

## IMPROVING THE FINANCIAL STATEMENT OF THE PUBLIC ACCOUNTS ACCORDING TO INTERNATIONAL STANDARDS

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### Abstract

In international accounting practice, various forms of the statement of financial position (balance sheet) are used. One of the major challenges facing accounting is preparing financial reporting information in a way that meets the needs of users, is concise and understandable to everyone, based on international standards.

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### Introduction

As a result of the integration of the world economy and the development of the international division of labor, the integration of international goods, services and capital markets is taking place. In previous economic periods, companies were financed from domestic resources, but nowadays, the financing of their activities is widely attracted from abroad in various forms along with domestic resources of the country. This led to the demand for the financial system of countries to radically reform the accounting sector of companies. In particular, the balance sheet, which is one of the main forms of financial reporting, is widely used by managers, investors and other users to understand the current financial situation of a business.

The balance sheet shows the financial position of the enterprise, so this form of report is also called "Statement of Financial Position". It is usually used alongside two other types of financial statements: the income statement and the cash flow statement.

The balance sheet answers the question "what do we (the company) have?" The accounting balance sheet shows what the enterprise owns (means of production, objects of production, cash, receivables, and similar assets) and to whom the enterprise owes (accounts payable, bank loans, and similar debts and liabilities). The difference in the remaining amount between these assets and liabilities represents the amount owed to their owners, as their equity interest. For this reason, it is important to improve the report on the financial status of the companies operating in our country today and to correctly classify its items.

The study of foreign and domestic literature on the subject shows that although the characteristics of the accounting balance have been revealed by economists, there is a need to develop a definition that embodies all its characteristics.

## Materials and methods of research

In the research work, the method of comparing the rules of the National Accounting Standards of the Republic of Uzbekistan with the IHSS, logical analysis, analysis and synthesis methods were used.

## Results and its discussion

Compilation and presentation of the accounting balance sheet (Financial statement) in the national accounting system Law of the Republic of Uzbekistan No.404 "On Accounting" adopted on April 13, 2016 and 0-BHMS-"Conceptual basis for preparation and presentation of financial statements", BHMS No. 1 – "Accounting Policy and Financial Reporting" and BHMS No. 15 – "Accounting Balance" are regulated by national standards.

Today, financial reporting in joint ventures and large production enterprises, which have moved to the preparation and presentation of financial statements based on the requirements of international standards, is IAS No. 1 - "Presentation of Financial Statements", IAS No. 10 (IFRS) - "Consolidated Financial Statements" , IAS No. 27 - "Separate Financial Reporting", IAS No. 34 - "Interim Financial Reporting" and other similar international standards.

The balance sheet is a report on the financial position of the enterprise at a certain point in time. This is one of the main reports provided by the accounting system. A balance sheet shows what a company owns, how much it owes, and the business's equity (or net worth). By comparing the balances of previous periods, you can determine the increase or decrease of assets, liabilities and equity in this balance sheet[6].

R. H. Hermanson and others define it as follows: "The balance sheet, sometimes called the statement of financial position, is a table that shows the company's assets, liabilities, and stockholders' equity at a particular point in time. . A special moment of time is the closing of the business on the balance sheet date." [7].

Based on the above standards and the opinions of scientists, the financial statement (accounting balance sheet) can be defined as follows:

A financial statement is a method of providing information on the state of assets and liabilities of an entity in a form that meets the requirements of users interested in it, in a complete and simple way, in order to make an objective assessment of the entity's financial condition. That is, in the statement of financial position:

1st- the demand for financial information of users (persons) interested in the company's activities should be taken into account.

2nd - Assets and liabilities that are relevant to the user should be displayed in a complete and simple manner.

3rd - the provided information should provide an opportunity to make an objective assessment of the enterprise's activity.

In international accounting practice, various forms of financial statement (Balance Sheet) are used.

It does not have a single classification system.

In international accounting practice, the following forms of the financial statement (Balance Sheet) are widely used:

1. Classified balance.
2. Overall size balance.
3. Reduced balance.

4. Consolidated balance sheet.
5. Horizontal balance.
6. Vertical balance.

In order to further increase the usefulness of the Financial Status Report (accounting balance sheet) based on the study of foreign experiences and the requirements of international and national standards, we propose to highlight its sections and elements in the following order and form (Table 1):

