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**“ORGANIZATION AND MAINTENANCE OF ACCOUNTING POLICY IN  
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## INTRODUCTION

**Actuality of the theme of the final qualifying work.** The topicality of the final qualifying work is that the accounting policy chosen by the organization has a significant impact on the value of the product cost, profit, income taxes, added value and property indicators of the financial state of the organization. Thus, the accounting policy is an important means of forming the value of the main indicators of the organization's activities, tax planning, pricing policy. With the transition to market relations, approaches to accounting in organizations have changed. The process of formation and development of the regulatory accounting system in a transitional economy is influenced, at a minimum, by the following objective factors:

- Firstly, the market environment is characterized by a greater variety of economic life than the administrative economy, and therefore causes the democratization of economic and public life, which in the system of regulation of the accounting profession and accounting activity manifests itself in their liberalization, that is, in some granted professional freedom;

- Secondly, the transition economy is characterized, including, by the immaturity of economic relations in the country, by the absence of a mass civilized user of accounting statements and the consumer of financial information.

**The subject** of the study is formation of accounting policies for accounting and tax accounting purposes of LLC «Navbahor Sanoat».

**The object** of research is the economic characteristics and accounting policy of the enterprise LLC «Navbahor Sanoat».

**The aim and tasks of the final qualifying works** of the final qualifying work is to develop recommendations for the improvement of accounting policy aspects for accounting and tax accounting purposes at the enterprise under investigation.

In accordance with the goal, it is necessary to solve a number of problems:

1. To substantiate theoretically the procedure for the formation of the accounting policy for the purposes of accounting and tax accounting.

2. To consider the procedure for changing the accounting policy for the purposes of accounting and tax accounting.

3. To give economic and financial characteristics of the investigated enterprise.

4. Suggest areas for improving accounting policies.

**Practical and theoretical significance of the results of the final qualifying work** from the strict regulation of the accounting process on the part of the state in the past, at the present time, we have moved to a reasonable combination of state regulation and the independence of organizations in the formulation of accounting. The essence of new approaches to accounting is basically that on the basis of the general rules of accounting established by the state, while walking along the path of convergence with international standards for the formation of financial statements, organizations independently develop an accounting policy for solving the tasks set before taking into account the tasks. At the same time, the rate is made to increase the professional level of the accountant, who must keep records and generate reports based on declared principles of accounting and the conditions for managing the organization, and not only on the basis of rigid norms established by the state.

It should be noted that the importance of accounting policy is underestimated by many organizations in which they formally formulate accounting policies, do not study the consequences of the application of certain elements of it. The topicality of the topic is that the accounting policy chosen by the organization has a significant impact on the value of the product cost, profit, income taxes, added value and property indicators of the financial state of the organization. Thus, the accounting policy is an important means of forming the value of the main indicators of the organization's activities, tax planning, pricing policy. "Without acquaintance with the accounting policy, it is impossible to carry out a comparative analysis of the

performance of the organization for different periods, and even more so to analyze the various organizations.”<sup>1</sup>

**The structure and scope of this work consists of** an introduction, three chapters, divided into paragraphs, conclusion and offers, a list of references and appendices. The paper presents tables, several diagrams, drawings from the latest scientific literature and the author's development on the basis of the practical material of the study. When writing a final qualifying work, will be used:

- documents of all regulatory levels of the system of accounting in the Republic of Uzbekistan;
- educational literature;
- training manuals on accounting and management;
- training manuals on the formation of accounting policies in different reporting periods;
- comments on legislation.

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<sup>1</sup>Hendricksen S.S. “Accounting in foreign countries”.England, 2012.

# **CHAPTER 1. THEORETICAL AND METHODOLOGICAL BASES OF ACCOUNTING POLICY IN ECONOMIC ENTITIES IN THE CONDITION OF MODERNIZATION OF ECONOMY**

## **1.1. Essence of forming accounting policy in economic entities**

Accounting policy is a set of methods for accounting and disclosure of financial statements in accordance with their principles and principles.

Accounting policy - this is the methods and methods of accounting, regulated by regulations, on the one hand, and taking into account the features of the enterprise, on the other. That is, it is a set of rules that are mandatory for enterprises of all sectors of the national economy and regulates all accounting activities, which, as an independent structure, occupy a separate place among other enterprise structures.

For the first time, a provision on accounting policy was introduced in the United States. In 1934, in the absence of statutory acts on accounting, the US Congress instructed the Securities and Exchange Commission to develop a provision on accounting policy for firms that quoted their securities. This circumstance was aimed at establishing a certain order and ensuring predictability in accounting practice after the crisis of 1929.<sup>2</sup>

Accounting policy is formed on the basis of a set of fundamental principles and rules, the implementation of which is unconditional. The existence of such principles and rules is explained by the very purpose of accounting in a market economy, which is designed to generate complete and reliable data on the property and financial position of the enterprise, to act as a method for communication of business people, and be part of the nation-wide system for the formation of macroeconomic indicators. All this becomes possible only on the basis of unified approaches and rules of accounting.

A general provision that is the same for all organizations should not be included in the accounting policy. When it is formed, only those issues

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<sup>2</sup> Journal "Economy". US. 2015.

are considered, the resolution of which in accordance with regulatory documents may differ from those adopted in other organizations. Accounting policy is formed by choosing accounting methods from several allowed by generally accepted standards. The choice of the accounting option is influenced by the following factors:

- legal and organizational and economic status of the enterprise - the form of ownership (private, state), organizational and legal form (joint-stock company, limited liability company, general partnership, leased enterprise, etc.), industry and type of activity (industry, construction, transport, science and scientific services, trade, etc.);

- current and long-term goals of entrepreneurship (attraction of additional financial resources, strengthening of competitive positions in the market, implementation of investment programs, increase of quotations, etc.);

- (business structure, consumed resources), commercial (organization of supply and sale, systems and forms of settlements, relationships with customers), financial (relationships with banks and other financial institutions, tax system), management (structure, independence from owners, reporting to them, the level of technical support, including computer equipment);

- staffing - the level of personnel qualification (experience, skills, the level of understanding of the tasks and problems facing it, the ability to solve them);

- economic situation - a kind of market infrastructure, the state of economic, tax, accounting legislation, the favorable investment climate, etc.

The choice of accounting policy should be justified, so that in the specific conditions of the organization's activities, it best ensures the implementation of the task and provide information about the financial situation and performance of the organization.

The accounting policy of the enterprise, being the basis of the accounting system, must ensure the fulfillment of the following tasks:

- adherence to fundamental accounting principles, such as completeness, timeliness, prudence, priority of content before form, consistency, rationality, continuity of activity and constancy;

- control over compliance with the requirements for accounting: completeness, materiality, neutrality, comparability, comparability;
- preparation by the organization of reliable accounting, tax, statistical;
- ensuring the uniformity of methodology in the organization and maintenance of accounting in the organization as a whole and in its structural divisions;
- ensuring the responsiveness and flexibility of the accounting system's response to changes in the conditions for the implementation of financial and economic activities, including those caused by changes in legislative and regulatory acts.

Assumptions and requirements are provided for National Accounting standard of Uzbekistan:

a) the assumption of property isolation of enterprises, i.e. The balance sheet of the organization reflects property and liabilities that belong to it. The property and liabilities of the owners of the organization (founders) and other enterprises are taken into account separately;

b) the assumption of the continuity of the activities of the organization indicates that the organization will continue its activities for the foreseeable future and it has no intentions and the need to liquidate or significantly reduce the activity, and therefore the obligations will be repaid in due course;

c) the assumption of a sequence of application of accounting policy, i.e. The accounting policy chosen by the organization is applied consistently, from one reporting year to another;

d) the assumption of temporary certainty of the facts of economic activity. The facts of the economic activity of the organization refer to that reporting period and, therefore, are reflected in the accounting records in which they took place, regardless of the actual time of receipt or payment of funds associated with these facts.<sup>3</sup>The main purpose and main task of the accounting policy adopted by the enterprise is to reflect the activity of the enterprise as much as possible, to form

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<sup>3</sup> National Accounting Standards. №1 “Accounting policy and financial reporting”. 1999.

complete, objective and reliable information about it with the aim of effective regulation in the interests of the case.

Hence the main requirements for accounting policies:

- completeness - reflection in accounting of all factors of economic activity;
- cautiousness - providing greater readiness for losses than possible incomes (not allowing the creation of hidden reserves);
- the priority of the content before the form is the reflection in the accounting of the facts of economic activity, proceeding not only from the legal norm, but also from their economic content and economic conditions;
- consistency - the identity of the data of analytical and synthetic accounting on the first day of each month, as well as indicators of financial statements;
- rationality - rational and economical maintenance of accounting based on the conditions of economic activity and the size of the enterprise;
- timeliness - the reflection of the facts of economic activity in accounting and financial statements in a timely manner.

