ACCOUNTING OF CAPITAL AND LIABILITIES IN THE CONTEXT OF DIGITALIZATION AND TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

Maxim Kodirov
Applicant, Institute of Advanced Training and Statistical Research at the Agency of Statistics of the Republic of Uzbekistan, Tashkent, Uzbekistan,
kodirovmaks@yandex.ru

Abstract
The processes of digitalization and transition to international financial reporting standards are associated with significant systemic changes that transform accounting processes in the company. Today, it is already difficult to imagine the work of any company without the use of electronic document management (EDI). In the current accounting process, EDI and digitalization include personnel, financial, management accounting, work with archival documents and many other accounting processes. For JSC "Uzbekiston Temir yillari" with a distributed management structure and the presence of structural divisions, it is very important to effectively organize the management of all these processes. The transition to international financial reporting standards is associated with solving a number of problems, including in the regulation of accounting for capital and liabilities. The issues of the impact of international financial reporting standards on the development of the domestic accounting system are related to the digitalization of economic processes and the emergence of new accounting objects and increased requirements for the quality of generated reporting. The article analyzes the essence of the newly emerged accounting categories, compares the definitions of "liabilities" in international standards and domestic practice. It is revealed that the gaps in the accounting of capital and liabilities are caused by insufficient establishment of the conceptual apparatus, the presence of estimated values, the use of professional judgment of an accountant affecting the quality of information in the reporting, the lag of legislative regulation in terms of accounting for digital objects as authorized capital. The issues of accounting and reporting of social business operations are considered. Possible ways of solving the problems of liability accounting are presented, including the unification of the conceptual apparatus, the modernization of the accounts, the development of recommendations regarding the application of professional judgment to the accountant, the expansion of requirements for the list of information on the activities of an economic entity presented in accounting statements, as well as the application of international standards.

Keywords: liabilities, capital, liabilities, digitalization, accounting problems, accounting, accounting reform, International Financial Reporting Standards.

Introduction

The active introduction of digital technologies is accompanied by mandatory reform of financial reporting, improves the existing accounting practice and its regulatory framework. The new approved norms adopt the best international practices, bring them closer to international financial reporting Standards (IFRS), which allow reflecting current economic objects and making accounting more flexible and adapted to the specifics of the activities of an individual economic entity. There is a transformation of the business, which affects the internal processes of the organization. A striking example is the introduction of digitalization and automation processes, which entail the emergence of digital objects (blockchain, tokens, etc.). Resolution of the President of the Republic of Uzbekistan dated 03.07.2018 No. PP-3832 "On measures for the development of the digital economy and the sphere of turnover of crypto assets in the Republic of Uzbekistan" covers the regulation of such digital objects as blockchain technologies, cryptocurrency, tokens, smart contracts, mining, prescribes the features of recognition in accounting [4, 5].

If we talk directly about accounting processes, then almost all companies use appropriate systems for accounting, and not books and magazines. That is, the formation of primary documents has turned into a figure, partially – the approval and signing of documents, sending them to counterparties, in the case of the use of EDI. And the EDO on invoices for goods subject to traceability is now mandatory. That is, the accounting of companies with the turnover of such goods to a certain extent should definitely be digitized. Documents are also presented unambiguously in digital format as part of tax monitoring.

The conversion of accounting processes into figures is relevant for large and medium-sized companies, and the more extensive the organization's document flow, the more noticeable the effect of such a transition will be. Electronic document management increases the transparency of business processes: EDI operators provide ready-made documents that only need to be checked. The company only needs to determine the circle of persons who will verify the documents, and regularly make changes to the process if personnel changes occur. Upon receipt of the universal transfer document (UPD), the financially responsible person confirms the receipt of goods or the fact of the provision of services, verifies the correctness of the names, quantity and other data – only after that the responsible employee signs the document.

The formation of reporting and filing of a tax return is gradually going "digitally". Some companies use already configured systems, someone is finalizing their solutions for the specifics of the business. This allows a business to generate both accounting statements and tax returns at once during the closing period.

Automated control procedures are also of great importance. Such an option is needed, for example, in tax monitoring, where it is important to identify risks in time and have well–thought-out control procedures - in the absence of such, it is inefficient to automate the reporting procedure.

