

## ISSUES OF AUDIT METHODOLOGY BASED ON INTERNATIONAL STANDARDS OF AUDIT OF REPORTS OF LEASING COMPANIES

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**Abstract:** This article is written about the verification of financial statements in leasing companies based on international audit standards, about the specifics of the audit of reporting articles and current issues, basic principles, methods and features of their improvement. At the same time, the article has developed specific aspects of auditing financial reporting forms, current problems with auditing financial statements based on international standards and recommendations for their elimination.

**Keywords:** leasing company, leasing, audit, financial reporting, international standard, audit principles, reporting forms, income, expenses.

### Introduction

In the decree of the president of the Republic of Uzbekistan "on measures for the further development of audit activities in the Republic of Uzbekistan", which is important in the development of audit activities in the Republic of Uzbekistan, the task was set to improve the legislation on audit activities, to form an effective system of external control over quality, including audit activities.\*. In this decision "...a number of problems and shortcomings prevent the further development of audit activities, increasing the importance of audit services for making management decisions and improving the quality of corporate governance, " in particular:

**first of all**, the level of trust in audit organizations is low, and is also considered to be a plus and a small administrative procedure, and not a guarantee of confirmation of the validity of the financial statements to the audit;

**secondly**, the existing restrictions on the selection of audit organizations and the practice of holding competitions in many cases lead to dishonest, including unequal competition in terms of price, as a result of which the quality of audit services and the accuracy of audit conclusions are reduced;

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**thirdly**, the current system of special training of auditors and their professional development is superficial and does not provide the necessary level of professional training and the quality of audit services, including compliance with international standards of audit activity. This leads to a decrease in the prestige of the profession of an auditor;

**fourth**, there is no effective system of external control over the quality of the work of audit organizations, which does not allow quick measures to be taken in relation to the cases of providing poor - quality audit services and dishonest behavior of auditors in the context of the limitation of legal influence measures of the licensing authority;

**fifth**, the national standards of audit activity are not fully consistent with the generally recognized international audit standards, which indicates the presence of such shortcomings as the inability of foreign investors to ensure the formation of the ability to understand the validity of the financial statements of local economic entities.

An important issue in the process of implementing direct leasing relations in the sustainable development of the economy is the implementation of control and audit of leasing activities.

### **Literature Review**

Therefore, the development of the leasing sector, like all sectors of the economy, entails the need to solve the increasingly global financial problems of the economy. Because an important issue in the process of developing sectors of the economy is the formation of sources of financing. Because new techniques and technology will be funded to attract, and it is important to find them. If we make payments from our own funds, the need to withdraw funds from the turnover arises and affects the state of the general company. Due to the lack of such an opportunity in many companies and firms, the need to use leasing activities arises. If we use a bank loan, their conditions and the possibility of financing may be limited. In some cases, the loan interest may be higher than the inflation rate and the possibility of financing long-term investment projections may be limited. For this reason, these conditions can negatively affect the activities of many companies. In these conditions, the solution to this issue is financial rent, that is, leasing.

In the process of liberalization and digitalization of the economy, leasing, which is considered a type of lease, is widely used in international commercial practice. Including this practice in developed countries in the total investment volume is 31%, Great Britain-24%, France-15 %, Spain-14%. In this issue, in Russia, too, interest in leasing practice has been growing in recent years, and its total investment rate is 13.2 percent .

In order to develop leasing relations, work was carried out to create several state-

level legislative foundations, and as a result of these activities, the basis for the rapid development of the leasing market was laid. As a result, the need for audit activity is felt, which is considered an effective type of control for the organization of accounting and control of leasing operations. But in the process of carrying out audit activities on leasing operations, the need arises to effectively organize accounting and draw up financial statements in accordance with international requirements. Currently, the Republic of Uzbekistan widely and efficiently uses relevant legal and underground documents on audit activities and international standards of audit activity. We can divide audit activities in Uzbekistan into 2 types of financial audit and management audit.

Financial audit is understood as an audit of all circulation, which is reflected in the economic and financial statements of economic entities. An important place in economic entities is occupied by international audit standards as the legal and regulatory basis for the audit of financial statements, which establish certain norms for dealing with this profession.

The main source of information on the financial economic activities of leasing companies is the information based on the indicators in the financial statements compiled by them, it is very important to approach the assessment of the results in it on the basis of new, modern methods. Because in the financial audit in leasing companies, it is necessary that the economic entity, as well as users of financial statements, have the opportunity to obtain reliable information about their costs and benefits, which will take into account the interests of all interested parties, changes in the accounting and reporting regulation system. When checking the activities of an economic entity, the auditor must have an idea of all its directions, determine the relationship between the main, investment and other, including financial activities. The Auditor must fully familiarize himself with the activities of the economic entity, and also assumes that the auditor receives not only accounting information, but also extensive information. This, on the one hand, ensures the quality of the audit and the reliability of the audit reports and conclusions on the financial statements, and on the other hand, expands the scope of the auditor's conclusions.

