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Article

Aligning Lease Accounting with International Standards in Uzbekistan: Problems and Solutions

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Abstract: This study examines how Uzbekistan's national chart of accounts affects the preparation of lease information under IFRS 16. It compares the national and IFRS financial statements of four entities as at December 31, 2023, and reviews the relevant national accounting rules. None of the four national balance sheets presented a separate lease liability. For Uzbekistan Airways, the IFRS lease liability equaled 52.8% of total liabilities reported under national rules. The study proposes repurposing accounts 0310 and 0299 for right-of-use assets and accumulated depreciation and creating subaccounts by underlying asset class. The proposed structure would support the asset disclosures required by IFRS 16. Dedicated liability accounts and supporting schedules would address recognition and measurement of lease obligations.

Keywords: IFRS 16, lease liability, right-of-use asset, chart of accounts, Uzbekistan

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1. Introduction

IFRS 16 Leases has applied to annual reporting periods beginning on or after January 1, 2019. It generally requires a lessee to recognize a right-of-use asset and a lease liability. A lessee may elect recognition exemptions for short-term leases and leases of low-value assets. Lessors continue to classify leases as finance or operating leases [1].

Uzbekistan's transition to IFRS accelerated under Presidential Resolution No. PQ-4611 of February 24, 2020 [2]. Presidential Resolution No. PQ-282 of September 15, 2025, set out further measures to align financial accounting with international requirements, including provisions for public interest entities [3]. The national accounting framework includes a separate standard on lease accounting [4]. The chart of accounts and its instructions are set out in National Accounting Standard (NAS) No. 21 [5]. This study examines how the structure of that chart affects the preparation of IFRS 16 information and proposes an adaptation that uses existing account codes.

2. Materials and Methods

The study compared the lease-related accounts prescribed by NAS No. 21 with the recognition and disclosure requirements in IFRS 16 [1]. The empirical component compared statutory financial statements available through Uzbekistan's Unified Corporate Information Portal with IFRS financial statements at December 31, 2023 [6]. The four cases were Uzbekistan Airways, Uzbektelecom, Hamkorbank, and Uzbekistan Airports. The airline's consolidated IFRS statements are available from Uzbekistan Airways [7]. Uzbektelecom publishes IFRS financial statements on its corporate website [8]. Hamkorbank's consolidated IFRS statements were accompanied by an independent auditor's report [9].

For the three cases with quantified IFRS lease liabilities, the study divided each IFRS lease liability by the corresponding national total liabilities to measure its relative size. It also compared the statutory debt-to-equity ratio with an illustrative adjusted ratio that adds the IFRS lease liability to statutory total liabilities and holds statutory equity constant. This adjustment isolates the possible effect of the liability on the ratio. It represents a sensitivity calculation using the reported inputs.

3. Results

NAS No. 21 differentiates finance and operating leases across at least seven areas, including asset accounts, payables, income, and capital expenditure [5]. For a finance lease, the lessee records fixed assets received under the lease in account 0310 and records related depreciation in account 0299. For a lease classified as operating under the national framework, the underlying asset is recorded in off-balance-sheet account 001. Account 6910 records current amounts payable for lease payments already due. These accounts do not provide the right-of-use asset and discounted lease liability balances required by IFRS 16 [1]. Companies preparing IFRS statements from these records therefore need supplementary calculations and reconciliation adjustments.

None of the four national balance sheets reviewed presented a separately identified lease liability. Table 1 reports the three cases for which the study identified a quantified IFRS lease liability.

Table 1. Lease Liabilities Absent from National Balance Sheets as at December 31, 2023

Entity (industry)	National total liabilities, UZS bn	IFRS lease liabilities, UZS bn	Share of national liabilities, %	Debt-to-equity ratio (national → adjusted)
Uzbekistan Airways (aviation)	10,098.2	5,332.0	52.8	1.30 → 1.99
Uzbektelecom (telecommunications)	7,962.7	289.9	3.6	3.26 → 3.38
Hamkorbank (banking)	17,221.9	73.7	0.4	4.58 → 4.60

Note: The share uses national total liabilities as the denominator. Adjusted debt-to-equity ratios hold national equity constant.

Uzbekistan Airways had the largest difference. Its aircraft leases were denominated in US dollars and had 12-year terms. The IFRS lease liability of UZS 5,332.0 billion was equivalent to 52.8% of national total liabilities. Adding that amount while holding equity fixed raised the illustrative debt-to-equity ratio from 1.30 to 1.99 [7]. Uzbektelecom's IFRS lease liability amounted to 3.6% of national liabilities [8]. The corresponding share for Hamkorbank, which leases office premises, was 0.4%. The bank's statutory-to-IFRS reconciliation indicates that the right-of-use asset and lease liability were added during IFRS reporting [9].

In the fourth case, Uzbekistan Airports used state-owned runways and terminals free of charge under 49-year agreements. On the facts described in the study, the lack of consideration places these arrangements outside the IFRS 16 definition of a lease [1]. NAS No. 21 provides off-balance-sheet account 011 for property received for free use. The national

statements reviewed showed no balance in that account [5].

4. Discussion

The comparison shows how the financial significance of the same chart-of-accounts limitation can vary by industry. Adding lease liabilities produces a substantial change in the airline's illustrative leverage ratio and a small change in the bank's ratio. For the reporting period examined, IAS 1 provides the broader framework for presenting assets and liabilities and distinguishing current from non-current liabilities [10]. A complete lease-accounting process also needs to support cash flow reporting under IAS 7 [11]. Lease-liability maturity disclosures draw on the maturity-analysis requirements of IFRS 7 as specified by IFRS 16 [12].

The proposed adaptation would rename account 0310 "Right-of-use assets" and account 0299 "Accumulated depreciation of right-of-use assets." Subaccounts organized by class of underlying asset, such as buildings, machinery, vehicles, and land, would support retrieval of annual depreciation, additions, and closing carrying amounts for the disclosures required by paragraph 53 of IFRS 16 [1]. An additional analytical code could identify leases with environmental provisions across those asset classes. A separate subaccount for impairment could support the application of IAS 36 to right-of-use assets [13].

The use of asset-class subaccounts would address asset-side records and disclosures. Lease-liability accounts and supporting schedules would still be required for initial measurement, interest, payments, remeasurement, and the current and non-current split [1]. Entities adopting IFRS for the first time would also need to consider the applicable IFRS 1 transition provisions and reconciliations [14]. For international comparison, the US Financial Accounting Standards Board's Topic 842 also brings most lessee leases onto the balance sheet, while retaining separate classification for finance and operating leases [15]. The proposal in this study is designed for reporting under IFRS 16.

The author reports that three enterprises with foreign participation incorporated the proposals into their accounting policies. The four-case comparison illustrates differences in potential financial statement effects across the entities studied. The adjusted leverage figures reflect only the addition of IFRS lease liabilities to national liabilities at unchanged equity.

5. Conclusion

Uzbekistan's chart of accounts provides separate treatments for finance and operating leases, which limits the direct preparation of lessee information under IFRS 16. In the entities examined, the largest omission relative to statutory liabilities was found at Uzbekistan Airways. Repurposing accounts 0310 and 0299 and adding subaccounts by underlying asset class could make right-of-use asset information available during the reporting year. Further work should specify lease-liability accounts, assess the tax implications, and clarify the reporting of state-owned assets provided free of charge.

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