

Improving the Accounting of Export-Import and Foreign Exchange Transactions



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ABSTRACT: The article analyzes the theoretical foundations, features, methodology for accounting for foreign exchange transactions during export operations in business entities engaged in export activities. There are also suggestions and recommendations for improving the accounting of foreign exchange transactions in export operations.

KEYWORDS: Export, import, foreign trade operations, business entity, foreign currency, accounting, balance sheet, account, asset, liability.

INTRODUCTION

The specifics of foreign trade operations is an important act associated with the elaboration and regulation of documents related to export-import operations, the formation and analysis of information on foreign economic activity, taking into account special requirements for the fulfillment of contractual obligations and financial reporting. Belay Seyoum - international trade is the exchange of goods and services through the national territory of each country, plays one of the most important roles in the formation of world trade history and is the most traditional form of international business [1.7] emphasizes like that. The complexity and responsibility of accounting for export-import transactions does not depend on one country, the relationship is carried out in at least two currencies and control over the correctness of their implementation is carried out by both the state and the business entity.

In the status of the integration of world economies, one of the uncommonly tasks is to support the development of foreign economic relations by governments, improve the accounting of export-import transactions and foreign exchange relations. In today's increasingly competitive world, it is important to strengthen support for export-oriented enterprises, properly organize the accounting of import operations, comprehensively encourage the participation of business entities in export-import activities, control the accounting of foreign exchange earnings. In world practice, the costs of delivery, storage and insurance of exported and imported goods, their customs clearance, fees for loading and unloading operations, registration of transport and trade documents and other costs are usually distributed between the parties in accordance with the principles of basic terms regulated by Incoterms [2].

It should be noted that the great reputation paid to the realization of structural changes in the leading sectors of the economy of Uzbekistan and the diversification of these sectors had a positive effect on the volume of exports and imports, its composition and quality. In today's highly competitive environment, in order for our products to be in demand in the global and regional markets and take a strong place, it is necessary to reconsider the work in this area. At the same time, it is important to further strengthen the incentives for export-oriented enterprises to expand the production of consumer-friendly, highly liquid products in foreign markets, to ensure transparency and accuracy of accounting information provided by them. Therefore, one of the most pressing issues is the improvement of accounting and analysis in enterprises selling products (works, services) for export. Despite the difficult economic conditions, in 2020 there was an increase in the activity of businesses in the domestic foreign exchange market. In particular, the total volume of foreign currency purchased by businesses increased by 12% compared to 2019 and amounted to 15.4 billion soums. The volume of sold foreign currency increased by 14% to 6.7 billion US dollars [3].

LITERATURE REVIEW

One of the most essential and effective spaces of activity of business departments is to engage in foreign economic activity and become an active participant in the world market.

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Scientific and practical aspects of improving export, import and foreign exchange operations are reflected in the scientific work of foreign economists. Including,

In foreign economic activity, the following stages of organizing accounting can be distinguished:

- Determination of the procedure for organizing accounting of foreign exchange and foreign trade operations;
- Choice of accounting forms;
- Determination of the procedure for documenting transactions, that is, the organization of primary accounting in the implementation of customs procedures for the export and import of goods, settlements with foreign counterparties, taxation of foreign trade transactions;
- Determination of accounting rules and valuation of assets and liabilities denominated in foreign currency;
- Development and approval of regulations on the accounting policy of the organization and its working chart of accounts;
- Determination of the rules for the inventory of assets and liabilities in foreign currency;
- Determination of the procedure for drawing up and submitting financial statements [4.69].

The export activity of an economic entity from the point of view of the organization of accounting at the enterprise can be defined as a system of export operations, taking into account the peculiarities of contractual obligations and business customs applied by the parties to the law and the financial and currency component [5.59].

The objects of accounting supervision in the implementation of export operations are not only operations for the sale of goods, works and services, but overhead costs associated with the implementation of foreign trade activities. Overhead costs are distributed between the seller and the buyer by mutual agreement, depending on the terms of delivery, but part of the overhead costs can be included directly in the price of the goods [6.13.14].

For the correct calculation of the cost of imported goods, you must determine [7.12]:

- the date the goods were registered;
- the exchange rate for calculating the value of the goods;
- a list of expenses that form the cost of goods;
- порядок расчета расходов.

RESEARCH METHODOLOGY

Researches were carried out to study the specifics of the organization of accounting for export transactions in business entities, their methodology and identified tasks to improve the accounting of business entities. In the course of the research, conclusions and recommendations were made using methods such as comparison of practical materials and statistics.