Different opinions were expressed on this issue by foreign and domestic economists. A.Ibragimov who expressed the opinion that "when carrying out an audit of financial statements, the compliance of reporting data with accounting indicators based on certain methods and techniques of audit verification is checked with the help of audit methods and operations whether the reporting indicators correspond to the audit evidence or not", which is reasoned by Suys as follows. According to this opinion, financial audit is used to carry

out an audit of reporting forms and confirms the correctness of its indicators.

Further developing the opinion of domestic scientists, prof.P.I.We can see that such an opinion was expressed by Kamishanov: "the audit of financial statements gives an assessment of the reliability of financial information. Financial audit is carried out primarily by auditors of independent audit organizations, the work of which is the conclusion on financial reporting."

In this opinion, ktshproi paid great attention to the implementation of the financial audit by an independent auditor and audit organization.

N.Karimov et al." financial reporting audit – such an audit is carried out by financial and accounting personnel, mainly checking to what extent indicators such as the solvency, financial potential of the enterprise, profit and losses obtained as a result of the sale of products, work and services are reflected in financial statements." In their opinion, a financial audit is a basic audit, in which attention is paid to the level of solvency, financial potential and profitability of economic entities, and an appropriate management decision is made on its result. But we can see that in these points general issues are presented and the essence of the financial audit is not fully disclosed. Therefore, in this issue, Article 32 of the law on audit activities of the Republic of Uzbekistan provides for the audit as follows.

The audit of the financial statements of the economic entity and its associated financial information is carried out by the audit organization in order to determine the reliability of the financial statements to be checked, as well as the financial information associated with it, and compliance with accounting legislation . So the main issue is the correctness, reliability, compliance with the legislation of the financial reporting information. Our main topic is the issue of leasing audit, and we can see that scientific research on this issue has been carried out very little.

Currently, a new direction in the development of leasing audit is emerging as a result of the organization of leasing audit in countries around the world, the disclosure of its specific principles, the optimization of audit costs and the improvement of its methodology. The main purpose of the leasing audit is one of the most important areas for the development of financial and managerial audit in attracting additional capital to entrepreneurs, expanding the scale of investments, introducing innovations, saving resources, reducing leasing costs. In this case, it is required to pay attention to the aspects of the financial audit of the leasing audit, interaction with the management audit. Leasing companies and commercial banks are engaged in leasing operations in the Republic of Uzbekistan. Therefore, when carrying out the leasing audit, it is necessary to pay attention

to the issue of audit of the activities of individual companies and audit of individual leasing operations in commercial banks. From this point of view, in our opinion, the process of carrying out an audit of leasing operations is together with a general audit, attention should be paid to the audit of individual leasing operations. In this process, on the issue of audit of leasing operations in commercial banks, the audit is checked by the audit of the data of such account registers as the plan of accounts established by the bank, analytical accounts and cards.

Today, a separate methodology for auditing leasing operations has not been developed. Because in the process of developing such a methodology, the issue of auditing the activities of the lessor and lessee is important.

In the process of checking the activities of leasing companies, it is necessary to take into account its essence. The activities of leasing companies the audit process begins with the organization of audit operations, and audit methods are used in these methods. In these matters, the Audit is carried out on the basis of the following stages.

### **Methodology.**

This article is written on the basis of I data of leasing companies and leasing companies of the Republic of Uzbekistan and an analysis of statistical data on the official website of the Ministry of Finance. The object of the study is the activities of leasing companies of the Republic of Uzbekistan. The subject of the study is the relations arising within the framework of international requirements for the organization and implementation of accounting in operating companies of the Republic of Uzbekistan. is.

### **Analysis and results.**

When checking the activities of leasing companies with the help of audit actions, the auditor must have an idea of all their directions, determine the relationship between the main, investment and other, including financial activities.

When carrying out a check on the degree of importance of leasing operations, the financial statements begin with the indicators, and the data of the general ledger, synthetic and analytical account information are carried out by checking on the relevant accounts and sub-accounts. At the next stage, it is carried out according to the relevant accounts, sub-accounts and analytical accounts.

The next stage consists in the reflection of leasing operations in accounting by checking the accounting policy and drawing up a plan for working accounts (Table 1).

