

## DEVELOPMENT OF ACCOUNTING IN THE REPUBLIC OF UZBEKISTAN

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### ANNOTATION

This article examines the history of the emergence of accounting and budgetary accounting in the Republic of Uzbekistan, provides an overview of its current state and characteristic features. Particular attention is paid to how well the country's accounting and budgetary accounting correlates with global trends and practices, and a brief overview of current reforms and their main goals is given.

**Keywords:** accounting and budgetary accounting, national accounting standards (NAS), international financial reporting standards (IFRS), accounting automation, system of national accounts (SNA).

Material production is the basis of the life of any society. At a certain stage in the development of society, it becomes necessary to take into account the objects of labor, means and products of labor, as well as the costs of their production for the greatest rationalization of human economic activity. For this, observation, measurement and accounting of all phenomena that appear during economic activity are carried out.

Accounting deals with the analysis of these quantitative characteristics. It makes it possible to control the continuous flow of phenomena occurring during production and circulation. One of the best definitions of accounting was given by F. Abduvakhidov, he wrote that "accounting is an ordered system of reflecting information about the business operations of an enterprise by observing, measuring, registering, processing and obtaining information in monetary terms about the property, obligations and business operations of an acting entity, and their movement through continuous and continuous documentary reflection of business transactions.

In any management system, regardless of its size, a similar information support system is needed to make the most rational economic and organizational decisions. Naturally, a similar system exists in the Republic of Uzbekistan.

The current state of accounting in Uzbekistan is associated with the activities of the former President I.A. Karimov. It was he who ordered to pay special attention to the discipline of "accounting" while studying at universities, and also called on entrepreneurs to pay increased attention to auditing to protect the rights of the entire population of the country. Therefore, in recent years, accounting has undergone significant changes. Among the main events are:

1992 for the first time in the Republic of Uzbekistan, the law "On audit activity" was adopted;

1993 on April 1, the country switched from a gross balance to a net balance;

1996 Law 279-1 "On Accounting" comes into effect on August 30, which lists the basic principles of accounting and reporting in the Republic of Uzbekistan;

1998 in August approved the Conceptual Framework for preparation and submission;

1999 Decree of the Cabinet of Ministers of the Republic of Uzbekistan dated February 2, No. 54 included three new national accounting standards BHMS, for the first time introduced about 10 auditing standards, approved standards (AMS);

2000-2001 new audit standards were introduced, the old ones were reformed in order to bring them in line with the new requirements; 2002 Joint ventures, enterprises with foreign investment and audit firms switched to USN 21, a new standard that has undergone numerous reviews. New forms of financial reporting were introduced

Having considered the history of the origin of accounting in the Republic of Uzbekistan, it is possible to build a hierarchy of legal documents that regulate accounting in the country.

1. Law of the Republic of Uzbekistan "On Accounting", it regulates the general principles and relations in the field of financial reporting.

2. National accounting standards of the Republic of Uzbekistan, they are created as universal standards for financial reporting in the country.

3. Guidelines, instructions, recommendations that determine the procedure for maintaining accounting for individual sections of accounting, they specify the main provisions of NAS.

4. The accounting policy of the enterprise, the working Chart of Accounts, primary documentation - these plans are unique for individual business entities.

In the period up to 2009, 24 national accounting standards (NAS) were adopted in the Republic of Uzbekistan. We consider these measures necessary. In modern conditions, accounting without appropriate national standards is unthinkable. The application of NAS eliminates inaccuracies and discrepancies in reporting, and also minimizes the possibility of evading tax deductions or conducting dishonest transactions.

Among the basic principles of accounting and reporting, which were introduced in 1996, we can distinguish:

– Income and expenses are recognized in the accounting records and reflected in the financial statements as they are received or incurred, and not on the basis of receipt of funds or payment;

– Business entities are required to use the double entry method;

- Business entities are considered as continuously operating, that is, with a focus on their work in the near future;

– Assets are valued in fact, that is, at cost or purchase price;

– The financial statements provided must be truthful, impartial, timely, complete, consistent, and correlated with each other throughout the country for the most efficient and smooth operation of financial institutions throughout the country.

We believe this system is quite relevant to this day. It reflects the main principles of accounting around the world, and also allows the state to pursue a universal economic policy throughout the country.

The trend for accounting automation exists all over the world; this is necessary to minimize the human factor in reporting, which often leads to errors and incorrect final results. Automation is also useful in the unification of all data received by financial authorities, and in reducing the cost of the work of accountants.

In the Republic of Uzbekistan, a favorable basis for the automation of accounting processes is created by the laws "On the principles and guarantees of freedom of information" No. 439-II of December 12, 2002, "On informatization" No. 560-II of December 11, 2003. In our time, the

following software products are especially common in the country: BEM; UzASBO; USTO; SOLIK INFO; "1C: Accounting 8 for Uzbekistan", etc.