Such auto-checks reveal errors or inconsistencies with any conditions in the documents at the earliest stages, which allows you to correct them immediately, and not return to this at later stages of reporting. Thus, the solution gives confidence that the reporting is formed correctly from the very first step. A similar option is used in JSC "Uzbek Railways", where a lot of business transactions and huge amounts of data are generated daily.

The main purpose of accounting is to use accounting standards in such a way that the information recorded and generated in the published statements is useful for investors and creditors of the organization. In a post-industrial society, the requirements for openness, completeness and reliability of information are increasing, which are determined both by the

information requests of users and the capabilities of the company itself, including technical equipment, the level of accounting organization and the scale of activity.
All the ongoing changes in accounting at the legislative level and the level of standards bring the national system closer to the norms of international accounting. For example, the National Accounting Standards (NSB) NSB No. 5 "Fixed Assets", NSB No. 12 "Accounting for Financial Investments" and NSB No. 6 "Accounting for Leases" [6;12] contain definitions of the concepts of the liquidation value of an asset, revalued value, impairment, investment real estate, lease accounting objects, the right to use the asset. The new standards expand the criteria for recognizing objects as fixed assets and regulate the features of the assessment and accounting of leased property.

2 Materials and Methods

Issues of accounting and reflection of obligations are considered in the works of T. Yu. Druzhilovskaya, Ya. V. Sokolov, M.L. Pyatov, V. F. Paliya, A.V. Kholkin and others [10; 12;14]. The problems of capital accounting are reflected in the works of V. G. Getman, A. A. Sokolov, I. P. Zabrodin, J. Rishar, Yu.V. Altuxova [7; 14; 13] T.Dergacheva, T.Shaidanov etc. [9].
All the above-mentioned studies reflect the particular problems of accounting for capital and liabilities, but a comprehensive approach to the definition, systematization and solution of the issues that have arisen has not been proposed. Based on the literature under study, we will highlight the following main problems of accounting for the obligations and capital of the organization (Fig. 1).

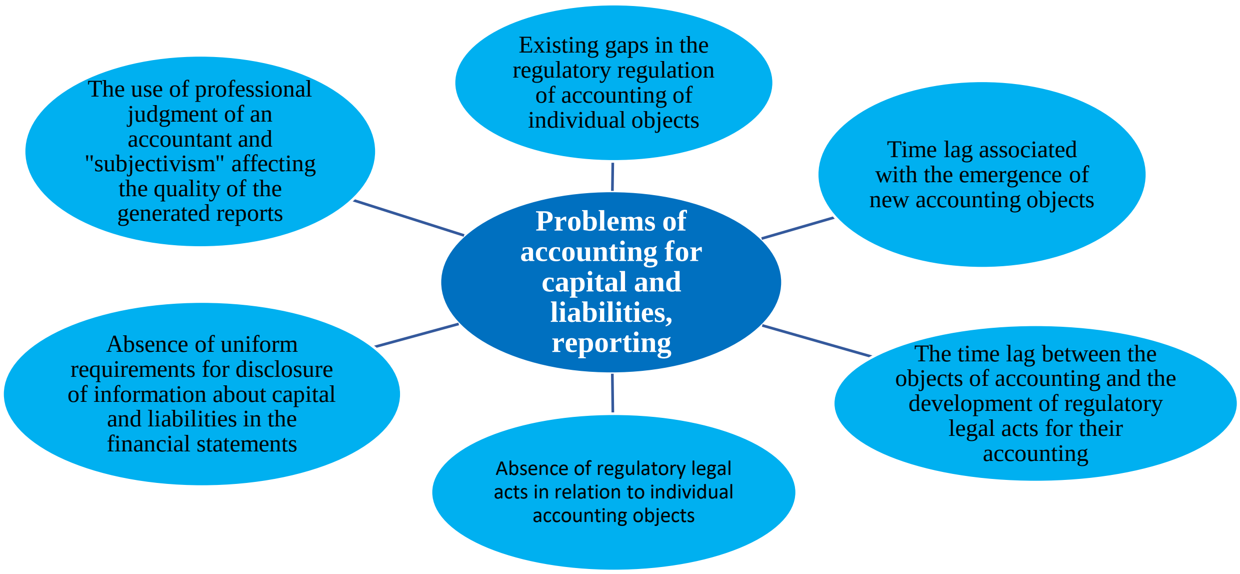

Figure 1. General problems of capital and liabilities accounting in the existing accounting system

We will conduct a comparative analysis of regulatory legal acts (hereinafter referred to as NPA) regulating the specifics of accounting for obligations and sources of financing of the organization's activities and their reflection in the reporting, in the norms prescribed in the National Accounting Standards and the norms established in IFRS [5] (Table 1).