In accordance with the National Accounting Standard of the Republic of Uzbekistan "Accounting Policies and Financial Reporting", № 1 - "Accounting Policies and Financial Reporting", the specific policy, rules and practical approaches used by the head of the business entity for accounting and financial reporting, as well as the accounting policy of the undertaking is made by the head of the enterprise on the basis of NAS 1, comparing the indicators of the financial statements of the business entity for various years, as well as other relevant MSAs, should be.

Formation and compliance with accounting policies are important areas of audit and have a significant impact on the reliability of accounting records. Therefore, the accounting policy is an important subject of auditing at all stages of audits - from audit planning to auditor's report. Many of the national auditing standards developed so far have been described as one of the key documents that regulate the business activity of an audited entity.

When checking the accounting and reporting, the purpose of the accounting policy is to examine and evaluate basic accounting principles and the timetable of document flow. The existence and content of the charter documents defining the accounting policy are defined.

The sources of information that describe the content of the account policy are:

- the order on accounting policy of the audited entity (order);
- a plan of accounting for the accounting;
- a list of approved original documents and forms of documents for internal accounting;
- document flow chart and data processing technology;
- approved methodologies for accounting for certain indicators and other applications to be audited by the enterprise accounting policy;
- an explanatory note describing the following issues.

The accounting policy of the organization for accounting purposes usually consists of 2 sections:

- organizational and technical;
- methodological.

Organizational and technical section. This section of the accounting policy may include the following issues:

Organization of accounting. The enterprise independently determines the organizational forms of accounting. To the order on accounting policy as an annex are: Regulations on the accounting service, job descriptions of employees of accounting, the form of the contract (contract) with the organization or an accountant a specialist conducting accounting, other similar documents.

Chart of accounts. On the basis of the Plan of Accounts approved by the Ministry of Finance of the Republic of Uzbekistan, a work plan is developed, which provides for the accounts necessary for maintaining synthetic and analytical accounting in the organization. Sub-accounts. provided by the chart of accounts, can be excluded, added, merged, and it is also possible to change the name and purpose

of a sub-account. It should be borne in mind that additional accounts of the first order, not provided for in the approved Chart of Accounts, can only be introduced upon agreement with the Ministry of Finance of the Republic of Uzbekistan, the appearance of new types of property, liabilities, etc., may serve as the basis for the introduction of such accounts. Forms of primary accounting documents. According to the Law "On Accounting", primary accounting documents are taken into account if they are compiled according to the form contained in the albums of unified forms of primary accounting records. The order on accounting policy must be approved forms of primary accounting documents used for registration of economic transactions, for which there are no standard (unified) forms.

Graph of workflow. The document circulation in the organization is regulated by the schedule, compiled in the form of a scheme or a list of works performed by each structural unit, as well as all executors, indicating their interrelation and terms of work performance, and the positions of persons having the right and signatures of primary accounting documents. Accounting forms and accounting information processing technology. The enterprise independently chooses the form of accounting, defining the list and construction of accounting registers, the sequence and technique of records in them, their interrelation. The choice is based on such criteria as the volume of information processed, the availability of automation of accounting.

Inventory of property and liabilities. The organization shall approve the number of inventories in the reporting year, the date of their conduct, the list of audited property and liabilities. For example, the inventory of goods in a trading organization can be carried out monthly, and the inventory of fixed assets - once every three years. The organization should decide in what terms the inventory of the corresponding assets and liabilities of the balance sheet will be made, as well as other objects of accounting recorded on off-balance accounts.

Internal reporting. The enterprise decides how to build internal accounting what internal reporting is necessary for management. It is necessary to determine the composition and forms of internal reporting, the frequency of its

compilation and presentation, the persons responsible for its compilation, as well as the potential users of this reporting.

## **1.2. Legal bases of organization of accounting policy in economic entities**

The main legal basis of accounting policy is National Accounting Standard №1. This National Accounting Standard (NAS) is developed on the basis of the Law of the Republic of Uzbekistan "On Accounting" and is an element of the regulatory accounting system in the Republic of Uzbekistan. This standard should be applied in conjunction with other NAS. This NAS establishes the basis for the formation and preparation of financial statements of an economic entity in order to ensure comparability of financial statements of an economic entity for different reporting periods, as well as financial reports of various economic entities. To achieve this goal, this standard provides the concepts that should be the basis of accounting policy and financial reporting, economic entities content and the minimum requirements for the content of financial statements. Detailed requirements for the reflection, measurement and disclosure of individual transactions and events are described in other NAS. This standard does not describe the requirements for information that should be provided, other than financial statements. For example, business entities may provide a financial overview as additional information to financial statements. In this standard, accounting policy is understood as the set of methods adopted by the head of an economic entity for accounting and financial reporting in accordance with their principles and principles. Accounting methods include methods for grouping and assessing the facts of economic activity, repaying the value of assets, methods of organizing document circulation, inventory, methods of applying accounting accounts, system of accounting registers, information processing and other relevant methods, methods and methods. The accounting policy of the business entity is formed by the head of the entity on the basis of this NAS in order that the financial performance of the business entity, presented in the financial statements for different years, be comparable. Financial statements are a way of presenting financial information describing the activity of an economic entity for a

certain period, regardless of whether it is a separate independent economic entity or part of a consolidated group of economic entities.

The purpose of the financial statements is to provide information on the financial position of the business entity, its performance indicators and on the cash flow required for a wide range of users to make economic decisions. Financial reports also show the results of managing the resources of an economic entity carried out by management. To achieve the objective of this standard, financial statements should contain the following information that helps users to forecast cash flows and, in particular, the timing and likelihood of the formation of cash and cash equivalents:

- on assets under the control of an economic entity (which are sources of probable inflows of cash or other economic benefits);
- on the obligations of the economic entity (which are sources of probable outflows of cash or other economic benefits);
- on retained earnings of an economic entity (which represents changes in economic resources and liabilities of an economic entity from one period to another, with the exception of owners' contributions and payments to owners);
- on the movement of cash (as an indicator of the possible movement of cash flows in the future).

This information is necessary for users of financial statements to assess the ability of an entity to pay dividends and interest, as well as timely make settlements on liabilities.

The head of the economic entity is responsible in accordance with the legislation for accounting policies, as well as for the preparation and submission of financial statements of the business entity.

This NAS is applied in the preparation of general-purpose financial statements, the list of which is given in paragraph 12 of this standard. It is necessary to be guided by this standard both in the preparation of financial statements of certain economic entities and in the preparation of consolidated financial statements.

This NAS is distributed:

1. In terms of the formation of accounting policy - for all business entities, regardless of the form of ownership;

2. In terms of disclosure of accounting policies - on business entities that publish their financial statements in accordance with legislation, constituent documents or on their own initiative;

3. The effect of this NAS is not applicable to the procedure for preparing financial statements by banks, budget and insurance organizations.

The accounting policy of the entity should be determined on the basis of the principles stated in paragraphs 16-50 of this standard. Accounting policy expresses specific principles, conventions, rules and practical approaches used by an economic entity for preparation and preparation of financial statements.

The accounting policy should be organized in such a way that financial statements can be formed on the basis of all acceptable NAS and, in the absence of specific requirements, would be:

1. Significant for user needs;

2. Reliable in the sense that it:

- objectively represents all the results of activities and financial condition of the entity;

- reflects the economic essence of events and operations, and not merely represents a legal form;

- it is neutral (impartial) and non-coercive;

- is prudent without compromising neutrality;

- it is complete (complete) in all material aspects, that is, it fully reflects all the facts of the economic activity of the subject;

3. Comparable with financial reporting of other entities with similar activities;

4. Clear.

When forming the accounting policy of an entity in a particular area (issue), organization, accounting and reporting, it is necessary to be guided by the legislation of the Republic of Uzbekistan on accounting. In the absence of specific NAS, the head of the entity has the right to use his own decisions when developing accounting

policies that represent the most useful information to users of financial statements of an economic entity.

In the process of applying its own decisions, the head considers:

1. Requirements and guidelines in the NAS regarding these issues;
2. Any other information published by the Ministry of Finance of the Republic of Uzbekistan;
3. Criteria for determining, reflecting and measuring for assets, liabilities, revenues and expenses established by the Ministry of Finance of the Republic of Uzbekistan;
4. The practice of the industry, adopted by the world's major financial capital markets.