RESULTS AND DISCUSSION

In the situation of the in progress global pandemic, priority is given to a radical increase in the competitiveness of the economy, increased support for export-oriented enterprises, the correct organization of export operations, and comprehensive incentives for small businesses and private entrepreneurship. The implementation of export and import operations in business entities is regulated by a number of processes. These include international trade control, tax control, currency control, as well as control systems related to customs activities. In studying the specifics of export-import operations, we would like to make the following comments. One of the important aspects of export operations in business entities is the sale of products. These operations are performed directly by the manufacturer or through intermediaries. The source of regulation of export-import operations should be noted the Vienna Convention on Contracts for the International Sale of Goods, adopted on April 11, 1980 as an international legal instrument. This Convention regulates the conclusion of purchase and sale agreements in the implementation of export-import operations, as well as the obligations and rights of the seller and the buyer under the contract.

Delivery, preservation and insurance of exported and imported goods, their customs clearance, payment for loading and unloading operations, transportation and registration of trade documents and other costs are distributed between the parties in accordance with the principles of basic terms, usually regulated by Incoterms. Incoterms (International commercial terms) is one of the most commonly used terms in the field of foreign trade, which includes international rules, and is primarily a place of (free-clearing) transfer of responsibility from the seller to the buyer [8].

In our opinion, it is expedient to establish the procedures for accounting for export-import processes in the following main areas:

Procedures for financial accounting for the timely provision of information in the interests of business investors, external users of accounting information;

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Procedures for providing information to the managers of the entity and the formation and generalization of management accounting information, which provides the basis for timely management decisions;
Procedures for taxation and tax accounting of the subject's taxation system and export-import processes during the study it was concluded that the minimum system of accounting for export-import operations of business entities can be expressed by the following model (Figure 1).

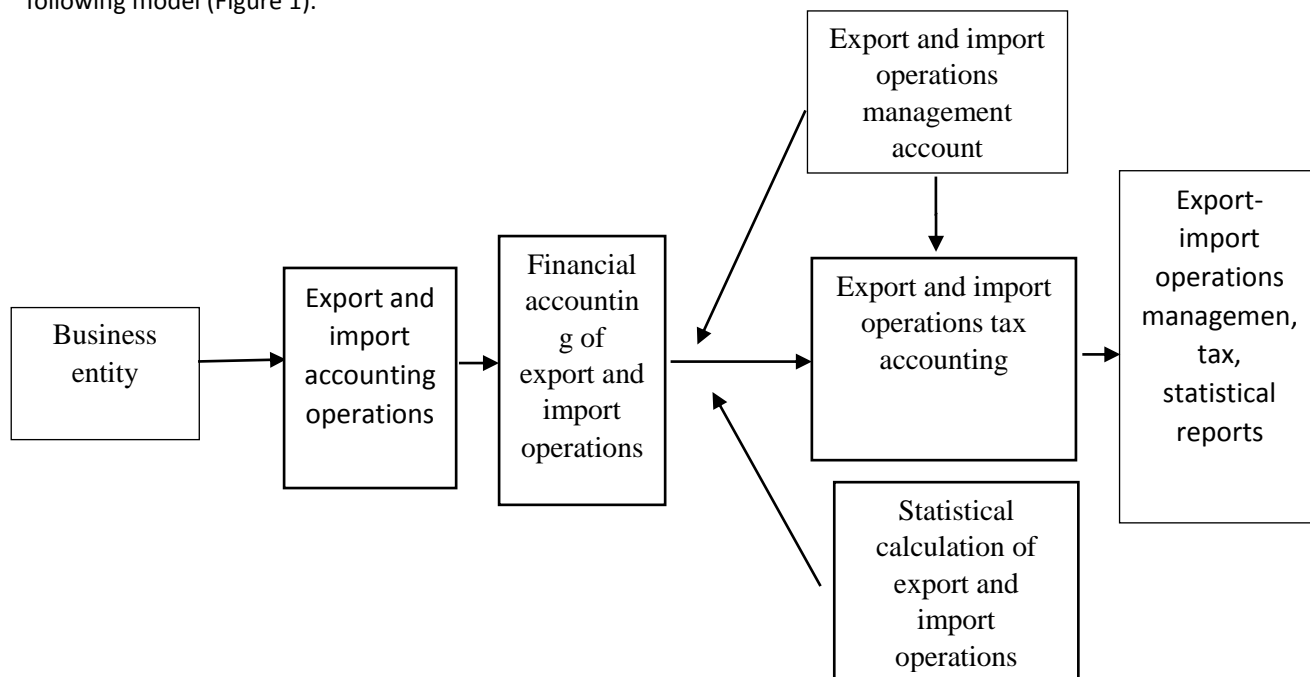


Figure 1. Image model of the lowest system of organization of export-import operations of the business entity (Author's development)

There is another issue related to the accounting of export-import operations, which is the process of storage and control of goods in the process of export-import in various places, including customs warehouses, and the accounting of related costs.

