



## RECOGNITION OF ACCOUNTS PAYABLE UNDER IFRS 9: THEORETICAL FOUNDATIONS

Nazarova Ozoda Vahobovna

*PhD Candidate, Banking and Finance Academy of the Republic of Uzbekistan*

Article history:	Abstract:
<b>Received:</b> 10 <sup>th</sup> March 2026 <b>Accepted:</b> 8 <sup>th</sup> April 2026	This article comprehensively examines the theoretical and practical aspects of accounting for accounts payable in Uzbekistan in accordance with the requirements of International Financial Reporting Standard 9 (IFRS 9) "Financial Instruments". The study analyses the criteria for initial recognition of accounts payable as financial liabilities, subsequent measurement methods, the amortised cost model, and the specific features of applying the effective interest rate method. Particular attention is given to the derecognition of financial liabilities, their presentation in financial statements, and the challenges of harmonising national practice with international standards. Methodological problems encountered in measuring and accounting for accounts payable are identified through practical examples, and scientifically grounded proposals and recommendations for addressing them are developed. The findings obtained serve to enhance the transparency and reliability of financial reporting in enterprises, ensure greater accuracy in measuring financial liabilities, and improve accounting policies in conformity with international financial reporting standards.

**Keywords:** *IFRS 9, financial instruments, accounts payable, financial liability, amortised cost, effective interest rate, initial recognition, derecognition*

### INTRODUCTION

In the global economy, ensuring the transparency and reliability of financial reporting has become increasingly relevant in recent years. In the context of globalisation, the quality and comparability of financial information is of paramount importance for investors, creditors and other stakeholders. In this regard, international standards such as IFRS 9 "Financial Instruments" serve to establish a unified approach to the recognition and measurement of financial instruments, including financial liabilities.

In international practice, accounts payable occupy a significant position within the financial liabilities of enterprises, and their correct recognition is of decisive importance for an objective assessment of an enterprise's financial position. Issues of initial recognition, subsequent measurement, calculation at amortised cost, and the application of the effective interest rate method are subjects of extensive study in international academic research. At the same time, the derecognition of financial liabilities and their proper presentation in financial statements are treated as significant scholarly problems in the theory of auditing and accounting.

In the economy of Uzbekistan, a gradual transition to the preparation of financial statements on the basis of international standards is also underway. This gives rise to new requirements for organising and

maintaining accounts payable records at enterprises. In particular, adapting national accounting practice to the requirements of IFRS, introducing modern methods for measuring financial liabilities, and improving accounting policies are matters of considerable importance.

Against this background, the in-depth theoretical and practical study of the specific features of accounts payable accounting, the identification of existing problems and the development of scientifically grounded proposals and recommendations for their resolution constitute one of the most pressing tasks. This article addresses precisely these issues, with the aim of enhancing the quality of financial reporting at enterprises and forming an accounting system consistent with international standards.

### LITERATURE REVIEW

The concept of financial liabilities occupies an important place in the theory of accounting and financial reporting. In international practice, the definition of financial liabilities is set out in IFRS 9 "Financial Instruments". According to this standard, a financial liability is an obligation of an enterprise arising from past events that requires the transfer of economic resources — typically cash or other financial assets — to another party in the future [1].

This definition reveals the economic substance of financial liabilities and serves as the



principal theoretical criterion for their recognition and measurement.

Foreign economists interpret financial liabilities in various ways. Davidson and Weil, for instance, characterise financial liabilities as the legal and economic obligations of an enterprise towards external parties, linking their essential feature to the future outflow of assets [3].

Ahmed Belkaoui, similarly, describes financial liabilities as a set of economic claims that will lead to a future reduction in the enterprise's resources, arguing that the correct measurement of liabilities directly affects the reliability of financial reporting [4].

Local economists have likewise examined the substance of financial liabilities from the perspective of national practice. Ochilov and Mahmudov interpret financial liabilities as the debt obligations of an enterprise towards its creditors, emphasising that managing these liabilities is an important factor in ensuring the enterprise's financial stability [7],[8].

The economist Tychiyev pays particular attention to the importance of the types of liabilities, their measurement methods and their reflection in accounting policy when organising liability accounting [9].