The accounting policy of an economic entity is subject to registration by the relevant organizational and administrative documentation (order, order, etc.) of the head of the economic entity. The accounting methods selected by the entity when forming the accounting policy are applied from January 1 of the year following the year of issuance of the relevant organizational and administrative document, with the exception of newly created economic entities during the reporting year. At the same time, they are applied by all structural subdivisions of the economic entity (including those allocated to a separate balance sheet) regardless of their location. The newly created economic entity draws up its accounting policy chosen in accordance with this clause before the first publication of the financial statements, but no later than 90 days from the date of acquisition of the rights of the legal entity (state registration). The accounting policy chosen by the entity is considered to be applied from the day of acquisition of the rights of a legal entity (state registration). The accounting policy does not change during the calendar year.

Changes in accounting policy of an economic entity are allowed in the following cases:

1. Reorganization of the entity (merger, division, merger);
2. Change of ownership;

3. Changes in the legislation of the Republic of Uzbekistan or the regulatory accounting system in the Republic of Uzbekistan;

4. Development of new methods of accounting.

The change in accounting policy should be justified and formalized in the manner provided for in paragraph of this standard. The consequences of changes in accounting policy that are not related to changes in the legislation of the Republic of Uzbekistan should be evaluated in value terms on the basis of the data reconciled by the subject on the date (the first day of the month) with which the changed accounting methods are applied. The accounting policy chosen by the organization is subject to registration with the relevant documentation, the main purpose of which is to fix the components of the accounting policy, to ensure uniform and, as far as possible, accurate implementation by all structural units and each executor of the organization. Necessity in this is determined by two factors: firstly, the normal activity of the organization is impossible without the orderliness of its internal life, one of the aspects of which is accounting; secondly, the influence of accounting policy (mainly its methodological methods and methods) on the results of the organization's work is so significant that it requires a decision (formal and in essence) of its first leader.

Among the documents regulating the accounting policy, in particular, include orders and orders of the head of the organization, internal rules, instructions, regulations, procedures and procedures, decisions of owners (general meeting of shareholders, partnership members, etc.). The choice of the type of document depends on the internal organization of the organization and the nature of the accounting policy issue that is fixed in it. Organizations based on one-man management, most often use in this area such kind of administrative documents, as the order of the head (general director, president, etc.).

Great importance for the registration of accounting policies are various design materials for the organization of accounting. Accounting (workflow schedules, organization plan for accounting, working projects for automated accounting, job descriptions, etc.). The purpose of their publication is to formalize the application of

certain methods, selected organizations, as well as the technical aspects of using different elements of accounting policy. In addition to documents specifically devoted to the accounting policy, constituent documents (charter, memorandum of association, etc.) that lay the foundations for building the organization's economic and management systems are important. Along with the definition of the subject of the organization's activities, its status, the functioning procedure, the constituent documents should reflect a number of accounting issues. Usually they include the following formulations:

- accounting and reporting are conducted in accordance with the requirements established by the current legislation (the inclusion of this provision eliminates the need to detail the methodology and accounting procedures);

- the reporting period for accounting is the period from January 1 to December 31 inclusive;

- financial results are set according to the annual financial statements (if the owners have agreed on interim reporting date, such as the 1st of each month, quarter, of which they want to receive information on financial and economic activities of the organization, the status of its assets and accounts of profits and losses, the constituent documents must record such dates);

- the accounting report of the organization for the year is considered and approved by the general meeting of shareholders (in joint-stock companies) or by a meeting of participants (in limited liability companies, etc.);

- before submission to the general meeting of shareholders, the annual accounting report must be verified and confirmed by the appointed last independent auditor.

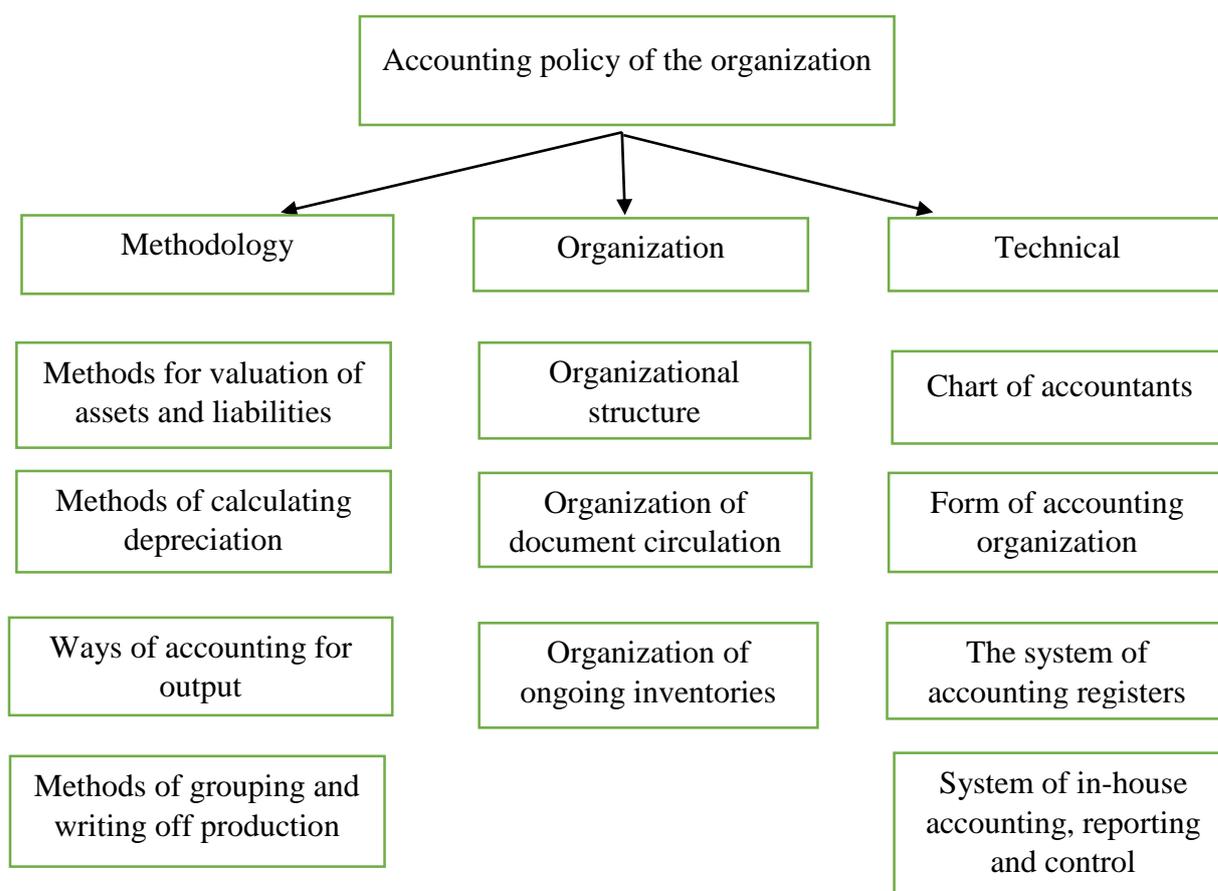
Obviously, various components of the accounting policy are documented at different levels. Methodical, organizational and individual technical accounting methods should be recorded in the orders and instructions of the head of the organization, because under the current legislation on it is the entire responsibility for the organization of accounting and the creation of the conditions necessary for its proper conduct. Most of the technical methods of accounting can be regulated by instructions and rules established by the chief accountant, as well as project materials on organization of accounting in the

organization. The accounting methods chosen by the organization should be applied, as a rule, from January 1 of the year following the year of issuing the document that makes the decision on the adoption of the accounting policy (in some cases, the document may specify a different start date for applying this or that method).

For the first time, an established organization should strive to formalize its accounting policy in the shortest possible time. However, it is obvious that at the beginning of the activity, given the lack of staffing and the lack of information on the future development of business, it is very difficult to determine the accounting policy. Therefore, a certain period of time is provided for its registration. For organizations that are obliged to publish their reports, the deadline for registration of the accounting policy is the date established for the first publication (since the published reporting should disclose the already approved accounting policy). In any case, the registration of the accounting policy must be made within a period not later than 90 days from the date of acquisition of the organization.

The created enterprises should formalize their accounting policies as soon as possible. At the beginning of the enterprise's activity, if the state is not staffed enough and there is insufficient information on the future development of business, it is very difficult to determine the accounting policy. Therefore, it can be issued within a certain period. The registration of the accounting policy must be made within a period not later than 90 days from the date of acquisition by the enterprise of the rights of a legal entity or state registration. Particular attention should be paid to the procedure for the formation of accounting policies at enterprises. It should be attended by specialists not only of the accounting service, but also of other functional departments and services, including financial, legal, internal audit and audit committee. During the year the enterprise must strictly follow the adopted accounting policy. If necessary, you can make changes to the accounting policy, but only from the beginning of the new reporting year, as indicated in the explanatory note to the annual report for the previous year. During the reporting year, the accounting policy may be changed in case of liquidation, reorganization or transformation of the enterprise, as well as changes in regulatory and legislative documents of the Republic of the Uzbekistan.

