

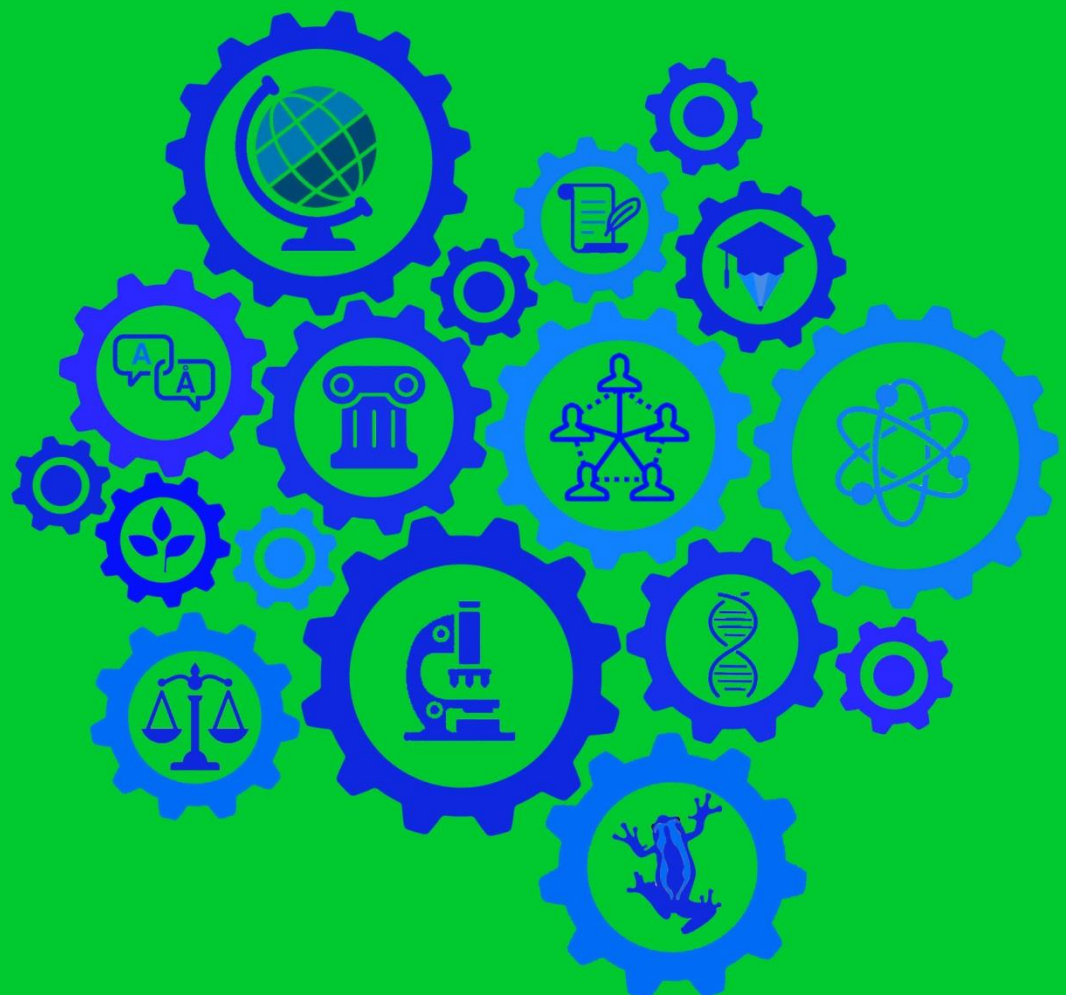
IMPACT FACTOR (UIF): 8.62
IMPACT FACTOR (SJIF): 8.62

ISSN: 2277-3029

TJEC

Thematics Journal of Economics

Informing scientific practices around the world through research and development



IMPROVING AUDIT PROCEDURES ACCORDING INTERNATIONAL FINANCIAL REPORTING STANDARDS IN UZBEKISTAN

Alisher Bakhadirov

Senior Lecturer of the Department of Accounting and Audit

TIIAME National Research University

abakhadirov@mail.ru

ORCID: 0000-0001-5893-3223

Abstract: Improving audit services can lead to increased efficiency, reduced costs, and better tenant satisfaction. Improving the audit procedures can help streamline operations, reduce errors, and enhance the overall experience for both entities.

Keywords: Audit, international audit standards, structures, development, audit planning, audit procedures, activities.

Introduction. Improving the accounting and audit of leasing transactions in the context of globalization of the economy is one of the important priority areas, in particular, the organization of accounting of leasing transactions, the transformation of its regulatory framework in accordance with international standards, the theoretical and methodological basis of auditing and auditing of leasing companies. Particular attention is paid to the scientific improvement work. Therefore, international scientific projects and research to improve the accounting and audit of leasing transactions based on international standards are becoming one of the important areas.