In the academic literature, accounts payable are regarded as the most significant component of financial liabilities. Their initial recognition, subsequent measurement and derecognition must be carried out in accordance with the requirements of IFRS 9. In particular, measuring accounts payable through the amortised cost method and applying the effective interest rate method are widely used in international practice, serving to reflect the real value of liabilities in financial statements [6].

An analysis of the scholarly views cited above demonstrates that the concept of financial liabilities and the issues of organising their accounting are in a

state of continuous development, both theoretically and practically. At the same time, harmonising national practice with international standards, and introducing advanced methods for measuring and accounting for accounts payable, remain among the important scholarly and practical tasks of today.

## METHODS

The study employs a systematic analysis of the requirements of IFRS 9 "Financial Instruments" and the IFRS Conceptual Framework for Financial Reporting. The research methodology includes a comparative analysis of national and international accounting practices, the examination of recognition criteria and measurement methods for accounts payable, and the identification of methodological problems through practical examples. The classification of accounts payable is developed on the basis of multiple criteria — maturity, economic substance, measurement method and source of debt — and is presented in a structured manner.

## RESULTS

### 1) Classification of Accounts Payable

Accounts payable constitute the principal component of an enterprise's financial liabilities, and their correct classification is of major importance for ensuring the transparency and reliability of financial reporting. In accordance with the requirements of IFRS 9 "Financial Instruments", accounts payable are grouped according to various criteria: by maturity — into short-term and long-term; by economic substance — into payables for goods and services, financial liabilities, budget and tax payables, and employee settlements; and by measurement method — into liabilities measured at amortised cost and liabilities measured at fair value.

**Table 1.**

#### **Classification of Accounts Payable\***

<b>N o.</b>	<b>Classification Criterion</b>	<b>Types of Accounts Payable</b>	<b>Brief Description</b>
1	By maturity	Short-term	Obligations due within 1 year; current liabilities
		Long-term	Obligations with a maturity exceeding 1 year
2	By economic substance	Payables for goods and services	Amounts owed to suppliers and contractors
		Financial liabilities	Loans, borrowings and other financial



			obligations
		Budget and tax payables	Amounts owed for taxes and mandatory payments
		Employee settlements	Amounts owed for wages and other employee payments
3	By measurement method	Liabilities measured at amortised cost (short- and long-term)	Measured using the effective interest rate method
		Liabilities measured at fair value through profit or loss (short- and long-term)	Measured based on market value
4	By source of debt	Internal payables	Amounts owed to allocated divisions or related parties
		External payables	Obligations to external creditors

*\* structured by the author.*

This classification serves to deepen the understanding of the economic substance of financial liabilities and to enhance the effectiveness of their management. In addition, the classification of accounts payable directly affects their recognition in accounting and their presentation in financial statements. Short-term liabilities are an important indicator for assessing the enterprise's current liquidity, while long-term payables are of primary significance for analysing financial stability and capital structure. Furthermore, separating accounts payable into different categories makes it possible to effectively identify risks, assess solvency and organise financial planning processes. In this respect, the scientifically grounded classification of accounts payable is of important methodological significance in accounting and auditing practice.

## 2) Recognition Criteria and Initial Measurement

For accounts payable to be recognised as financial liabilities in financial statements, they must first satisfy the definition of a liability established in the conceptual framework of international financial reporting standards. That is, the enterprise must have assumed an obligation to transfer economic resources — typically cash — to another party as a result of past business transactions. Furthermore, recognition of

such an obligation requires that its value can be reliably measured and that the probability of a future outflow of economic benefits is high.

In most cases, short-term trade payables are recognised at the invoiced amount, as it approximates fair value. Only in cases involving deferred payment terms with a significant financing component is discounting required. If a financial liability arises under normal terms — for example, a payable for goods and services — then its initial carrying amount equals the sum contractually due for payment. In certain cases, transaction costs may also be included if they are directly related to the origination of the financial liability.

One of the important aspects of the recognition process for accounts payable is the date on which the financial liability arises — that is, the moment at which the enterprise accepts goods or services or assumes a contractual obligation. At the same time, if settlements are carried out under deferred payment terms, the application of a discounting method may be required to determine the true value of the liability.