The structure of the accounting policy can be represented using the following scheme:



**Figure 1 The structure of the accounting policy<sup>4</sup>**

The accounting policy of the organization is disclosed and formed by the chief accountant and approved by the head of the organization. It states:

- a working chart of accounting accounts containing synthetic and analytical accounts;
- forms of primary accounting documents used to document the facts of economic activity, for which the standard forms of primary accounting documents are not provided;
- the procedure for conducting an inventory of assets and liabilities of the organization;
- methods for assessing assets and liabilities;
- rules of document circulation and technology of processing of the accounting information;

<sup>4</sup> Author's self-made work based on International Accounting Standards №8 "Accounting policies, changes in accounting estimates and errors" December 2005.

- the order of control over economic operations;
- other decisions necessary for the organization of accounting.

By forming and disclosing their accounting policies, organizations exercise their right to choose accounting and reporting rules; explain to its users the procedure for obtaining data presented in the reporting forms; provide an opportunity for consumers of information to comprehend the peculiarities of economic processes and operating conditions and to learn about changes in them in a timely manner. Also, through accounting policy, users are informed of all the facts of deviation from the principles set forth in the regulation.

### **Conclusion for the first chapter**

The accounting policy of the enterprise assumes openness for external users of the accounting information reflected in the financial reporting. According to the financial statements, the property and financial position of the enterprise, its solvency, the main provisions of management, trends in the improvement (deterioration) of the enterprise's activities and other indicators are established.

The accounting policy of the enterprise is based on a certain set of generally accepted rules, which is especially important with the strengthening of the role and value of accounting in a market economy. Accounting information should be complete and reliable, accessible and understood by a wide range of interested users.

Together with the order (instruction) on the accounting policy are also approved:

- a working chart of accounting accounts containing synthetic and analytical accounts required for accounting in accordance with the requirements of timeliness and completeness of accounting and reporting;

- forms of primary accounting documents used for registration of business transactions for which standard forms of primary accounting documents are not provided, as well as forms of documents for internal accounting reporting;

- the procedure for carrying out inventories and methods for assessing the types of property and liabilities;

-rules of document circulation and technology of processing of the registration information;

-the order of control over economic transactions, as well as other decisions necessary for the organization of accounting.

To date, accounting is the language of business and entrepreneurship, capable of uniting business people. In addition, accounting is considered as an important component of the nation-wide system for the formation of macroeconomic indicators, which means that each enterprise, preparing the information necessary for the calculation of such indicators, should adhere to unified approaches and rules. These rules establish those starting points in the construction of an accounting system in the enterprise, which must be met when selecting accounting procedures and developing an accounting process. They are the foundation for building an accounting system at an enterprise, whose goal is to provide access to comparable information, to provide reliable information on financial position and performance.

## **CHAPTER 2. FORMATION OF ACCOUNTING POLICY IN ECONOMIC ENTITIES**

### **2.1. Procedure of accounting policy maintenance in economic entities**

As already noted, the accounting policy is formed by choosing the methods of accounting from several allowed universally recognized standards. If the latter do not establish methods of accounting for certain objects, the organization itself develops appropriate procedures based on general requirements for accounting policies.

In this situation, it is possible to use three options for determining accounting policy: 1) by analogy with similar operations; 2) based on common definitions and criteria; 3) on the basis of recognized practice. In the first case, we are talking about the orientation to the requirements adopted to account for similar transactions, and the general principles of the accounting system. In this case, rules are considered that do not directly regulate a particular issue. The similarity of operations is established on the basis of professional judgment. In the second case, the source of the accounting policy of the organization on the unresolved issue is the general definitions and recognition criteria, described, in particular, in the Accounting Concept in the market economy of Uzbekistan and the accounting legislation. These definitions and criteria can be used, for example, in determining whether to capitalize (and at what point) the object or write it down in an outlay. The third proposed option focuses on the generally recognized practice of resolving specific issues, but it is only permissible if and to the extent that industry practice does not contradict the spirit and logic of accounting regulations.

In all cases, one important condition must be sustained: the unity of accounting policy in the organization, that is, in other words, the choice of methods of accounting should be carried out on unified bases. This means, first, the use of selected methods by all structural units of the organization, including those allocated to a separate balance sheet, regardless of their location. Otherwise, the accounting information generated by different departments will be incommensurable and irreducible. Secondly, with respect to one particular issue, the organization should

use, as a rule, one chosen method, although in some cases it is permissible and appropriate to apply several methods in parallel, depending, for example, on the conditions of concluded economic contracts.

Within the group of related (related) organizations, each participant, being a legal entity, develops its own accounting policy. However, the accounting policies of the members of the group should be coordinated. The coordinating body in the process of coordination is the parent (parent, holding) organization.

The process of accounting policy formation consists of the following consecutive stages:

- the definition of the objects of accounting in respect of which the accounting policy should be developed;
- identification, analysis, evaluation and ranking of factors influencing the selection of accounting methods;
- substantiation of the initial provisions of the accounting policy;
- identification of potentially suitable for the use of the organization of accounting methods for each object;
- choice of methods of accounting, suitable for use by the organization;
- registration of the selected accounting policy.

The sequence of stages of the formation of the accounting policy can only be this, since each previous stage ensures the implementation of the next. At the first stage, the subject of accounting policy is established, for a specific organization has only its own set of accounting objects (facts of economic life). Depending on the composition of accounting objects, the second stage identifies specific conditions, phenomena and processes that affect the development of accounting policies. The third stage involves an analysis of generally accepted assumptions (requirements, principles) in the construction of accounting policy from the point of view of the set of factors identified at the previous stage, with the adequacy of which these assumptions form the basis of accounting policy. The fourth stage is the selection of potentially suitable for use by the organization of accounting methods (selection is conducted from a variety of theoretically possible methods, based on the

assumptions made at the third stage of the assumptions and the factors of choice identified in the second stage). The fifth stage consists directly in choosing the methods of accounting for the organization by verifying each system selected by the previous stage of the method with the appropriate criteria. At the sixth, final stage, the selected accounting policy is appropriately formalized so that it meets the formal requirements for it.

Thus, when forming the accounting policy, the most important condition is to be observed - the unity of the accounting policy in the organization, that is, in other words, the choice of accounting methods should be carried out on a unified basis.

According to the legislation of the Republic of Uzbekistan, the accounting policy is approved by the head of the organization. Formation of it along with other functions belongs to the competence of the chief accountant. In the development of the accounting policy of an organization, not only accountants, but also specialists of other functional departments and services, including financial, legal, internal audit department, audit commission, should participate. As, the economic situation is not constant, which predetermines the appropriate adjustments to the accounting policy, it may be expedient to create in the organization a special commission for the development of an accounting policy with a standing status. Its functions should include an analysis of the economic situation and legislation, monitoring changes in the accounting standards system, analyzing new methods of accounting, developing proposals for establishing or changing the accounting policies, drafting relevant administrative documents, analyzing the performance of the selected accounting policies. The commission should include employees who have extensive experience, thoroughly knowing the specifics of the organization's activities, who are versed in the current economic, accounting and tax legislation. The possibility of attracting specialized firms (accounting, audit) or independent experts to the development of accounting policies is not ruled out. However, in any case, the final decision on the introduction of a provision of accounting policy remains for the head of the organization or persons authorized by them. Due to the importance of the adoption of accounting policies for the internal life of the organization and for external users,

it is subject to close monitoring by various interested bodies and individuals. Internal control over the implementation of accounting policies is provided by the internal audit services and the audit commission (if established in the organization), and the control tasks of these bodies are different: the first focuses primarily on the compliance of accounting policies with the established accounting and reporting procedure, the reasonableness of the administration of those or other decisions in terms of their impact on the final results of the organization's activities, as well as the accuracy of compliance with the selected accounting policies by the services and separately E performers; the second observes the accounting policy in the interests of the owners of the organization, that is, the extent to which the decisions taken by the administration realize the goals of the owners.

External control over the implementation of accounting policy is carried out by an independent audit organization (auditor), as well as state supervisory bodies that have appropriate powers (including tax authorities). As in the case of internal control, the objectives and tasks of monitoring these organizations are different: the auditor analyzes the accounting policy of the organization in order to express an opinion on the reliability of its financial statements, establishes the compliance of the elected accounting policy organization with the nature and conditions of its activities, as well as the current rules and generally recognized procedures ; the control of state bodies, as a rule, has only one goal - to establish compliance of the methods chosen by the organization for accounting with the requirements and requirements of the legislation.