**Table 1 The proposed form of presentation of sections and elements of the statement of financial position (accounting balance sheet)**

| The name of the pointers   | Code line  | At the beginning of the reporting year | Report for the end of the year |
|--|------------|--|--------------------------------|
| 1  | 2          | 3                                      | 4                              |
| <b>ACTIVE</b>  |            |  |                                |
| <b>I. Long-term assets</b>   |            |  |                                |
| <i>Initial (reevaluation) value of fixed assets (0100, 0300), total (011+012+013+014):</i>                     | <b>010</b> |  |                                |
| Inroduction  | 011        |  |                                |
| Inservice  | 012        |  |                                |
| Inadministrativeuse  | 013        |  |                                |
| Othermainassets  | 014        |  |                                |
| <i>Depreciation (reevaluation of depreciation) value of fixed assets (0200), total (021+022+023+024):</i>      | <b>020</b> |  |                                |
| Inroduction  | 021        |  |                                |
| Inservice  | 022        |  |                                |
| Inadministrativeuse  | 023        |  |                                |
| Othermainassets  | 024        |  |                                |
| <b>Residual (balance) value of fixed assets, total (031+032+033+034):</b>                                      | <b>030</b> |  |                                |
| The main assets of production  | 031        |  |                                |
| The main assets of service   | 032        |  |                                |
| The main assets of administrative use  | 033        |  |                                |
| Othermainassets  | 034        |  |                                |
| <i>Initial (reevaluation) value of intangible assets (0400), total (041+042+043+044):</i>                      | <b>040</b> |  |                                |
| Inroduction (service).   | 041        |  |                                |
| Inadministrativeuse  | 042        |  |                                |
| Goodwill   | 043        |  |                                |
| Otherintangibleassets  | 044        |  |                                |
| <i>Depreciation (reevaluation of depreciation) value of intangible assets (0500), total (051+052+053+044):</i> | <b>050</b> |  |                                |
| Inroduction (service).   | 051        |  |                                |
| Inadministrativeuse  | 052        |  |                                |
| Otherintangibleassets  | 053        |  |                                |
| <b>Residual (balance) value of intangible assets, total (061+062+063+064):</b>                                 | <b>060</b> |  |                                |
| Inroduction (service).   | 061        |  |                                |

|  |            |  |  |
|--|------------|--|--|
| Inadministrativeuse  | 062        |  |  |
| Goodwill   | 063        |  |  |
| Otherintangibleassets  | 064        |  |  |
| Long-terminvestments (0600)  | 070        |  |  |
| includingtoforeigncompanies  | 071        |  |  |
| Uninstalledequipment (0700)  | 080        |  |  |
| Capitalinvestments (0800)  | 090        |  |  |
| Long-termaccountsreceivable (0900)   | 100        |  |  |
| Deferredtaxassets (0950)   | 110        |  |  |
| <b>SECTION I TOTAL (Total long-term assets<br/>(030+060+070+080+090-100+110))</b>          | <b>120</b> |  |  |
| <b>II. Currentassets:</b>  |            |  |  |
| <b>Totalinventory, (line 140 + 150 + 160 +<br/>170+180+190)</b>                            | <b>130</b> |  |  |
| Productionresources (1000, 1100, 1500, 1600)   | 140        |  |  |
| Workingprogress (2000, 2100, 2300, 2700)   | 150        |  |  |
| Finishedproducts (2800)  | 160        |  |  |
| Goods (differencefrom 2900 to 2980)  | 170        |  |  |
| Deferredexpenses (3100)  | 180        |  |  |
| Delayedexpenses (3200)   | 190        |  |  |
| <b>Totaldebtors (210+220+230+240+250+260+270)</b>  | <b>200</b> |  |  |
| Receivables from customers and clients (4000)  | 210        |  |  |
| Received from separate units, branches and dependent<br>economic societies (4100)          | 220        |  |  |
| Bonusesgiventoemployees (4200)   | 230        |  |  |
| Vouchers issued to suppliers and customers (4300)  | 240        |  |  |
| Payments to the budget, special funds and insurance<br>(4400, 4500)                        | 250        |  |  |
| Credit to the charter capital for founders' shares (4610)                                  | 260        |  |  |
| Employees' other transactions and other receivables<br>(4700, 4800)                        | 270        |  |  |
| <b>including overdue receivables</b>   | <b>280</b> |  |  |
| Reserveforbaddebts (4910)  | 290        |  |  |
| <b>Net worth of total debtors [200-290]</b>  | <b>300</b> |  |  |
| <b>Total cash amounts and equivalents<br/>(320+330+340+350+360), incl.</b>                 | <b>310</b> |  |  |
| Cashandcashequivalents (5000, 5600)  | 320        |  |  |
| National, foreign currency funds in bank accounts,<br>money on the road (5100, 5200, 5700) | 330        |  |  |
| Money in special accounts, temporary and quick<br>deposits (5500)                          | 340        |  |  |
| Short-terminvestments (5800)   | 350        |  |  |
| Othercurrentassets (5900)  | 360        |  |  |
| <b>PART II GENERAL. (Total real assets<br/>(130+150+160))</b>                              | <b>370</b> |  |  |
| <b>BALANCE (120+170) :</b>   | <b>380</b> |  |  |

