

IMPROVING NON-GOVERNMENT LIABILITY ACCOUNTING AND REPORTING

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Abstract: this article presents issues of improving accounting and reporting of obligations in non-governmental non-commercial organizations.

Key words : aid money, donor funds, state subsidies, reserve capital non-profit activities, commercial activities, earmarked income, grants, admission and membership fees, donations.

Among the important sources of financing the activities of NGOs are their obligations in the sense of accounting. In NGOs, like all enterprises, recognition, evaluation and financial reporting of obligations based on international standards is a very urgent issue.

Legally descriptive definitions of liabilities can be found in sources related to the field, for example, "liabilities are creditors' debts arising from the implementation of various transactions by the enterprise, which are the legal basis for further payments for goods, services provided and work performed. is defined as " ¹. After the introduction of international standards, definitions corresponding to it began to be developed, among which the following definition can be cited in the Russian literature: "liabilities are the debts of the enterprise, which arise as a result of past events, and its extinguishment leads to the outflow of resources embodying economic value to be obtained in the future." ²- is defined as.

Let's get acquainted with the definitions given in other sources. "Liabilities are a component of the balance sheet and are a source of formation of financial resources for financing operational, investment and financial activities of the enterprise. Future liabilities must be paid by transferring assets or services to creditors. Thus, liabilities are creditors' claims against the company's assets. The existence of obligations (debts) reduces the economic application of the enterprise and its capital ³.

"Liabilities are a source of funds raised as a result of events (transactions) of the enterprise, which serves as a legal basis for future payments for goods, services rendered and work performed" ⁴.

R.H. Hermanson gives the following definition of obligations: "Liabilities are obligations arising as a result of past transactions and obligations to pay money, provide services or deliver goods in future periods ⁵. "

¹https://nrm.uz/contentf?doc=344345_1_obligations_and_their_types&products=3_prakticheskaya_buhgalteriya

² Three obligations. https://studbooks.net/1320925/buhgalterskiy_uchet_i_audit/uchet_obyazatelstv

³ Three obligations. https://studbooks.net/25052/buhgalterskiy_uchet_i_audit/uchet_obyazatelstv

⁴Uchet obyazatelstv organizatsii
<http://lib.kstu.kz:8300/tb/books/2014/EP/Finansovyy%20uchet%201/teory/%D0%A2%D0%B5%D0%BC%D0%B0%20%206.htm>

⁵Hermanson, Roger H. Accounting: a business perspective. Irwin. USA. 1996. p. 339-340. Accounting Principles: A Business Perspective Paperback – February 16, 2018 .

The fifth paragraph of Article 17 of the Law of the Republic of Uzbekistan "On Accounting" states that "obligations of the parties will be expressed in money in accordance with the agreement" ⁶it was noted. The third paragraph of Article 8 of the Law "On Non-Governmental Non-Commercial Organizations" of the Republic of Uzbekistan states that it is necessary to use its property and funds, including freedom of access to information about funding sources .⁷

The method of comparing the rules of the National Accounting Standards of the Republic of Uzbekistan with the International Standards of Financial Reporting, classification rules based on certain criteria, logical analysis, analysis and synthesis methods were used in the research work.

Today, we believe that it is necessary to improve our national conceptual frameworks based on the definitions given to assets and liabilities in the new version of the international conceptual frameworks. We formalize the results of comparing the provisions of the international conceptual framework and the national conceptual framework in the following table (Table 1):

Table 1

Table comparing international conceptual frameworks and national conceptual frameworks of financial reporting⁸

In the new edition of "Conceptual basis of financial reporting" (2018)⁹	in "Conceptual bases of preparation and presentation of financial statements".¹⁰
Liabilities are legal obligations of an entity to transfer economic resources arising from past events.	38.2. Obligations are the obligations of a person (debtor) to perform certain actions for the benefit of another person (creditor) , for example, to transfer property, perform work, pay money and other obligations, or to refrain from certain behavior, and the creditor has the right to demand that the debtor fulfill his obligations.