Thus, the formation of accounting policies is the responsibility of the chief accountant. But in the development of accounting policy organizations should not only accountants, but also specialists of other functional units and services. First of all, it should be noted that the organization does not have a separate accounting policy for accounting and is separate for tax purposes. The order is a description of individual methods and methods of accounting for areas with a unit for the accounting and for taxation. Such a variant of the formed accounting policy does not contradict the normative legislation, however it has a number of contradictions

with methodological literature, where it is recommended to separately draw up an order on accounting policy for accounting and for taxation. In addition, the drawback is the lack of visibility and inconvenience in the search for information of interest to the user. The technical aspects of accounting policy include the workflow schedule attached to the order, a work plan of accounts, an inventory schedule, reporting forms, etc.

Consequently, companies are continuously facing a trouble of not only exiting from the market of their industry, but also from the listing of stock market they play. This trouble has carrying a huge loss in market share and profit due to consumer negativity to brand. Therefore, current businesses focus on financial crisis management as prerequisite for long-term operation in both markets. Financial crisis management is a set of regulatory tools with supervisory functions. It embraces balance sheet, market and business climate, stock market performance and business development strategy monitoring actions. However, recent history of global economy proved that financial crisis management actions have to be different across types, sizes, markets and ownership forms of enterprises. Small and medium sized enterprises operate in local markets with smaller consumer population and they have smaller turnover, sale and production capacities, which secure them from greater risks and external impacts. Large enterprises face harsh challenges of financial crisis because of larger market, national and international chain of supply, being listed in stock markets, participation in large investment projects and deterioration in both global and national business environment considering the scale of potential risks which can lead to financial crisis, large enterprises set specific map of avoiding financial distress and try to find the sources of support in distress period.

## **2.2. Key features of accounting policy maintenance in economic entities.**

Applied methods for valuation of property and liabilities in LLC "Navbahor Sanoat", their advantages and disadvantages.

According to NAS 1 (Ministry of Justice No. 474 of 14/08/1998), the accounting policy of the enterprise provides:

- completeness of accounting in accounting of all facts of economic activity;
- a greater willingness to book the costs and liabilities than possible revenues and assets, not allowing hidden reserves;
- reflections in the accounting of the facts of economic activity are based not so much on their legal form as on the economic content of facts and business conditions;
- identity of the data of analytical accounting for turnover and balances on synthetic accounts on the first day of each month, as well as the compliance of the accounting reporting indicators with the data of synthetic and analytical accounting for the last calendar day of each month;
- rational management of accounting based on the conditions of economic activity and the size of the enterprise.

Accounting of fixed assets. In accordance with the adopted norms, the assets of the enterprise are divided into current and long-term.

The asset should be classified as current if it:

- is part of the operating activities of the enterprise and is expected to be received or consumed in the normal course of the operating cycle;
- is mainly held for resale or for a short period of time and is expected to be used within 12 months from the reporting date. All other assets should be classified as non-current (long-term) assets.

Current assets are presented in two separate types.

The first represents part of the working capital of an enterprise that is received or consumed during a normal operating cycle. The second is the category of current assets that are not operational assets, but are held for trading, investment objectives and provision of services to subscribers and is expected to be sold or used for profit within 12 months from the reporting date. Current assets include inventories and accounts receivable that will be received or consumed within 12 months from the balance sheet date.

The operational cycle of an enterprise is the average time between the provision of services, the acquisition of goods, the production and sale of services or for financial assets that are easily converted into cash. For the purpose of classifying operating assets between long-term and current operating cycles, one year is considered.

Not current assets of the enterprise consist of assets:

- used on a continuous basis in the activities of the enterprise, including property, building and equipment, intangible assets, development costs and goodwill;

- retained for the purpose of their investment, and which should not be realized within 12 months from the date of reporting.

The obligations of the enterprise are also subdivided into current and long-term. Liabilities are current if: they are settled within 12 months from the date of reporting. Such operational items as accounts payable, arrears of wages, taxes and other operating expenses are classified as current liabilities. Current liabilities also include: bank overdrafts, income taxes, other non-trade payables, current part of short-term obligations requiring payment of interest, for which it is difficult to determine that they are current from the point of view of the operational cycle, although they require calculation within 12 months from reporting day. The remaining obligations are not current (long-term). These are obligations that require payment of interest, which finance working capital on a long-term basis and are not subject to settlement within 12 months.

Repair of vehicles. located on the balance sheet of the enterprise is made either by own forces or with the involvement of specialized third-party organizations. Acquisition of spare parts is carried out after drawing up of the defective certificate. When using third-party organizations for transportation of vehicles that service the enterprise on the basis of contracts, costs are charged to the production cost of the current period. Expenses related to insurance of assets are related to the results of economic activities in equal parts during the validity of the insurance policy. Related costs with a pledge of assets in order to obtain loans are attributed to the results of

financial-economic activities as they are paid. All expenses for servicing loans, single payments refer to the results of the financial and economic activities as they are paid.

The costs of providing social benefits to employees of third-party organizations that service enterprises are subject to write-offs for the results of the company's economic activities, at the expense of its own profit. Social benefits granted to employees of the enterprise are subject to taxation in accordance with the Legislation. Stationery and other materials (work clothes, mittens, soap) used in the course of work by both their employees and employees of third-party organizations acquired at the expense of the enterprise's funds are written off for the period expenses and production costs in accordance with the acts.

The enterprise issues power of attorney in accordance with the current instruction approved by the Order of the Minister of Finance of the Republic of Uzbekistan from 07.05.03 № 62, registered by the Ministry of Justice No. 1245 of 27.05.2003., Only employees of the enterprise in the state. The costs associated with the restoration and capital (repair) works of buildings and structures increase their value after the signing of the act of work performed. The writing-off of the materials of the enterprise transferred for the performance of various types of work is carried out on the basis of acts agreed upon by the parties. Financial and economic relations between business entities are regulated by contracts, concluded.

When accounting for assets as fixed assets, it is necessary to simultaneously fulfill the following conditions:

- use in production, in the performance of work or provision of services or for management needs of the Company, or for provision by the Company for a fee in temporary possession and use or for temporary use;

- no plans for further resale of these assets;

- use for a long time, i.e. term, longer than 12 months or a normal operating cycle if it exceeds 12 months;

- the ability to bring economic benefits (income) to the company in the future.

The unit of accounting for fixed assets is an inventory object. An object of fixed assets is an object with all adaptations and accessories or a separate constructively detached object intended for performing certain independent functions, or a separate complex of constructively articulated objects representing a single whole and intended for the performance of a certain work. The components of computer technology (equipment), as a complex of objects, are independent inventory objects and are accounted for separately in the following cases:

- if each item in the complex can perform its own functions;
- if the said complex has several parts with different useful lives.

Individual objects (monitors, printers, scanners, etc.), as objects of computer technology, are independent inventory objects and are taken into account separately, since the listed objects can perform their functions as part of other complexes with similar functions.

Analytical accounting on account 01 "Fixed assets" is conducted in the context of:

- types of fixed assets;
- types of fixed assets (own, leased, transferred to the buyer before the transfer of ownership).

The division of fixed assets into production and non-production is absent, but it is not necessary. Also, all the property of the organization is movable, so it is useless to divide it into movable and immovable. All of the above aspects are present and observed in the enterprise, but nothing is said about this in the accounting policy, and therefore, if necessary, these facts cannot be confirmed by legislation on the basis of the fourth level of the regulatory system.

There is no information on the valuation of fixed assets in the accounting policy. Here it should be reflected in the Order that the fixed assets are taken to accounting at the original cost. The initial value of fixed assets of LLC «Navbahor Sanoat» is determined based on the method of their receipt. The main channel for the receipt of fixed assets is their purchase for a fee.

The initial value of fixed assets purchased for a fee is the amount of actual acquisition costs, excluding VAT (value added cost) and other reimbursable taxes (except for cases stipulated by Uzbekistan law).

Actual costs of acquisition are:

- amounts paid in accordance with the contract to the supplier
- amounts paid to organizations for information and consulting services related to the acquisition of fixed assets;
- registration fees, state duties and other similar payments made in connection with the acquisition (acquisition) of rights to the item of fixed assets;
- customs duties;
- non-refundable taxes paid in connection with the acquisition of an item of property, plant and equipment;
- remuneration paid to the intermediary organization through which the fixed asset was acquired;
- other costs directly related to the acquisition of the facility;
- interest on loans and borrowings that are directly attributable to the acquisition of the asset.