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Table 1 Comparison of national accounting standards and international financial reporting standards in terms of regulation of accounting and reflection of capital and liabilities

Capital

International standards having analogues in the system of the National Security Service of the Republic of Uzbekistan	*National Accounting Standards analogous to IFRS*
-	-
International standards for which there is no analogue in the NBU system	
IFRS 3 "Business Combinations"	
International standards that indirectly reflect the accounting and reflection of capital	
IFRS (IAS) 1 "Presentation of Financial Statements", IFRS (IFRS) 10 "Consolidated Financial Statements", IFRS (IAS) 32 "Financial Instruments: Presentation", IAS 39 "Financial Instruments: Recognition and Measurement"	
Obligations	
International standards having analogues in the system of the National Security Service of the Republic of Uzbekistan	*National Accounting Standards analogous to IFRS*
IAS 37 "Estimated Liabilities, Contingent Liabilities and Contingent assets"	-
IFRS (IAS) 12 "Income Taxes"	Tax Code of the Republic of Uzbekistan
International standards for which there is no analogue in the NBU system of the Republic of Uzbekistan	
IFRS (IAS) 32 "Financial Instruments: Presentation", IFRS (IFRS) 9 "Financial Instruments", IFRS (IAS) 39 "Financial Instruments: Recognition and Measurement", IFRS (IFRS) 7 "Financial Instruments: Disclosure", IFRS (IAS) 19 "Employee Benefits", IFRS (IAS) 26 "Accounting and Reporting on Pension Plans»	

Thus, there are no methods and recommendations for accounting for capital and liabilities at the regulatory level, their assessment and reflection in accounting are determined by the professional judgment of the accountant and depend on the degree of "expertise" of the latter.

3. Results

Let's turn to the consideration of the problems of capital accounting. Let's introduce certainty into the conceptual apparatus. By capital, we will understand the difference between the amount of assets and liabilities presented in the company's balance sheet.

The presence of "gaps" in the regulatory regulation of individual accounting objects. In most cases, the authorized capital is formed by objects that are directly related to the authorized activities of the company (equipment, real estate, cash, etc.). If land is used as a contribution, but it will not be used by the company, then its reflection in assets will be incorrect with economic validity and, as a result, will affect the decrease in the objectivity of the information

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in the reports and the level of trust of creditors. On the other hand, there are no legal prohibitions on such actions.

The absence of NPA in relation to individual accounting objects. Let's consider the process of forming the authorized capital with monetary and non-monetary funds. Article 58.9 of the Civil Code of the Republic of Uzbekistan [1] and Article 14.5 of the Law of the Republic of Uzbekistan dated 06.12.2001 No. 310-II "On Limited and Additional Liability companies" [2] states that objects with monetary valuation can be accepted as a contribution to the authorized capital of an organization. Each type of contribution has its own characteristics related to the assessment of the contribution. Currently, new categories of objects are emerging (for example, cryptocurrency), and the question arises: how to take them into account when making a contribution to the authorized capital? The valuation and recognition of such an asset has caused many difficulties due to the lack of appropriate regulation of accounting for digital assets.

Application of professional judgment of the accountant, affecting the reliability of the generated statements. Difficulties often arise related to the directions of spending retained earnings in an organization accounted for on account 8720 "Accumulated profit (uncovered loss)". We believe that the accountant should independently develop analytics for this account, for example, in the areas of profit use available in the company. Based on the methodology of A. A. Sokolov and I. P. Zabrodina we propose to introduce a new account 8730 "Capitalized Profit" into the system of accounts of Uzbek Railways JSC, which will reflect the part of retained earnings that will be used to finance long-term investments, which will increase the reliability of the information reflected in the financial statements [10].