Analysis of the literature. The research work was carried out by foreign scientists in international financial reporting standards and specialists in accounting

of our country, dedicated to the theoretical and practical problems in big companies in Uzbekistan with transformation of lease accounting. However, the research works of scientists-economists are mainly devoted to the types of services in which the economy, when organizing transformation from national accounting standards to international financial reporting standards in entities, is aimed at eliminating existing problems.

S.N. Tashnazarov stated that "International standards of financial reporting are a separate branch of the science of financial accounting and reporting, and are part of the study of the conceptual foundations of financial reporting, the need for international standards of financial reporting, their development, their content, interpretation and application, and theoretical and methodological issues" (3).

According to O.M. Kuljanov, leasing means the purchase of property from the seller of the property specified by the lessor and it is transferred to individuals and legal entities on the basis of the lease agreement, i.e. to the lessee, for a fixed period and under certain conditions, with the right to purchase the property later by the lessee. is considered a type of investment activity for issuing (4).

Based on the history of leasing, the Russian scientist V. E. Kerimov defined the meaning of leasing as follows: "Leasing is a financial activity for obtaining property under a contract between individuals or legal entities with a specific payment on specific terms"(5).

Sh.T. Ergashevani stated that international financial reporting standards are generally understood as "a set of generally recognized rules for sorting, recognizing, evaluating and disclosing economic transactions and financial indicators for the preparation of financial statements by economic entities in most countries of the world." (6).

In our opinion, accounting of leasing transactions in the Republic of Uzbekistan on the basis of international standards will make it possible for lessors to

attract preferential investments. Therefore, accounting for leasing transactions based on the transformation of international standards has advantages for any investor.

The methodology. In order to develop leasing relations in our country, in accordance with the order of the Ministry of Finance No. 74 of May 12, 2004, the Regulation "On accounting of leasing transactions" and the National Accounting Standard No. 6 on "Lease Accounting" were developed.

Leasing (financial lease) is a special type of lease relationship in which one party (lessor) on behalf of the other party (lessee) buys from a third party (seller) the property (object of leasing) conditioned by the lease agreement and defines it in this agreement provides the lessee for more than twelve months to own and use the terms and conditions.

Sublease (sublease) Sublease of the leased property (object of leasing) to another person with the consent of the lessor (lessor), subject to liability to the lessor (lessor) under the lease (lease) agreement sublease).

Improving the lease process can help streamline operations, reduce errors, and enhance the overall experience for both landlords and tenants. Here are some key steps to consider:

1. **Standardize and Simplify Lease Templates:** Develop standardized lease templates that are clear, concise, and legally compliant. Use plain language to make them easily understood by all parties involved. Standard templates help reduce errors and ensure consistency in lease terms and conditions.

2. **Digitize Lease Documents:** Transition from paper-based leases to digital formats. Implement electronic signatures to streamline the leasing process and eliminate the need for physical paperwork. Digital documents are easier to manage, store, and retrieve, reducing administrative time and costs.

3. **Enhance Application and Screening Processes:** Streamline the tenant application and screening process to expedite approvals and minimize vacancies.

Utilize online applications that capture necessary information efficiently. Conduct thorough background checks, credit checks, and reference verifications to ensure the suitability of potential tenants.

4. **Provide Online Lease Applications:** Offer online lease application options to prospective tenants. This allows applicants to conveniently submit their information and supporting documents electronically, reducing paperwork and administrative burden. Ensure the online application process is user-friendly and secure.

5. **Implement Electronic Rent Payments:** Encourage tenants to make rent payments electronically. Provide various payment options, such as online portals or mobile apps, to make it convenient for tenants to pay their rent. Automated rent collection reduces the chances of errors, late payments, and the need for manual tracking.

6. **Utilize Lease Management Software:** Invest in lease management software that centralizes and automates lease-related activities. These tools can help with lease tracking, payment reminders, rent escalations, and lease renewal notifications. They also provide a comprehensive overview of lease terms, expiration dates, and important milestones.

7. **Enhance Communication Channels:** Establish effective communication channels with tenants. Utilize email, text messaging, or dedicated tenant portals to send important updates, reminders, or policy changes. Promptly respond to tenant inquiries and maintain open lines of communication throughout the lease term.

8. **Conduct Regular Lease Audits:** Perform periodic audits of lease agreements to ensure compliance, accuracy, and consistency. Verify that all lease terms are being upheld, including rent amounts, lease start and end dates, and any additional clauses or provisions. Identify and rectify any discrepancies or anomalies.

9. Provide Clear and Transparent Information: Ensure that all lease-related information, including rent, fees, rules, and policies, is clearly communicated to tenants. Avoid ambiguity or confusion by providing written explanations and clarifications when necessary. Transparency helps build trust and reduces misunderstandings.