The initial value of fixed assets contributed to the contribution to the authorized capital of the company is their monetary value, agreed with the founders of the company, unless otherwise provided by the legislation of the Uzbekistan.

Depreciation of fixed assets. The value of fixed assets located in the Company on the property right is repaid by accrual of depreciation. The accounting policy of LLC «Navbahor Sanoat» says that the accrual of depreciation charges on the fixed assets object starts from the first day of the month following the month of acceptance of this object to accounting and is made until the object is fully paid off or written off.

Formation of the value of goods received for import is conducted taking into account the cost of overhead costs for their acquisition (customs payments, declarants' services, expertise, storage, etc.). The distribution of overheads is conducted in percentage terms to the contract value and to the unit of account.

The enterprise independently determines the methods and methods of calculating depreciation for all fixed assets.

**Table 1**

**Choice of the method of calculating depreciation<sup>5</sup>**

Years	Linear Mode	By the sum of the numbers of years	Deviations, +, -	Depreciation of another property, plant and equipment	Amount by both FA	
					Linear	By the sum of the numbers of years
2008	600	1080	+480		-	-
2009	600	960	+360		-	-
2010	600	890	+290		-	-
2011	600	772	+172		-	-
2012	600	654	+54		-	-
2013	600	540	-60	700	1300	1240
2014	600	420	-180	700	1300	1120
2015	600	337	-262	700	1300	1037
2016	600	466	-133	700	1300	916
2017	600	770	-170	700	1300	830

If we take into account that in five years this basic facility will no longer be able to fully satisfy the requirements and the organization will have to acquire a new one, then the effectiveness of using the method for the sum of the number of years becomes obvious.

The application of the above orders on accounting policy for accounting and for taxation will ultimately increase the effect of cost management. Selected methods of accounting, in my opinion, are most suitable for the analyzed company

<sup>5</sup> Author's self-made work based on "Navbahor Sanoat" company's information

in connection with the specific activities. In orders, it is possible to trace almost all the items of expenditure that fall on the cost price, and, therefore, effectively manage them.

Accrual of depreciation on fixed assets is reflected in the account on 02 account in accordance with the National Accounting Standard of the Republic of Uzbekistan (NAS) No. 5 "Fixed assets" (Approved by the Order of the Minister of Finance of 09.10.2003 N 114).

Decrease in the amount of depreciation is possible by maximizing the period of depreciation by determining the useful life at the upper end of the range. The longest useful life, which corresponds to the lowest value of the annual (monthly) amount of depreciation charges, is chosen at the discretion of the enterprise when the market is mastered, and the opportunities for the implementation of works and services deteriorate, taking into account the specific features of certain types of services. The enterprise adjusts the monthly norms (amounts) of depreciation deductions, the value of which assumes a value of not more than 0.1%. Before the end of the useful life of depreciable objects, the methods and methods for calculating depreciation are allowed to be reviewed. Revaluation of fixed assets in accordance with Art. № 5 NAS . Revaluation of fixed assets is made by the index method.

Write off the FA on the basis of an order and documents confirming the unfitness for further use of the FA. It can be :

- defective act
- report of the responsible person
- an act of visual inspection
- an act on the moral inadequacy of this subject to the conditions and time of operation; - complete wear and tear.

The fixed assets are written off from the balance of the enterprise in the following cases:

- liquidation;
- implementation;
- exchange;
- free transfer;

- transfer to the authorized capital in the form of a constituent deposit;
- transfer under a long-term lease (lease)
- identification of shortage or loss;
- if the participant leaves the participants.

Intangible assets are accounted for at the enterprise at b / s 04 in accordance with the National Accounting Standard of the Republic of Uzbekistan (NASB №7) "Intangible Assets" approved by the Ministry of Finance of the Republic of Uzbekistan on October 12, 1998 No. 49 (per N 506 of October 20, 1998) installed:

To assign intangible assets to assets that meet the following criteria:

- a) lack of material-physical (physical) content (form);
- b) use of the asset in the production of products, in the performance of work or rendering services or for administrative and other functions of the enterprise for a long period, that is, a useful life of more than 12 months or a normal operating cycle, if it exceeds 12 months;
- c) the enterprise does not intend to resell this asset;
- d) reliability, i.e., the existence of properly issued documents confirming existence of the asset itself and the exclusive right of the enterprise (patents, certificates, other protection documents, a contract of assignment (acquisition) of a patent, trademark, etc.);
- e) the possibility of identifying (separating, separating) the enterprise from other assets, that is, the possible use of it separately from the economic activity in which it is used.

Depreciation for intangible assets is calculated in accordance with the useful life, but not more than 5 years. Amortization of intangible assets is carried out by a straight line method.

Inventories are recorded in b / s 10 as:

- a) stocks of raw materials and materials, purchased semi-finished products and components, fuel, containers and packing materials, spare parts, inventory and household accessories, other materials intended for the provision of services, customer service, administrative needs and other purposes;

b) goods purchased (received) from other legal entities or individuals and intended for sale or resale without further processing in the ordinary course of business activity of the organization. In this case, the objects of long-term assets (buildings, structures, vehicles, property (exclusive) rights and others) may also be goods in cases if they are acquired for the purpose of further sale or resale.

The inventory and household items include assets that meet one of the following criteria:

a) the service life is not more than one year;

b) items worth up to fifty times the minimum wage, established in the Republic of Uzbekistan at the time of acquisition, per unit (set) regardless of the service life.

Regardless of the service life and cost, the inventory and household accessories include:

a) special tools and devices;

b) special and sanitary clothing, special footwear;

c) stationery (calculators, desktop devices, etc.);

d) kitchen and tableware, as well as table linen;

e) temporary (non-titular) structures, devices and devices, costs for the erection of which is attributed to the cost of construction and installation work;

f) replacement equipment with a service life of less than one year;

7. The unit of accounting for inventories is established:

-Pieces, set, liter, kilogram, cubic or square meters.

Depending on the nature of inventories, the order of their acquisition and use of a unit of inventory, there may be a nomenclature number, a consignment the goods accepted on the commission to consider on off-balance accounts. Goods transferred to the commission, accounted for in accordance with the Legislation. Analytical accounting of movement of commodity-material assets as follows: in accounting - in quantitative-total

measurement; in warehouses - in the quantitative dimension; on objects - in the quantitative dimension.

Taxation of an enterprise. The enterprise belongs to the subjects of small business. Simplified accounting is maintained. Is a payer:

- a single tax at a rate of 5%;
- income tax on personal income;
- mandatory deductions and fees.

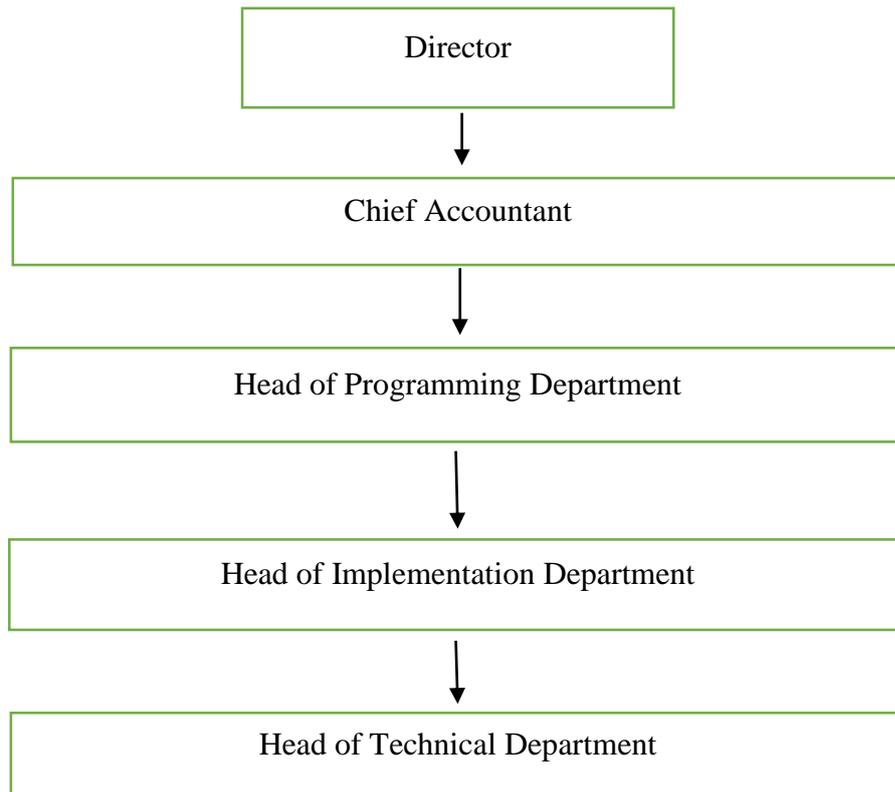
The accounting policy chosen by the enterprise is applied consistently from one year to another. Assets and liabilities of the enterprise are separate from the assets and liabilities of the owners of this and other enterprises. The assumption of continuity of activity means that the enterprise will continue its activities for the foreseeable future and it has no intention and need to eliminate or a significant reduction in activity, and therefore, the obligations will be repaid in accordance with the established procedure.