The absence of uniform requirements for the degree of disclosure of capital information in the financial statements. Recently, issues related to the reflection of the environmental component of capital have been increasingly raised. For example, Y. V. Altukhova and J. Richard consider the capital of an organization as a factor of production, as well as a "subject of concern", dividing it into financial capital (cash), human (labor resources) and natural [9].

In IFRS, an obligation is interpreted as a debt of a company to another person (natural or legal) that has arisen in connection with certain facts of economic activity, which in the future will lead to a decrease (outflow) of its economic resources.

The absence of NPA in relation to individual accounting objects. As it was shown in Table 1, there are a large number of IFRS, which have no domestic analogues, especially those related to accounting for financial instruments. In this case, it is possible to apply the Figure 1.

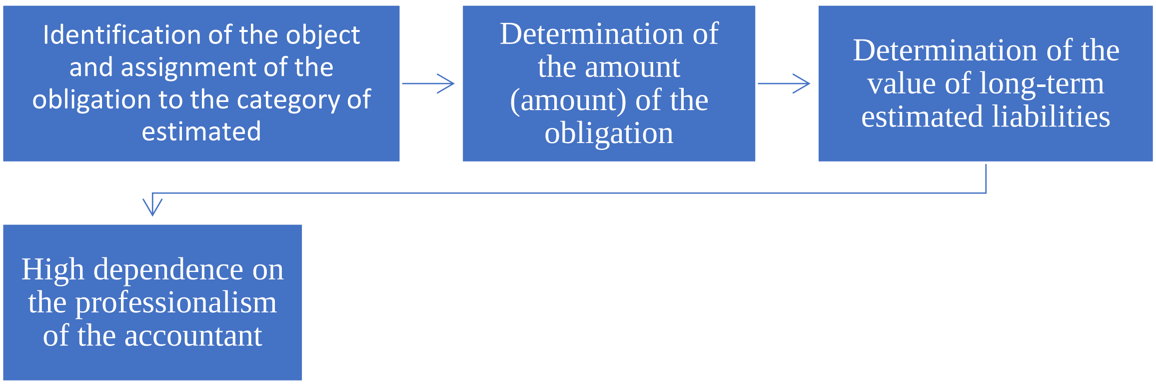

Figure 2. The problems of accounting for obligations

Identification of the object. Estimated liabilities include liabilities whose occurrence is more than 50% probabilistic. The accountant will refer to the practice of previous years, since only examples of OO are given in IFRS: employee compensation obligations, reserves for upcoming vacation pay, as well as estimated reserves for litigation.

The amount of the obligation. The Position on the composition of costs suggests two ways to determine the amount of the obligation: arithmetic mean (with an equally large set of values) and weighted average (taking into account the options of obligations), but the company can develop its own methods.

Long-term OO. According to IFRS, the value of long-term OO should be discounted taking into account the cost of previous and upcoming periods. The formula for determining the discount rate and calculating the discount rate is not prescribed in regulatory documents.

Professional judgment of an accountant. Practice shows that the application of professional judgment can be quite difficult due to the lack of practical skills in the formation of such data, the novelty and "atypicity" of objects, which is also associated with the emergence of an obligation for the company.

Discrepancies related to the use of the conceptual apparatus in normative acts. Various terminology is used in the current regulations governing the accounting of settlements with personnel on remuneration and obligations arising from them. So, T. Yu. Druzhilovskaya and T.V. Igonina [10] noted that the regulatory acts simultaneously use the terms "labor resources", "arrears to the organization's personnel", "labor costs", "settlements with personnel on remuneration", but the generalizing concepts of "wage obligations" are not presented in the relevant regulatory acts in the field of accounting [6], accordingly, the issues related to the definition and evaluation of this type of obligations and their accounting in the calculation of the cost of production are not considered.

The time lag associated with the emergence of new accounting objects and the development of the NPA to regulate their accounting. IFRS (IAS) 19 "Employee Benefits" and IFRS (IAS) 26 "Accounting and Reporting on Pension Programs" regulate the occurrence and accounting of employee benefits related to employee performance [6]. In the practice of JSC " Uzbek Railways" pension remuneration (corporate pension) is applied, the procedure for accounting and reflection of which are prescribed in the collective agreement of the company.