The table below systematises the stages of recognising accounts payable as financial liabilities and their content, based on the requirements of IFRS 9 "Financial Instruments".

**Table 2.**

**Stages of Recognition of Accounts Payable\***

No.	Recognition Stage	Content	Key Requirement
-----	-------------------	---------	-----------------



No.	Recognition Stage	Content	Key Requirement
1	Identifying the emergence of the obligation	Occurrence of indebtedness as a result of a business transaction	A past event must exist
2	Compliance with the definition	Criteria for recognition as a financial liability	Probable outflow of economic resources
3	Measurement of value	Reliable determination of the amount of the liability	Possibility of reliable measurement
4	Initial measurement	Recognition at fair value	Measurement based on fair value
5	Recording	Reflection in accounting records	In accordance with accounting policy

*\* Structured by the author.*

These stages ensure the correct and consistent recognition of accounts payable, serving to ensure the fair presentation of liabilities in financial statements. In summary, the recognition of accounts payable is carried out in accordance with the requirements of IFRS 9 "Financial Instruments", and their correct and timely recording in accounting is of paramount importance for ensuring the reliability and transparency of financial reporting.

## DISCUSSION

The analysis carried out demonstrates that the recognition and measurement of accounts payable in accordance with IFRS 9 requires enterprises in Uzbekistan to significantly reorganise their accounting systems. The main challenge lies in the practical application of the effective interest rate method and the amortised cost model, which demand a sufficiently high level of qualification from accounting staff and the availability of appropriate information systems.

A comparison of national and international practice reveals a number of methodological gaps. In particular, national accounting standards have not yet fully incorporated the detailed requirements of IFRS 9 concerning the initial measurement of liabilities under deferred payment terms and the application of discounting. This creates disparities between the carrying amounts of accounts payable under national standards and their values determined in accordance with IFRS.

The classification proposed in this article, based on four criteria — maturity, economic substance, measurement method and source of debt — provides enterprises with a systematic tool for organising analytical accounting and generating high-quality disclosures in financial statements. The stages

of recognition systematised in Table 2 enable accountants to apply a consistent and standardised approach when recording financial liabilities.

## CONCLUSION

Based on the results of the scientific research conducted on this topic, the following conclusions have been formulated:

1. The correct recognition and measurement of accounts payable in accordance with the requirements of IFRS 9 "Financial Instruments" ensures the fair presentation of financial liabilities in enterprises, thereby ensuring a more accurate representation of financial liabilities and reduces the risk of misstatement in financial reporting.
2. The application of the amortised cost method and the effective interest rate method serves to determine the true economic value of accounts payable and ensures accuracy in the calculation of financial results.
3. Organising accounts payable accounting in conformity with international standards has a positive impact on effective liquidity management, risk reduction and the enhancement of investment attractiveness at enterprises.

## REFERENCES

1. IASB. (2018). Conceptual Framework for Financial Reporting. London: IFRS Foundation.
2. IASB. (2014). International Financial Reporting Standard 9: Financial Instruments. London: IFRS Foundation.



3. Davidson, S., Stickney, C. P., & Weil, R. L. (1987). *Accounting: The Language of Business* (6th ed.). Thomas Horton and Daughters.
4. Belkaoui, A. R. (2004). *Accounting Theory* (5th ed.). Thomson Learning.
5. Larson, K. D., & Miller, P. B. (2015). *Fundamental Accounting Principles* (23rd ed.). McGraw-Hill Education.
6. Weygandt, J. J., Kimmel, P. D., & Kieso, D. E. (2019). *Financial Accounting* (10th ed.). Wiley.
7. Ochilov, F. Sh. (2025). Improving the methodology of liability accounting and auditing in joint-stock companies. Abstract of DSc dissertation. Tashkent. 86 p.
8. Mahmudov, S. K. (2006). Improving liability accounting and analysis in joint-stock companies. Abstract of PhD dissertation. Tashkent. 22 p.
9. Tuychiyev, A. J. (2010). Theoretical and methodological problems of liability accounting and analysis. Monograph. Tashkent: IQTISOD-MOLIYA. 272 p.