Changes in accounting policy will be made in the following cases

- changes in the Legislation of the Republic of Uzbekistan or statutory acts on accounting;
- development of new accounting methods by the enterprise;
- substantial change in operating conditions, etc.

Internal audit of accounting policy. The purpose of the auditor's review of accounting policies is to comply with the requirements of the Accounting Standard №1 on Accounting Policies and Financial Reporting, and make an opinion on the reliability of the entity's accounting records, should be minimal. as well as the formation of an opinion on the reliability of accounting should be taken into account in the following cases:

- property ownership;
- consistency of application of accounting policies;
- accuracy of economic activity facts.



**Figure 2. Structure of enterprise management<sup>6</sup>**

In my opinion, at the enterprise the rational structure of management, the director can demand the report from the head of each department on the done work at various stages of development of business processes. The management bodies are the general meeting of shareholders and the general director.

Internal audit: Internal audit of the accounting policy is a check of accounting policy aspects, regulated by internal documents, carried out by a special representative of the organization. The purpose of the internal audit of accounting policy is to assist enterprise management bodies in the formation and execution of the accounting policy in the field of its main aspects.

Now this procedure is not conducted at the enterprise. However, the implementation of it can be entrusted to one of the employees of the company, which will increase the effectiveness of management activities and will not lead to higher costs. We will conduct

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<sup>6</sup> Author's self-made work based on "Navbahor Sanoat" company's information.

an internal audit of the accounting policy of LLC «Navbahor Sanoat». One of the main stages of the audit is the evaluation of the accounting system and internal control.

The internal control system (ICS) is a set of organizational structure, methods and procedures adopted by the management of an economic entity as means for the orderly and effective conduct of economic activities, as well as identifying, correcting and preventing material errors and distortions of information that may appear in the financial statements. Such control allows carrying out effective business management, ensuring compliance with the current legislation, developing and implementing methods for protecting and preserving assets, preventing errors and theft, ensuring accuracy, completeness, protection of accounts and timely preparation of reliable accounting and financial reporting.

The internal control system is beyond the scope of those issues that relate directly to the functions of the accounting system, and includes:

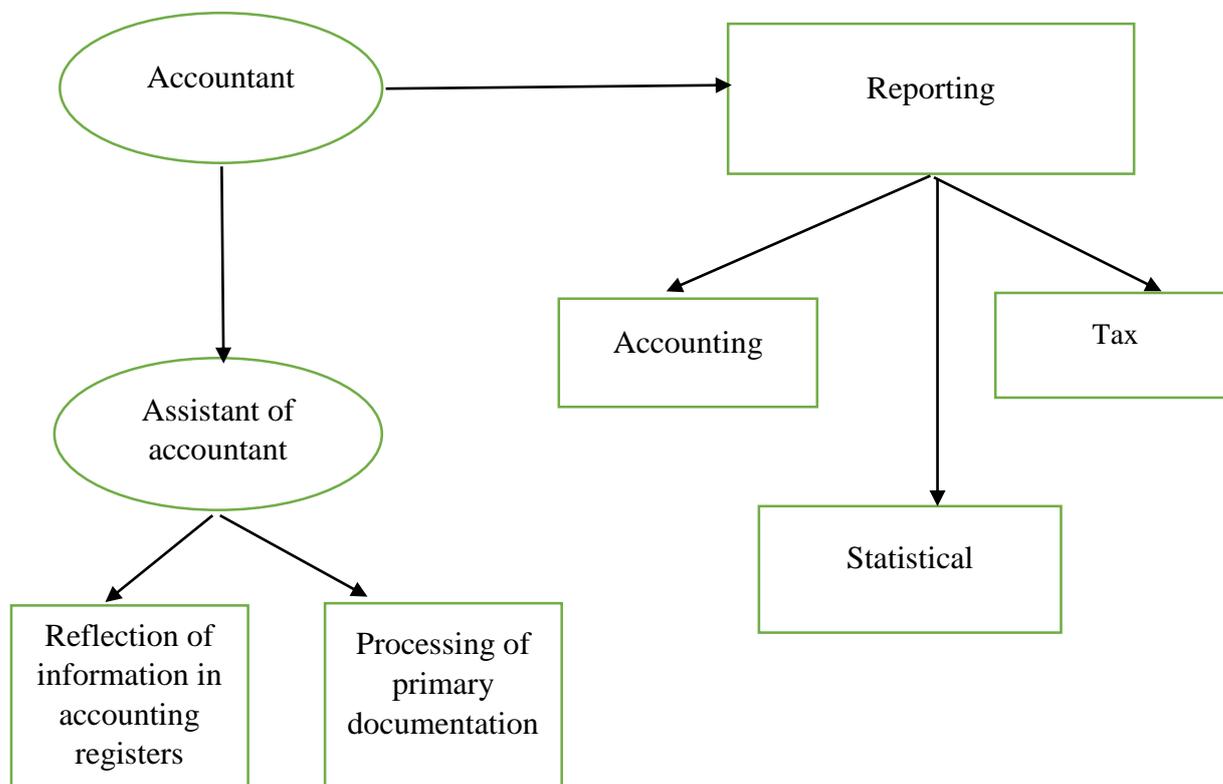
- accounting system;
- the control environment;
- control procedures.

The control environment is a concept that characterizes the general attitude, awareness and practical actions of the management and (or) owners of the economic entity aimed at establishing and maintaining the internal control system on this economic entity. The internal controller should evaluate the accounting and internal control systems used by the audited entity in order to determine the likelihood of errors that affect the reliability of the financial statements and to determine whether the level of the internal control system contributes to ensuring the fulfillment of the tasks assigned to it. It is advisable to check the internal control system of the organization in two stages:

- 1) a general knowledge of the internal control system and a primary assessment of the reliability of the internal control system;
- 2) confirmation of the reliability of the assessment of the internal control system.

Although, LLC «Navbahor Sanoat» is a subject of small business, it is necessary to introduce the post of an accountant assistant in the staff list and assign to it the functions of registration of primary accounting documentation and a number of other duties. With this form of organization of accounting work, the chief accountant of a small enterprise will

have the opportunity to pay more attention to the study of normative documents, which will help to increase the level of his professional training, to monitor the quality of the work of an accountant and to generate reliable accounting. The scheme of this form of organization of accounting can have the following form:



**Figure 3. The scheme of the organization of accounting, based on the entry of the accountant in the staff list.<sup>7</sup>**

To understand the internal control system, the internal controller must have an idea of all its elements. Accounting system (AS) - a set of specific forms and methods recorded in the accounting policy of the enterprise, providing an opportunity for this organization to keep records of its property, liabilities and economic operations in monetary terms through continuous, continuous, documented and interrelated their reflection in the accounting registers for based on

<sup>7</sup>Author's self-made work based on "Navbahor Sanoat" company's information.

primary documents, i.e. to maintain accounting records and the formation of financial statements.

I stage. General familiarity with the internal control system and the initial assessment of the reliability of the internal control system.

At the beginning of the work, you should get a general idea about the specifics and scope of the activity of the economic entity and on the system of accounting and internal control. Acquaintance with the system of accounting and internal control at the preliminary stage of verification can be made on the basis of an oral survey, review of necessary documents, processing and evaluation of information on the parties to economic activity of the inspected economic entity. The result of such familiarization should be the completion by the internal auditor of the test "Evaluation of the Accounting and Internal Control System".

II stage. Confirmation of the assessment of essential elements of internal control.

The second stage of the audit is a procedure for confirming the reliability of the evaluation of the internal control system, which was revealed at the previous stages. This procedure can be carried out on the basis of studying, analyzing and evaluating information about the following aspects of the economic activity of the inspected economic entity. Let's pass directly to the audit of accounting policy. The auditor should check the following check points:

- the presence of an executive order (instruction) on the adoption of the accounting policy of an economic entity;
- compliance of the adopted accounting policy with the requirements of the current legislative acts;
- conformity of the accepted accounting policy to character and scales of activity of the economic subject;
- adherence to the preparation of the accounting policy for the admission of requirements established by regulatory enactments;
- the internal reporting system adopted by the economic entity;
- job descriptions;

- the completeness of the disclosure of the methods of accounting that are selected for the development of accounting policies, which significantly affect the formation of indicators of financial statements;

-approved systems and workflow schedules;

-selection of the form of accounting;

-the procedure for inventorying property and liabilities;

- working chart of accounts;

- options for the use of accounting accounts, other than the generally accepted order.