It is clear from these definitions that the definitions of obligations in national standards do not correspond to international standards. In the national standard, the definition is given in the legal sense, not in the accounting sense. Legal obligation arises from the moment of conclusion of the contract. Usually, accounting obligations arise from events and transactions of the past period. For example, when goods and raw materials are purchased, there is an obligation to pay for

⁶ Law of the Republic of Uzbekistan "On Accounting " . April 13, 2016, ORQ-404. <https://www.lex.uz/acts/2931253>

⁷The Law of the Republic of Uzbekistan "On Non-Governmental Non-Commercial Organizations " . April 14, 1999, ORQ-763- I - number. <https://lex.uz/docs/11360>

⁸ Author's development based on taste

⁹ O.B. Fomina. Izmenenie konceptualnykh osnov MSFO. <file:///C:/Users/SamISI-ATM/Desktop/34%20-%20Fomina%20Fomin.pdf>

¹⁰ Conceptual framework "for preparation and presentation of financial statements" . //by AV on 09.09.2016. Registered with number 475-1.

them. In the same way, if the obligation to the budget arises when taxes on past activities are calculated, then the obligation to pay wages to workers arises when the wages are calculated based on the working days actually worked or the work performed. Disruption of these liabilities leads to an outflow of resources that embody economic value, such as cash or other assets. In accounting standards, it is considered appropriate to define the terms in the accounting sense. Taking into account the above standard requirements, we consider it appropriate to define the terms of obligations as the main elements of financial reporting in the accounting sense as follows:

Liabilities are the legal obligations of the organization to transfer its economic resources arising from past events, the extinguishment of which leads to the outflow of economic resources embodying the inevitable economic value of the organization or the emergence of new obligations.

Based on this definition, it is appropriate to highlight the following two features of obligations:

- an existing obligation of the enterprise, it will be possible to perform it in the future by transferring assets or rendering services, by specifying to whom and under what conditions it will be performed;
- an event giving rise to this obligation has occurred, that is, at this moment, this obligation is valid and does not arise as a result of transactions that have not yet been completed.

Obligations are classified according to certain characteristics. We show their classification in the table below (Table 2):

Table 2

Classification of obligations according to different criteria¹¹

Classification criteria	Types of obligations
According to the length of the debt repayment period	Short-term liabilities
	Long-term liabilities
According to its description as a financial instrument	Financial obligations
	Non-financial liabilities
As it occurs depending on the main process	Trade Obligations
	Non-trade (other) liabilities
According to the conditionality criterion	Contingent liabilities
	Non-contingent obligations
According to the activity	Obligations related to operational activities
	Obligations related to financial activities
	Obligations related to investment activities
Depending on the relationship of the parties	Obligations with related parties (subsidiaries, subsidiaries and separate

¹¹ Studies based on authorship development

	divisions).
	Obligations incurred with unrelated parties
Depending on the completion of the term	Debts due
	Past due debt
	Extended debt
Depending on the assessment of the probability of occurrence	Actual (net identifiable) liabilities
	Assessable Liabilities
	Contingent liabilities

According to the term, liabilities are divided into short-term liabilities and long-term liabilities (Figure 1).