**Table 1****Analysis of the information support of the audit in the implementation of the audit of leasing operations**

<b>Financial (accounting) reports</b>	<p><b>Form No. 1</b> "Financial position report for the end of the reporting period";</p> <p><b>Form No. 2</b> "Profit or loss and other generalized income statement for the reporting period";</p> <p><b>Form No. 3</b> "Report on changes in private capital for the reporting period";</p> <p><b>Form No. 4</b>"Report on the movement of funds for the reporting period";</p> <p>Footnotes and explanations consist of significant account policies and other explanatory information such as footnotes.</p>
	<i>Audit practice: cross-examination of synthetic accounting registers with accounting information</i>
<b>Checking the content of information on accounting accounts</b>	<p>1010 " fixed assets "</p> <p>1020 "depreciation of fixed assets"</p> <p>1030 "reserves on depreciation of fixed assets"</p> <p>1040"assets in the form of the right to use"</p> <p>1460 "long-term receivables on rent"</p> <p>1480"Reserve on depreciation of long-term receivables"</p> <p>2160 "short-term receivables for rent"</p> <p>3060 "short-term debts on rent"</p> <p>4050 "long-term debts on rent"</p> <p>6110"income from Operation rental"</p> <p>6330 "income from financial rent"</p> <p>7320 "costs of interest payments on financial rent"</p> <p>9040 "properties granted under a financial lease agreement".</p>
	<i>Audit practice: mutual comparison of analytical</i>

	<i>account information with synthetic account information .</i>
Verification of analytical accounting data	The data on the financial lease are compared with the indicators of the analytical account and checked whether their value is correctly reflected .
	<i>Audit practice: with analytical account information, the initial account, contract, act and other documents are checked and a mutual comparison of the account information is carried out.</i>
Primary documents	Lease agreement; Acts of acceptance and transfer of leasing objects, invoices, accounting accounts, acts of verification of mutual settlements with lessors, bank statements.

As can be seen from this table, the issues of collecting audit evidence, their generalization are covered, taking into account the nature of leasing operations. In this, based on the nature of leasing operations, the relations of the lessor and the lessor, evidence, evidence of audit indicators are indicated. The issues of their reflection in accounting and the organization of a synthetic, analytical account are expressed in detail.

When checking the activities of leasing companies with the help of audit actions, the auditor must have an idea of all their directions, determine the relationship between the main, investment and other, including financial activities.

Based on the nature of leasing operations by the Auditor, the lessor and lessee must fully familiarize themselves with the relationship and features of their activities, and also the auditor implies obtaining all the information necessary for the audit process by collecting not only accounting information, but also all information related to extensive leasing relations and performing analytical actions on them. As a result, on the leasing company, on the one hand, it provides an opportunity to improve the quality of the audit and ensure the reliability of the conclusions on the reliability of the financial statements, and on the other hand, to obtain accurate and reliable information for the audit reports and form an appropriate audit opinion on its result.



The correct setting of the issue of audit actions in the audit of the activities of leasing companies is important in the effective organization of audit examinations. On the issue of establishing common audit AMAs, foreign and domestic economists-scientists cited their approach as follows. A.Ibragimov believe that "the following audit actions are used when carrying out the audit of financial statements to determine whether the financial statements in which the audit is concentrated (the data of which can be checked) correspond to certain criteria or not. These include the fact that when organizing an audit, it is important to collect evidence on the audit program, methods of audit verification, indicators of financial statements, to establish audit risks." This issue Russian economist-scientists A.D.Sheremet and V.P.We can see that the Suys covered the issue as follows: "the financial audit (financial reporting audit) of the activities of the audited entities is widely used in assessing the reliability of financial information, the audit plan, audit actions, audit evidence, audit risk and the methods established by the international standards of the audit necessary for conducting an audit.»

Currently, leasing relations are very developed in the world, and the possibility of optimizing and improving the activities of leasing companies on the basis of the issue of auditing their activities, financial statements and compliance with its principles is further growing. As a result of financial audit of the activities of leasing companies, confidence in reports increases, and the possibility of attracting capital from abroad, expanding the scale of investments, introducing innovations is created by them. As a result of the development of audit of financial statements, the development and widespread use of the activities of leasing companies requires special attention to the issue of further development of financial audit.

### **Conclusion and Recommendations**

As a result of these studies, a number of following conclusions, suggestions and recommendations were made:

1. As a result of the analysis of the leasing market in the Republic of Uzbekistan, its current state, the market of leasing services shows, determining the prospects for further development by studying leasing relations abroad in its development:

2. Elimination of legal disputes in the legislation analysis of whether the term for which the lease agreement is concluded is equal to the period of full depreciation of the leased item , corresponds to tax relations;

3. When maintaining accounting for leasing operations , developing accounting policies and ensuring that leasing relations are mutually consistent with accounting and tax accounting in it;



4. The correct determination of the cost of financial leasing objects consists in finding solutions to the problems of accounting as financial investments.

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