset itself. Benefits are associated with the ability of a leased asset to increase the capital of the organization or increase its liquidation value.

The classification of ijaga does not depend on the form of the concluded contract, but on the content of the transaction, the principle of priority of the economic structure over the legal form is observed.

Financial rental in the financial statements of tenants. Financial rental means that for a long time the tenant will use the leased asset to obtain future economic benefits. Therefore, the tenant is obliged to reflect the obligation to pay the financial rental as an asset on the balance sheet, and in the obligation to pay the rent at the fair value of the leased property. Otherwise, the tenant's financial statements will have a low level of economic resources and liabilities.

Tenants must comply with the requirements of the International Financial Reporting Standard (IFRS (LAS)) 32 "Financial instruments: presentation of information" and provide the following information

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when reporting: for each class of assets-the net balance sheet value on the reporting date; agreement between the total amount of future minimum rental payments on the reporting date and their discounted value. In addition, the organization is obliged to disclose the total amount of future minimum rental payments on the reporting date and their discounted value for each of the following periods; conditional rent recognized as expenses during the reporting period; the total amount of future minimum payments under sub rental is expected to be received on the reporting date for non-acceptable sublease contracts; a general description of important rental contracts concluded by the tenant, including the following information: the basis that determines the conditional rent; availability and conditions of renewal or purchase options and moving price clauses; restrictions established in rental contracts, including dividends, additional debts, and restrictions related to subsequent rent.

Operational rent in the financial statements of tenants. The rent payments required to pay in the operating lease must be recognized as the costs of the period.

Disclosure of information in the rental reports must comply with the requirements of the international financial reporting standard (IFRS (LAS)) 32 "Financial instruments: presentation of information": the total amount of minimum rental payments under non-zero operating rental contracts for each of the following periods; the total amount of future minimum sub rental payments expected to be charged under sub rental agreements not terminated on the reporting date; rent and sub rental payments recognized as expenses for the period, provided in separate amounts for minimum rent payments, conditional rent and sub rental payments; a general description of important rental contracts concluded by the tenant, including the basis on which conditional rent is established; availability and conditions of reservations for renewal or purchase options and moving prices; restrictions established in rental contracts, including dividends, additional debts and subsequent lease agreements.

In the financial statements, tenants are required to disclose the following information: future minimum rent payments under non-terminated operating lease agreements (shared and separate for periods); general conditional rent, recognized as income during the reporting period; general information on rental agreements concluded by the rental.

Sales operations with reverse rent include the sale of an asset with subsequent rent. Then the asset seller is the tenant at the same time.

If the rent is financial, This operation is seen as providing financial resources to the tenant and the asset acts as collateral. Thus, the excess of proceeds from the sale of an asset over its carrying amount is not income, but is amortized over the entire rental term.

If the rent is operating and the transaction was made at fair value, the profit or losses incurred during the sale will be reflected in the statements of the seller-rental. The requirements for the disclosure of information in the financial statements are similar to the requirements for tenants and rental discussed above.

## Conclusion

In accordance with international financial reporting standards, the conceptual foundations of rental accounting were considered and compared them with the basic principles of the internal accounting system. Comparing the enshrined Tamils in the international standards of internal accounting and financial statements, it is possible to emphasize their compliance, although some of their differences in qualifications and practice are determined according to separate rules. If some differences in the qualifications of accounting principles do not significantly affect the financial reporting indicators of the

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organization, then in some cases, inconsistencies in their practical implementation can significantly affect the reliability of financial reporting data.

In order to ensure uniform approaches to the practical implementation of accounting principles within the framework of the reform of the national accounting system, it was recommended to provide detailed instructions on the implementation of the basic principles of accounting in regulatory documents of an explanatory nature based on the consideration of complex examples.

As a result of the research carried out, these conclusions are as follows: despite the fact that rental is developing fast enough until it is widely used in our country. In many ways, this is explained by the fact that many issues that arise in the part of rental operations have not yet been resolved. There are significant differences in the accounting interpretation of the entire complex of rental operations, in particular, the internal accounting system and international financial reporting standards in rental operations.

In the scientific study carried out, it was proposed to take into account rental operations that comply with international financial reporting standards based on the national accounting system: accounting of rental operations: one of the important ways to significantly harmonize the procedure for transferring data of the national accounting system to international financial reporting standards. Companies interested in foreign investors listed in the international markets of securities must prepare reports that fully meet the requirements of international financial reporting standards; in the framework of the study, comparing their advantages and disadvantages, the possible possibilities of adapting domestic accounting in accordance with international financial reporting standards were considered. As a result, it turned out that the transformation procedure is preferable for organizations that do not constantly report on international financial reporting standards. Also, the tenant reports considered the problems of changing the main aspects of accounting for financial rental transactions to the format of international standards. Through the documentation process, a sequential mechanism of gradual transformation is proposed, which can be used by organizations engaged in financial rent in various conditions and volumes of rental operations. Thus, the method of step-by-step modification of the reporting data described in the study allows you to carry out a qualitative change in the report, while minimizing the technical error of the process.

Our recommendation in accordance with the international standards of financial reporting, rental accounting consists in the following: from the point of view of the changes taking place in the field of accounting in Uzbekistan, there is a need for a comparative analysis of the Basic Rules of the domestic and international procedure for reflecting asset rental operations in accounting. The purpose of such a comparison is to identify the main directions and significant differences in accounting rules, substantiate the current practice of reflecting rental operations in the accounting of both systems, and make a rational and balanced decision on borrowing international approaches to accounting for rental operations in domestic accounting practice. Since the accounting of rental accounting operations in Uzbekistan is not carried out by a single regulatory document, all internal documents that determine the procedure for accounting and reporting rental operations under financial tenancy agreements were considered and compared with the basic rules of IFRS (Las)<sup>17</sup> "rent".

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