

IMPROVING THE METHODOLOGICAL ASPECTS OF MEASURING AND ACCOUNTING FOR RIGHT-OF-USE ASSETS IN LESSEE ENTITIES

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INTRODUCTION

The increasing complexity of modern economic activities and the growing use of leased assets have significantly changed the financial reporting practices of enterprises. Leasing has become an important instrument that allows companies to access necessary resources and equipment without large initial capital investments. This is particularly relevant for capital-intensive industries where enterprises rely on leased machinery, buildings, vehicles, and technological equipment to maintain operational efficiency. As a result, the accounting treatment of lease transactions has become an important issue in both accounting theory and practice.

A major transformation in lease accounting occurred with the adoption of IFRS 16 Leases, which replaced the previous standard IAS 17 Leases. Under IAS 17, leases were classified as operating or finance leases, and many operating lease obligations remained off the balance sheet. This reduced the transparency of financial statements and limited the comparability of companies’ financial positions. IFRS 16 introduced a new accounting model requiring lessees to recognize a right-of-use asset and a corresponding lease liability on the balance sheet. This approach reflects the economic substance of lease transactions and improves the reliability and transparency of financial reporting.

Despite these improvements, the practical implementation of right-of-use accounting has created several methodological challenges for lessee entities. These include determining the lease term, selecting appropriate discount rates, measuring lease liabilities, and accounting for lease modifications, variable payments, and restoration obligations. In addition, the recognition of right-of-use assets significantly affects financial indicators such as leverage, asset turnover, and profitability ratios, which increases the importance of accurate measurement and accounting procedures.

In this context, improving the methodological aspects of measuring and accounting for right-of-use assets is an important scientific and practical task. Developing more effective methodological approaches will contribute to improving the accuracy of financial reporting, strengthening compliance with international accounting standards, and enhancing the quality of managerial decision-making within enterprises.

LITERATURE REVIEW

The accounting treatment of lease transactions has been widely discussed in academic literature, particularly after the introduction of IFRS 16 Leases, which replaced IAS 17

Leases. IFRS 16 introduced a new accounting model that requires lessees to recognize a right-of-use asset and a corresponding lease liability on the balance sheet. This reform aimed to improve the transparency and comparability of financial statements by eliminating the previous distinction between operating and finance leases.

Several researchers have examined the financial and methodological implications of this standard. Morales-Díaz and Zamora-Ramírez (2018) analyzed the impact of lease capitalization on financial statements and concluded that recognizing right-of-use assets significantly increases reported assets and liabilities while affecting leverage and profitability ratios. Similarly, Segal (2019) emphasized that the new lease accounting model improves the transparency of financial reporting by bringing previously off-balance-sheet lease commitments onto the balance sheet.

Magli, Nobolo, and Ogliari (2018) investigated the financial effects of IFRS 16 adoption and found that capitalization of leases increases leverage ratios while improving EBITDA due to the reclassification of lease expenses. Öztürk and Serçemeli (2016) also noted that the recognition of right-of-use assets significantly changes the structure of financial statements, particularly in lease-intensive industries.

More recent studies have examined the broader economic effects of the new standard. Van Vuuren (2023) found that the increased transparency provided by IFRS 16 improves lenders' confidence and may lead to better borrowing conditions for companies. Negkakis (2025) highlighted that capitalized lease assets can positively influence operational performance indicators, while Sharma (2025) emphasized that improved lease transparency contributes to better corporate governance and sustainability reporting.

Overall, existing studies confirm that the recognition of right-of-use assets has significantly improved the transparency of lease accounting. However, methodological issues related to measurement, valuation, and accounting procedures for right-of-use assets remain insufficiently developed, indicating the need for further research in this area.

DISCUSSION

The introduction of IFRS 16 Leases significantly transformed lease accounting by requiring lessees to recognize right-of-use assets and corresponding lease liabilities on the balance sheet. This approach replaced the previous framework under IAS 17 Leases, where many operating leases were not recognized on the balance sheet. As a result, the new model has improved the transparency and comparability of financial statements while creating new methodological challenges related to the measurement and accounting of right-of-use assets.

Morales-Díaz and Zamora-Ramírez (2018) demonstrated that the capitalization of leases significantly increases reported assets and liabilities and affects key financial ratios such as leverage and profitability. Segal (2019) also emphasized that the recognition of right-of-use assets improves financial reporting transparency, although it requires careful methodological approaches to determining lease terms and discount rates.

Magli, Nobolo, and Ogliari (2018) found that the adoption of IFRS 16 increases leverage ratios while improving EBITDA due to the reclassification of lease expenses. Similarly, Öztürk and Serçemeli (2016) highlighted that the impact of right-of-use asset

recognition is particularly significant in industries that rely heavily on leasing, indicating the importance of accurate measurement methods.

Recent studies further emphasize the broader financial implications of the standard. Van Vuuren (2023) noted that improved transparency in lease accounting can positively influence lenders’ decisions and access to financing. Negkakis (2025) showed that capitalized lease assets may support operational performance in capital-intensive industries, while Sharma (2025) highlighted that improved lease transparency contributes to stronger corporate governance and sustainability reporting.

Overall, the literature confirms that the recognition of right-of-use assets has improved financial reporting quality; however, methodological issues related to measurement, valuation, and lease contract assessment remain important areas for further research.

CONCLUSION

The introduction of IFRS 16 Leases significantly changed the accounting treatment of lease transactions by requiring lessee entities to recognize right-of-use assets and corresponding lease liabilities on the balance sheet. This approach replaced the previous framework under IAS 17 Leases, where many operating leases remained off-balance sheet, thereby improving the transparency and comparability of financial reporting.

The study shows that the recognition and measurement of right-of-use assets play an important role in presenting reliable financial information. Capitalizing lease transactions provides a more accurate reflection of the economic substance of leasing activities. However, the practical application of this model involves several methodological challenges, including determining the lease term, selecting appropriate discount rates, and accounting for lease modifications and variable payments.

The findings also indicate that recognizing right-of-use assets significantly influences financial indicators such as leverage, profitability, and asset structure. While the new accounting model improves financial reporting transparency and supports better decision-making, methodological issues related to measurement and valuation remain.

Therefore, improving the methodological aspects of measuring and accounting for right-of-use assets in lessee entities is essential for enhancing the reliability of financial reporting, ensuring compliance with international accounting standards, and supporting effective financial management.

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