At the same time, currency relations, accounting in the national and foreign currencies in export-import operations are also important issues. Especially if the value of a foreign currency is unstable in relation to that country and its currency, that is, it is necessary to keep track of positive and negative differences in the exchange rate. In our view, foreign exchange transactions include a wide range of concepts as a separate part of the account as a means of payment in transactions involving the movement of currency values as an object of account. The peculiarity of foreign exchange transactions is that accounting is a means of calculation and payment, which requires working with clear rules in the calculation of exchange rates and taking into account exchange rate differences. In order to conduct foreign exchange transactions in accounting, we are divided into the following areas: foreign exchange transactions in production, foreign exchange transactions in trade, foreign exchange transactions in services and foreign exchange transactions in other areas. In our opinion, the accounting policy should include the method of settlements related to foreign currency, which should include the following.

- the date of settlements related to the exchange rate of foreign currency against the soum;
- determine and reflect differences in exchange rates;
- recalculation of the value of assets and liabilities denominated in foreign currency in soums and their accounting;

Currency transactions in business entities are regulated by the National Accounting Standard of the Republic of Uzbekistan № 22 "Standard for the accounting of assets and liabilities denominated in foreign currency", approved by the order of the Minister of Finance of the Republic of Uzbekistan dated March 23, 2004 № 51. In the international accounting system, this process is regulated by the International Accounting Standard № 21 "Effects of changes in exchange rates". There is another problematic situation that you encounter in your research, which is directly related to the accounting provision of currency values. In business entities, the currency items of the balance sheet, in general, when talking about currency values, are understood mainly cash in the form of currency (5200 account funds). This does not allow the entity to obtain complete information about currency values.

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As you can see from the balance sheet assets data, the only row that represents currency positions for balance sheet users is currency row 350, and the balance sheet is available at the beginning of the reporting period. However, it is not possible to obtain general information on other foreign exchange items on the balance sheet, including cash foreign currency and foreign currency receivables.

As can be seen a similar situation in the passive part of the balance sheet, that is, information in one line does not indicate to external users of information how much currency is overdue..

Paragraph 7 of IFRS 22 provides for the disclosure of information, according to which the financial statements and their explanations should provide information on the amount of exchange differences incurred in the accounting records.

Therefore, in our opinion, in order to summarize the information on foreign exchange items of the balance sheet in business entities, to provide external users with timely, complete and accurate values in foreign exchange transactions, the form "Information on foreign exchange items" was completed, when necessary, it should be made available to investors and other external users to internal users for simultaneous management decision-making and analysis.

We recommend that the form of this "Information on Currency Items" be as follows

Table1: Information on currency items" of "Uzkimyosanoat" JSC as of January 31, 2020 (Formed on the basis of the author's suggestions) (at the exchange rate on the last day of the month)

The active currency item of the balance sheet			The passive currency item of the balance sheet		
Type of currency item	Currency unit	Value, equivalent in soums	Type of currency item	Currency unit	Value
Accounts receivable	dollars	1502562	Accounts payable	dollars	1793652
	euro	23511			
Cash			Private capital		
Total			Total		

On the basis of this table you can get general information about the main currency items of the balance sheet. Of course, when using balance data, users will also need information about each balance sheet currency item. Therefore, the distribution of each currency item should also be given on the basis of this table. In particular, it is desirable to have a separate, informative form, providing a separate account for information on cash, a separate account for receivables, a separate account for private capital and its composition.

Table 2: Information on foreign currency receivables of Uzkimyosanoat JSC as of January 31, 2020 (Formed on the basis of the author's suggestions) (at the exchange rate on the last day of the month)

Accounts receivable in foreign currency		
Type of currency item	Currency unit	Value, equivalent in soums
Debts of buyers and customers	Dollar	1502562
	Euro	23511
Debts of individual divisions		

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Paints given to suppliers and contractors		
Other receivables		
Total		

Information on all currency items is formed in the same order. The implementation of our proposals will serve to ensure the full formation of information on the currency item of the balance sheet in business entities and help to provide adequate accounting information for external and internal users.

CONCLUSION

Each of the functions performed in the activities of economic entities carrying out export-import operations, to one degree or another, affects the accounting system. We consider it expedient to divide them into the following groups.

- timeliness of timely export and import operations due to the significant distance between the participants of export-import operations (buyer and seller);
- the need to cross the customs border between the participants of export-import operations (buyer or seller) and related operations;
- settlements in foreign currency between participants of export-import operations (buyer or seller);
- costs associated with the delivery of goods between the participants of export-import operations (buyer or seller);
- the need for the participants of export-import operations (buyer or seller) to involve the parties providing services or works for the service of export or import goods;
- compliance of participants of export-import operations with domestic norms of the countries participating in mutual trade agreements, as well as with international normative norms;
- implementation of step-by-step control over the movement of export goods inside and outside the customs territory of the country;

In addition, business entities engaged in export-import operations have their own characteristics of accounting and preparation of financial statements:

First; this is due to the formation of account and reporting data on foreign currency transactions, taking into account differences in exchange rates.

Second; reflection of operations on accounting of export-import activity in accounting (financial) reports is carried out on the basis of accounting policy of business entities.

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