The absence of uniform requirements for the degree of disclosure of information about obligations in the financial statements. The transformation of business into a socially and environmentally oriented type involves the use of a new type of accounting, actively implemented by large enterprises of various sectors of the economy, especially with a negative impact on the environment. In this regard, new types of obligations arise, which, unfortunately, at this stage of accounting development are not always reflected not only in annual reports, but also in financial statements.

Results

The conducted comprehensive study related to the consideration of the problems of accounting for capital and liabilities and their reflection in the reporting, as well as the application of best practices and the introduction of best practices of the largest companies, taking into account their own specifics of railway transport, allowed us to develop ways to

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eliminate them (Table 2.)

Table 2. Ways to eliminate the problems of accounting for capital and liabilities

The problem	Solutions	Characteristic
Discrepancies related to the use of the conceptual apparatus in normative acts	Unification of terminology in normative legal acts	Unification of the concept of "Estimated liabilities" and its use in financial and tax accounting; The use of the term "Wage obligations" as a term summarizing all obligations related to wage settlements and other accruals
The time lag associated with the emergence of new accounting objects and the development of the NPA for its regulation	Making changes to the names of synthetic accounting accounts (Accounting policy of the company)	Replacing the name of account 8900 "Accounts for upcoming expenses and payments" with "Estimated liabilities" and reflecting on this account only those liabilities that relate to expenses. If the liability is included in the cost of the asset (for example, repair of fixed assets), then it can be accounted for in a separate account 8730 "Capitalized profit" to account for the retained earnings used in the areas of expenditure.
The presence of "gaps" in the regulatory regulation of accounting for individual objects	Development of own accounting methods in the company	The application of the main requirement to the developed methods, the absence of contradictions with the existing accounting standards
The use of professional judgment of an accountant and "subjectivism" affecting the quality of the generated IFRS reporting	Development of an internal control system (internal audit)	Implementation of an internal control system for accounting for estimated liabilities to identify corporate risks, their impact on the degree of distortion of accounting financial statements
	Approval of recommendations and clarifications regarding certain issues of accounting for capital and liabilities.	Development of recommendations and methodological provisions to clarify issues in the field of capital and liabilities accounting. Such recommendations should complement existing regulations.
Absence of NPA in relation to individual accounting objects	Application of IFRS standards	Application of IFRS in cases where new objects of the public organization do not have a legal basis, and also do not contradict the norms of current legislation
	Application of the analogy of law	Use of the analogy of law and take into account objects according to regulated objects with similar characteristics
Lack of uniform requirements for the degree of disclosure of information about capital and liabilities in the financial statements	Regulation of requirements for the list of disclosed information	Duplication of disclosure of information about environmental obligations in both financial and non-financial statements (disclosure of information on maturities, spending directions and inclusion either in the cost of an asset or attribution to costs)

When applying the professional judgment of an accountant, we can talk about the need to develop specific requirements for the use of judgment, its permissible limits and control measures to verify its decisions and their economic validity.

4 Conclusion

The recommendations proposed in the article cover several areas of ongoing changes at once. To eliminate discrepancies and contradictions, it is necessary to arrange the chart of accounts according to the names of accounting objects, and the conceptual apparatus that reveals the essence of each object must be brought to uniformity. Estimated liabilities should not simultaneously have the name of reserves for upcoming expenses, since in the first case it is precisely about the evaluation of the object, that is, its probabilistic characteristic, and not the actual one, and in the second case it is about the creation of the so-called "savings" that are intended for their intended use. As solutions related to "gaps" in the regulatory field, it would be most appropriate to use the conceptual approaches of IFRS.

Thus, in order to implement a competent, economically justified accounting of the objects of valuation obligations, if possible, apply international financial reporting standards if there are no such regulatory documents in the accounting practice of the company, or develop their own accounting methods and reflection of objects in the reporting. Changes in economic relations, the emergence of new property rights and the transition to accounting under IFRS are a factor in the application and adaptation of effective methods of foreign positive experience and their adjustment to domestic accounting practice.

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