| The name of the pointers   | Codeline   | At the beginning of the reporting year | Report for the end of the year |
|--|------------|--|--------------------------------|
| 1  | 2          | 3                                      | 4                              |
| <b>Liabilities</b>   |            |  |                                |
| <b>I. Private property</b>   |            |  |                                |
| Authorized capital (8300)  | 390        |  |                                |
| Private Stock Purchased (8,600)  | 391        |  |                                |
| Net charter capital (390-391)  | 400        |  |                                |
| Added capital (8400)   | 410        |  |                                |
| Reserve capital (8500)   | 420        |  |                                |
| including: reserve for capital repairs   | 421        |  |                                |
| reserve for dividend payments  | 422        |  |                                |
| Retained earnings (unreimbursed losses) (8700)                                   | 430        |  |                                |
| Target crops (8800)  | 440        |  |                                |
| Provision for guarantees given (8900)  | 450        |  |                                |
| <b>I-БҮЛИМ ЖАМИ (Хусусий капитал жами (400+410+420+430+440+450))</b>             | <b>460</b> |  |                                |
| <b>II. Liabilities:</b>  |            |  |                                |
| <b>Long-term liabilities, total (480+490+500+510+520)</b>                        | <b>470</b> |  |                                |
| Long-term debt to suppliers and contractors (7000)                               | 480        |  |                                |
| Long-term loans to separate departments, branches and subsidiaries (7100)        | 490        |  |                                |
| <b>Deferred long-term liabilities (7200)</b>                                     | <b>500</b> |  |                                |
| including: long-term deferred income in the form of discounts (7210)             | 501        |  |                                |
| delayed (extended) tax payment obligations (7240)                                | 502        |  |                                |
| Long-term liabilities for deferred income tax on temporary differences (7250)    | 503        |  |                                |
| Long-term loans from buyers and customers (7300)                                 | 510        |  |                                |
| <b>Long-term loans, other debt obligations (7800, 7900)</b>                      | <b>520</b> |  |                                |
| Including, bank loans (7810)   | 521        |  |                                |
| Bonds and bills payable (7830, 7840)   | 522        |  |                                |
| finance lease payable (7910)   | 523        |  |                                |
| <b>Current obligations, total (540+550+560+570+580)</b>                          | <b>530</b> |  |                                |
| Credit to suppliers and contractors (6000)                                       | 540        |  |                                |
| Loans to separate departments, branches and affiliated economic companies (6100) | 550        |  |                                |
| <b>Deferred liabilities (6200)</b>   | <b>560</b> |  |                                |
| including: deferred revenue in the form of discounts (6210)                      | 561        |  |                                |
| Delayed obligations for taxes and compulsory payments (6240)                     | 562        |  |                                |
| Liabilities for delayed income (profit) tax on temporary differences (6250)      | 563        |  |                                |
| Credits received from buyers and customers (6300)                                | 570        |  |                                |

|  |            |  |  |
|--|------------|--|--|
| Loans for payments to the budget (6400)                      | 580        |  |  |
| Payments to insurance and special state funds (6500)         | 590        |  |  |
| Loans to founders (6600)                                     | 600        |  |  |
| Debt from employees for wages (6700)                         | 610        |  |  |
| <b>Short-term loans, other debt obligations (6800, 6900)</b> | <b>580</b> |  |  |
| Including, bank loans (6810)                                 | 581        |  |  |
| Bonds and bills payable (6830, 6840)                         | 582        |  |  |
| short-term rent payable (6910)                               | 583        |  |  |
| <b>PART II TOTAL. (Total current liabilities (470+530))</b>  | <b>590</b> |  |  |
| <b>BALANCE (460+590)</b>                                     | <b>600</b> |  |  |

**Source: Author development based on research.**

This statement of financial position (accounting balance sheet) differs from the current accounting balance sheet in the following aspects:

- fixed assets and intangible assets are classified according to the purpose of use and shown in separate lines;
- cash and cash equivalents in the cash register are classified according to the places of storage and shown in one line;
- the authorized capital is included in the balance according to the net authorized capital;
- only significant types of deferred long-term and short-term debt obligations are shown on a separate line.

Classification of fixed assets and intangible assets according to their purpose of use and showing them in separate lines makes it possible to control fixed assets through direct reporting, their effective use and direct assessment of their efficiency.

## Conclusions

To summarize, in international accounting practice, various forms of the Statement of Financial Position (Balance Sheet) are widely used. The international standards of financial reporting on the preparation and presentation of financial statements are of a recommendatory nature, where the main focus is on the ability to meet the needs of users of the information in the report.

In the article, the definition of the financial status report was developed based on the study of foreign and national literature on the field.

Through the accounting practices of countries, the elements affecting the importance and quality of the financial statement were revealed and recorded in separate lines.

In order to correctly assess the effectiveness of fixed assets and intangible assets, it was recommended to separate them into fixed assets in the balance sheet: in production (service), non-production, used for administrative purposes, etc.

The main purpose of the financial report is to organize the activity of the enterprise, improve its activity and directly help the users of the information to make the right decisions.

We believe that this recommended reporting format directly meets the interests and requirements of internal and external users. In the form of this report, the types of funds of the enterprise and the sources of their formation, which are important for the control and analysis of the enterprise's activities, are shown in separate lines.

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