10. Seek Feedback and Continuous Improvement: Regularly seek feedback from tenants, landlords, and staff involved in the lease process. Listen to their suggestions, comments, and concerns to identify areas for improvement. Use this feedback to continuously refine and optimize the lease process.

By implementing these steps, you can streamline the lease process, reduce administrative burdens, and enhance the overall leasing experience for both entities. Leasing (leasing) objects exclude any non-consumable items (things), including enterprises, property complexes, separate buildings, structures, equipment, vehicles, as well as other movable and immovable property (withdrawn or restricted circulation)).

Table 1.

Table 1. Lessor's financing schedule (top ten)

<i>№</i>	<i>Lessor</i>	<i>Mln. UZS</i>	<i>Percent</i>
1	Uzagromashlizing	47 189,4	22,0 %
2	Uzavtosanoatlizing	26105,2	12,2 %
3	Aloqa bank	22 249,6	10,4 %
4	Paxta bank	18 104,0	8,4 %
5	Uz PSB	16 374,4	7,6 %
6	Asaka bank	15 650,7	7,3 %
7	Uzbeklizing international	10 157,4	4,7 %
8	Mikrokredit bank	9 528,3	4,4 %
9	Qurilish lizing	7 210,5	3,4 %

10	Turon bank	6 046,0	2,8 %
----	------------	---------	-------

As can be seen from the table, the main direction in the development of the leasing sector is the agro-industrial direction. Because Uzagromashlizing was established by the Decree of the President of the Republic of Uzbekistan to organize leasing transactions in the agro-industrial sector of our Republic. It should be noted that in 2008 the leasing company "Uzagromashlizing" was launched to further strengthen agricultural activities.

These cases emphasize that in the Republic of Uzbekistan, leasing activities are greatly influenced, and this situation facilitates the activities of agro-industrial enterprises.

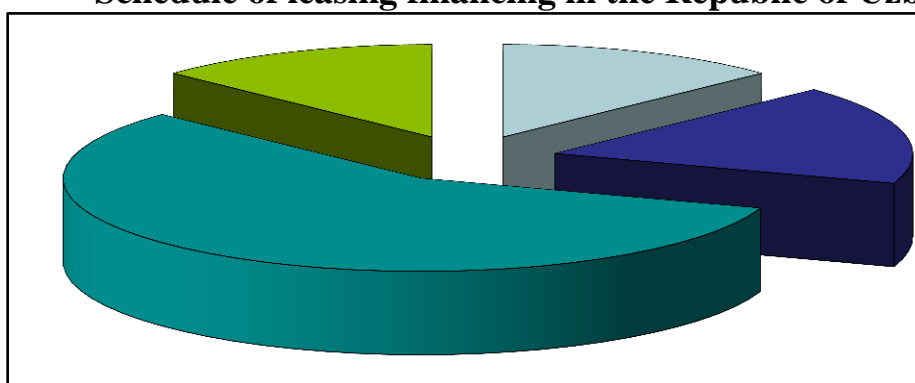
In general, on the basis of international experience, the process of development of leasing relations can be divided into five conditional stages, depending on the number of transactions, the nature and quality of leasing operations:

- + the initial period of leasing development;
- + the American period of leasing development;
- + period of popularity of leasing;
- + period of leasing noise;
- + period of international integration of leasing.

Lease payments are the lessor's income and the lessor's income to cover all or most of the lessor's expenses for the purchase of the leased object, as well as other expenses related to the delivery of the leased object and its use for its intended purpose.

Table 2.

Schedule of leasing financing in the Republic of Uzbekistan



In foreign practice, financial leasing processes are affected by the following four international financial reporting standards:

- 1 - "Submission of financial statements"
- 4 - "Depreciation calculation"
- 16 - "Fixed assets"
- 17 - "Leasing"

In most leasing companies in our republic, the leasing process is carried out in three stages. At the first stage, after studying the content and appropriate directions in the implementation of each lease agreement, preparations for concluding a legal agreement (lease agreement) are carried out.

At the second stage of the leasing process, all disputed terms of the leasing agreement are legally substantiated in a bilateral or tripartite agreement.

The third stage of the leasing process is one of the main parts and covers the period of use of the leased property. It includes accounting and reporting on all leasing transactions, making lease payments to the lessor, leasing the ways of future use of the leased property after the lease term.

Today, most leasing companies have accounting software, and through this software, financial statements and accounting transactions are made. This accounting program is very convenient and quick to perform audits in existing enterprises.

Analyzing the explanatory materials of IAS No. 200 "General tasks of an independent auditor and conducting an audit in accordance with international standards" "General objectives of an independent auditor and conducting an audit in accordance with international standards" the efficiency of the audit is understood as the ratio of the reliability of the results and the costs of obtaining them. Thus, ensuring the effectiveness of the audit is to ensure its high reliability (perceived low audit risk) in the reasonable assessment of the audit.