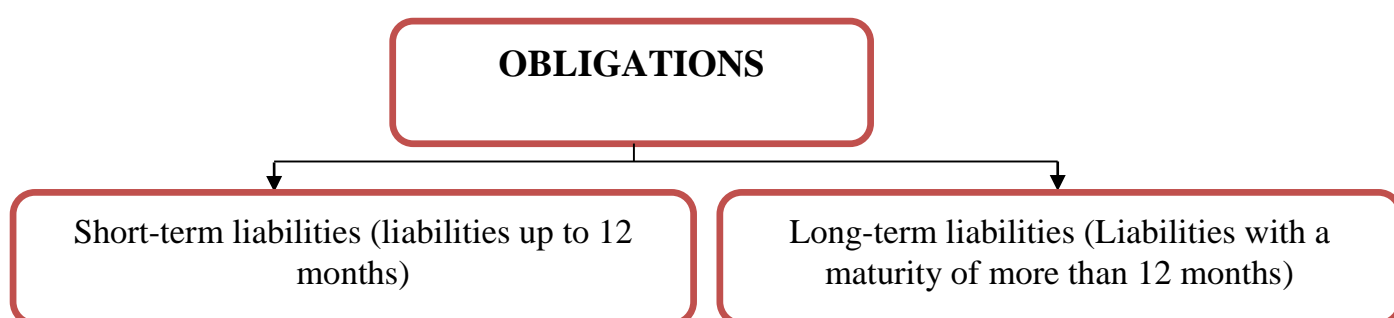


Figure 1. Classification of liabilities by maturity

The concept of financial liabilities is included in accordance with the standard of the Financial Instruments and Exchange Commission No. 32 "Financial instruments: presentation of information", which is defined as follows: "Financial liabilities are any obligations under the contract: (a) to provide funds or other financial assets to other enterprises; (b) exchanging financial instruments with other entities on potentially unattractive terms; (c) accounts - books, which are implemented or can be implemented at the expense of private contribution instruments ¹².

In our opinion, taking into account all the classification bases of the above obligations, we should follow certain rules when placing the information on the obligations in the accounting balance. According to national and international standards, the following are included among the information that should be reflected in the accounting balance sheet (Table 3):

Table 3
Information on liabilities in the accounting balance sheet¹³

BHMS No. 1 "Accounting policy and financial reporting"¹⁴	BHXS No. 1 "Presentation of Financial Statements"¹⁵	It is invited
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¹² 32-IFSO "Financial instruments : presentation of information". <https://finotchet.ru/articles/150/>

¹³ Based on the research, the author will not work i

¹⁴No. 1 BHMS. " Accounting policy and financial reporting ". <https://nrm.uz/>

¹⁵BHXS No. 1 "Presentation of Financial Statements" <https://finotchet.ru/articles/132/>

77.7 accounts payable	(k) trade and other payables	77.7 trade and other payables
77.8 Exclusions	(l) Reserves	77.8 reserves
77.9 Obligations requiring payment of interest	(m) financial obligations (other than the amounts specified in subparagraphs (k) and (l)).	77.9 other financial obligations (except 77.7 and 78)
77.10 Equity and Reserves	(o) Obligations for taxes in accordance with Standard 12 MXCC "Profit Tax"	77.10 Tax obligations (except profit tax)
	(p) Obligations included in outgoing groups classified as held for sale in IFRS 5	77.11 Income Tax Liabilities

As shown in this table, the primary payables are divided into trade and non-trade payables. In order to bring the composition of obligations in our current balance sheet into line with international standards, we will first need to develop its classification (Figure 2):

LIST OF REFERENCES

1. Law of the Republic of Uzbekistan "On Accounting". April 13, 2016, ORQ-404. <https://www.lex.uz/acts/2931253>.
2. Law of the Republic of Uzbekistan "On Non-Governmental Non-Commercial Organizations". April 14, 1999, ORQ-763-I-No. <https://lex.uz/docs/11360>.
3. Decision of the President of the Republic of Uzbekistan "On additional measures for the transition to international standards of financial reporting". February 24, 2020. No. PQ-4611.
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5. https://nrm.uz/contentf?doc=344345_1_majburiyatlar_va_ularning_turlari&products=3_prakticheskaya_buhgalteriya.
6. Three obligations. https://studbooks.net/1320925/buhgalterskiy_uchet_i_audit/uchet_obyazatelstv
7. O.B. Fomina. Izmenenie konceptualnykh osnov MSFO. <file:///C:/Users/SamISI-ATM/Desktop/34%20-%20Fomina%20Fomin.pdf>.