Since 2016, after coming to the presidency of Sh.M. Mirziyoyev, a new accounting reform has begun in the Republic. It is based "on the basis of using the achievements of accounting science, statistics and world practice, reflected in the system of national accounts (SNA) and international financial reporting standards (IFRS), as well as taking into account the characteristics of the national economy."

Internal audit in modern conditions allows businesses to solve many problems, not only in relation to control over the correctness of accounting and the preparation of financial statements, but also in relation to the organization and improvement of the management of business structures. As an internal control tool, internal audit helps to implement various control measures, conduct an operational analysis of the financial condition, as well as timely identify and develop options for changing the organization's policy and a set of management decisions.

The relevance of internal audit and the need for it is also explained by the opportunity it provides in terms of monitoring individual business processes, their evaluation and rapid change if necessary.

It should be noted that the presence of an internal audit service in the structure of an organization or a dedicated position of an internal auditor increases the credibility of government agencies and investors. This contributes to the growth of confidence on the part of shareholders and additional attraction of funds.

The need for the services of internal auditors arose in the face of loss of confidence in middle managers and the threat of collusion with external auditors. This was facilitated by several major scandals in America and Europe in the 20th century.

The very concept of "internal audit" was considered by many economists. So the English scientist Adams R. defined it as an element of the internal control system, which is formed directly by the management of the organization, in particular, to verify accounting data and other elements of internal control. American scientists Lobbek J.K., Ahrens E.A. believe that internal audit helps to obtain information for management for effective management decisions. Russian scientists define internal audit as an important element of the internal control system in order to obtain credentials for analysis and control activities (works by S.M. Bychkova). Kalinicheva R.V. defines internal audit as an important tool in the internal control system, the activities of which are provided by high-level professionals.

Consider modern approaches to understanding internal audit. Thus, the International Institute of Internal Auditors understands it as the provision of independent and objective guarantees and consultations, which are aimed at improving the activities of organizations. According to the definition given by the Institute, internal audit is designed to help management achieve its goals. This is ensured by a systematic approach to the continuous and consistent assessment of the organization's risks and management processes, which makes it possible to increase the effectiveness of risk management, control and corporate governance processes.

The profession of an internal auditor requires objectivity in work, observance of impartiality, which is possible only on the basis of observance of another principle - independence. With regard to internal auditors, this is implemented only with the exception of the relationship



between the head of the organization, to whom the internal audit service will report. In such organizations, the possibility of any impact on internal auditors by the heads of departments or deputy heads should be excluded, otherwise the principle of independence will not be fully implemented, which may affect the conclusions and objectivity of assessing the results of internal audit.

It can also be said that internal audit is aimed at improving the activities of the organization, which is possible taking into account such an approach, which provides not only for the identification of errors, problematic areas of responsibility, the identification of guilty persons, but also the development of recommendations to reduce negative consequences, the development of organizational measures aimed at to improve management efficiency and optimize business processes.

Business leaders expect certain guarantees from internal auditors. This is possible on the basis of adherence to the principles described above, which will allow an objective assessment of the established facts and establish the degree of effectiveness and reliability of management systems, business processes and various operations within the organization. Moreover, if managers expect guarantees from auditors based on the results of an internal audit, the auditors themselves decide what evidence they will receive, how much work to perform, and how long they need for this. If it is necessary to obtain consultations, the managers already determine the timing and volume of the analyzed information. Thus, internal auditors interact with management, perform assigned tasks, and help implement internal control measures.

Another aspect of the interaction between the management of organizations and the internal audit service is that top managers and owners of organizations have the opportunity to receive objective information about how management is carried out at various levels of management, they have the opportunity to make personnel decisions without compromising the management and production process, which also helps to control the heads of departments.

With regard to participation in PPP projects, it is important to have an internal audit service in the structure of such organizations and from the standpoint of constant monitoring of the movement and safety of inventories, because such projects are associated with the construction of buildings, socially significant facilities, which require significant material resources. It becomes important for the state that businesses can ensure the control and safety of not only those resources that come from the state, but also their own, in order to eliminate possible risks of violating construction deadlines or the inability to fulfill their obligations.

In addition, internal control allows you to timely detect production processes that are not manageable at a certain point, which will solve the problem of their negative impact on the key performance indicators of the enterprise [4]. Carrying out a detailed analysis makes it possible to calculate special indicators that allow assessing the probability of bankruptcy, and allows developing a certain financial strategy [5]. The internal audit service is important for organizing the efficient operation of business structures, minimizing risks, improving management efficiency and ensuring a sufficient degree of sustainability of business development in modern conditions.

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