According to IAS No. 300 "Audit Planning", the auditor should define the general audit strategy, which determines the scope, time and direction of the audit, and develop and document the audit plan, which includes the description of audit procedures at the approval level.

Regarding documenting the general audit strategy, IAS No. 300 "Audit Planning" explains that the auditor should document the main decisions on the scope, timing and method of the audit.

The audit process in leasing enterprises includes international standards of audit and a number of parallel stages related to these processes. During the implementation of these stages, the audit team of the leasing company considers the main tasks related to documentation and should be solved. The initial step in the process of auditing leasing enterprises is to develop an audit plan and program based on international standards based on the financial reporting indicators of this enterprise.

International auditing standards require the auditor to obtain reasonable assurance that the financial statements of the audited entities are free from material fraud and error in order to substantiate the auditor's opinion during the audit.

In the process of conducting an audit of leasing enterprises, it is appropriate to check each of the primary documents given to the lease, which are among the main indicators. In this process, each clause of the lease agreement, lease application, lease statement, conclusion on the financial solvency of the lessee, lease object, lease

amount, lease percentage, lease requirements and related primary documents should be carefully checked.

The results. In short, in order to audit leasing transactions in Leasing enterprises based on international standards, to prepare high-quality and reliable audit reports, to reduce the duration of the audit, and to properly form reserves, the standard of the level of importance of the audit was developed.

The organization of accounting in leasing companies on the basis of international financial reporting standards is carried out by transforming annual financial statements based on national standards. However, parallel reporting based on international standards requires leasing companies to spend a lot of money and have qualified personnel. Therefore, the transformation of financial statements of leasing companies based on international standards is highly effective.

The main activity of leasing companies is issuing leases and accounting for revenue from them. However, when considering the leasing portfolio in the process of transformation, it is considered as a reserve from the leasing portfolio, taking into account overdue debts and is reflected in financial statements prepared in accordance with international standards.

In most leasing companies, during the transformation process, fixed assets are revalued, the amount of their depreciation changes, and the residual value is shown fairly.

During analysis leasing companies in our republic, we carried out the leasing process in three stages. At the first stage, after studying the content of each lease agreement and the corresponding directions for its implementation, preparatory work is carried out to conclude a legal agreement (leasing agreement).

At the second stage of the leasing process, in a bilateral or trilateral agreement, all controversial terms in the leasing agreement are legally justified.

The third stage of the leasing process is one of the main parts and covers the period of use of the leased property. It takes into account the accounting and

reporting procedure for all leasing transactions, payment of leasing payments to the lessor, and subsequent use of the leased property after the expiration of the leasing period.

At such stages, leasing companies create a separate internal control department, and third-party analysis of each leasing transaction ensures a continuous payment process, risk reduction and further optimization of leasing transactions.

The internal control algorithm in leasing companies consists of:

1. Application submitted by the lessor.
2. Protocols of the leasing committee.
3. Leasing agreements.
4. Down payment and leasing costs.
5. Monitoring of payments until the termination of leasing agreements.

The main goal of developing the sequence of this internal control process is to further accelerate the leasing process in leasing companies and timely verification of leasing payments.

Conclusion. In conclusion, in order to audit leasing transactions in Leasing enterprises based on international standards, to prepare high-quality and reliable audit reports, to reduce the duration of the audit, and to properly form reserves, the standard of the level of importance of the audit was developed.

In short, if the audit in the Republic of Uzbekistan use international standards, it will bring convenience and ease for Uzbek companies.

References

1. Address of the President of the Republic of Uzbekistan to the Oliy Majlis // "People's speech" December 30, 2020.
2. Decree of the President of the Republic of Uzbekistan No. PD-5969 of March 20, 2020 "On priority measures to mitigate the negative impact of the coronavirus pandemic and the global crisis on sectors of the economy."

3. Ahmadjonov K. Yakubov I. Audit asoslari. -Т.: Молия. 2009. -288 б.
4. Адамс Р. Основы аудита. Пер. с англ./под ред. Я.В. Соколова. – М.: ЮНИТИ, 2015. -398 с.
5. Воронина Л.И. Аудит: теория и практика: учебник для бакалавров. – 3-е изд. перераб. –М.: Издательство “Омега-Л”, 2014. -566 с.
6. Азизов Ш.У., Юлдашева С.Х. Международный аудит. Учебное пособие. –Т.: «IQTISOD-MOLIYA», 2013. –С-201.
7. <https://review.uz/> - based on the site.
8. <https://mift.uz/uz> - Ministry of Investment and Foreign Trade of the Republic of Uzbekistan.
9. <https://ula.uz/> - based on the site.