Separately, the methodological issues of accounting policy are studied, and the effectiveness of their application is assessed. Such issues include:

-methods for calculating depreciation of fixed assets, the reasonableness of their application;

- classification requirements for intangible assets;

- the chosen accounting procedure for calculating depreciation for intangible assets;

- the chosen procedure for recording accounting for the procurement and procurement of materials;

-the chosen method of estimating stocks when they are written off into production (FIFO, LIFO, at average cost, at the actual unit cost);

-the methods used to calculate the cost of production;

-the order of accounting and financing of repair of fixed assets;

-list of created reserves of future expenses and payments;

-the order of the account of expenses of the future periods;

-a variant of an estimation of a work in progress;

-ways to allocate indirect costs;

-the procedure for writing off general business expenses and sales costs;

-the chosen variant of reflection in the accounting of release of finished goods;

-the chosen variant of an estimation of finished goods;

-the chosen variant of goods valuation;

-a list and legitimacy (compliance with the provisions of constituent documents)  
creation of reserves formed from the net profit of the economic entity and the existence of provisions on the procedure for their formation and use;

- the procedure for using the net profit remaining at the disposal of the economic entity;

- the chosen version of the reflection in the accounting statements of the current portion of long-term loans and borrowings.

For the implementation of the first stage, the accounting policy of the audited organization was evaluated by criteria that are unified regardless of the industry and the scale of the organization's activities. First, the goal was to check the compliance of the accounting policy for the purposes of accounting and tax accounting with the requirements of the current legislation and the specifics of the activity of the economic entity. And then

- the tasks:

- audit of the existence of accounting policies;

- verification of compliance with the requirements of the law for approval of accounting policies;

-verification of completeness and compliance with the legal requirements of the accounting policies;

-checking the completeness and compliance of accounting policies with the specifics of the activity.

The main issues to be clarified during the audit of the accounting policy of LLC «Navbahor Sanoat»:

-the existence of an accounting policy for the purposes of accounting and tax accounting;

-timeliness of accounting policy approval for accounting and tax accounting purposes;

- actual approval of accounting policy by an administrative document on the audited organization;

- the reasonableness of making changes in the accounting policy for the purposes of accounting and tax accounting;

- adaptability of the accounting policy when changing the legislation.

As sources of information during the audit of the company's accounting policies, the following were used:

-the organization's charter;

-regulation and order to approve the provision on the accounting policies of the organization.

Appendices to the order on approval of the provision on the accounting policy of the organization:

-working chart of accounts;

-samples of forms of primary documents, independently developed by the organization;

-job description of the chief accountant;

-list of positions of persons having the right to sign primary documents;

-list of positions of persons entitled to receive cash in a sub-report;

-other annexes to the order to approve regulations on the accounting policies of the organization.

Accounting policy as a document is considered only by a continuous method and in full. During the implementation of this stage of the audit, it was found that:

In the organization LLC «Navbahor Sanoat» has developed an accounting policy for the purposes of accounting and tax accounting and approved by the order of the head of the organization.

a) accounting policy is issued in the form of a single document, including provisions on accounting and taxation;

b) the procedure for approving this document meets all requirements of the law;

c) the provisions of the accounting policy meet the requirements of the legislation and the specifics of the organization's activities;

d) the requirement of completeness is observed;

e) such annexes to the order on approval of the provision on the accounting policies of the organization have been developed and approved, as a working chart of accounts; samples of forms of primary documents, independently developed by the organization; list

of positions of persons authorized to sign primary documents; the list of positions of persons entitled to receive funds in a sub-report;

f) the schedule of the document circulation and the job description of the chief accountant were not available in the annexes to the order on the accounting policy of the organization.

The second stage of the inspection examined the use of the declared methods. This stage was carried out throughout the entire audit process for all audited accounting items. As a result of the second stage, a judgment was prepared on the following issues:

- the correct application of the declared methods of accounting;
- the adequacy of the elements of the accounting policy and their compliance with the scale of the economic entity's activities;
- the appropriateness of using these methods.

### **Conclusion for the second chapter**

LLC «Navbahor Sanoat». The results of the initial acquaintance with the system of accounting and internal control are not sufficient to draw a conclusion about the effectiveness of the internal control system. This company must to determine their own accounting policy for the next year very careful and reliable.

Because present accounting policy of this company a little simple, and their structure is not fully. So that, account of fixed assets, amortization, and tax payment has some shortcomings. It would believe that accounting policy for the next year will be fully confirmed.

## **CHAPTER 3. IMPROVEMENT WAYS OF ORGANIZATION AND MAINTENANCE OF ACCOUNTING POLICY IN ECONOMIC ENTITIES**

### **3.1. Improvement direction of accounting policy**

Modern conditions for the implementation of financial and economic activities impose increased requirements on the quality of accounting information,

and therefore to the level of professional knowledge of accounting professionals. Testing of staff accountants conducted in many countries of the world showed unsatisfactory results: only 35% of all questions were correctly answered by the accountant for the proposed test tasks. In LLC «Navbahor Sanoat», the accountant's place is occupied by a professional, experienced employee. However, due to the continuous improvement of accounting and the complexity of the organization of accounting, with increasing requirements of external users, it becomes more difficult for the chief accountant to maintain accounting, tax and statistical accounting, to cope with managerial accounting and analysis.

Although, LLC «Navbahor Sanoat» is a subject of small business, it is necessary to introduce the post of an accountant assistant in the staff list and assign to it the functions of registration of primary accounting documentation and a number of other duties. With this form of organization of accounting work, the chief accountant of a small enterprise will have the opportunity to pay more attention to the study of normative documents, which will help to increase the level of his professional training, to monitor the quality of the work of an accountant and to generate reliable accounting.

As practice shows, the change in the company's accounting policy requires an extremely careful and qualified approach. This is due to a number of reasons. First, the new accounting policy will operate throughout the year; secondly, accounting policies can be used to manage the financial resources of an enterprise; third, the elements of accounting policy affect the formation of the enterprise's tax liabilities to the budget and affect the procedure for calculating taxes.

When creating the accounting policy, the approval of the working chart of accounts is necessary. The company develops for itself an optimally convenient plan for analytical, synthetic accounts and sub-accounts. In order to take into account specific operations, the organization may, in agreement with the Ministry of Finance of Uzbekistan, introduce additional synthetic accounts into the working chart of accounting accounts using free account numbers. This can facilitate the work of the accounting department with any features of the enterprise.

An important role in the organization of accounting is the primary documentation as an element of the accounting method. Forms of primary accounting documents for the registration of facts of economic activities, for which no standard forms are provided, can be developed by the organization independently in accordance with the requirements. Forms of documents for internal accounting statements are fixed in the accounting policy and are necessary for internal users for the purpose of making managerial decisions, monitoring the economic activities of both the organization as a whole and its structural subdivisions in connection with the specific activities of organizations and different information needs of users of accounting information. In the organization under consideration there are no specially developed forms of primary accounting documents, as well as forms of internal accounting reporting. But LLC «Navbahor Sanoat» to increase control over its activities it would be advisable to develop them and introduce, for example, a monthly report on the results of financial and economic activities for the founders.

Also, the need to apply these documents as a whole is determined by the specifics of the organization's activities: the form of ownership; the scale of the organization; organizational structure of management; sectoral characteristics of the activity; technological features of the production process; specificity of supply and marketing activities, etc. Also, the company needs to pay attention to the timing and order of the inventory. So, its rare conduct will lead to a significant reduction in the level of control, increase in the theft of commodity-material values, etc. And too frequent - to a decrease in labor productivity, because workers will be distracted from the main work. In LLC «Navbahor Sanoat»., the inventory is carried out monthly, which is due to the peculiarities, characteristic organizations of retail trade. With regard to the choice of depreciation method in LLC «Navbahor Sanoat»., a linear method of calculating depreciation is applied, which is quite applicable to a small enterprise. In large companies, in order to create conditions for the development of high-tech industries and introduce efficiency of machinery and equipment of enterprises, the right to apply the mechanism of accelerated depreciation of the active part of fixed assets is granted.

In view of the fact that. cooperates with many companies and organizations, due to avoidance of losses it would be necessary to create a reserve for doubtful debts. But the company does not have a reserve for doubtful debts, but it is planned to create it next year. In general, we can draw a conclusion about the reliability and correctness of the accounting reporting, competently formed accounting policy and the compliance of accounting with normative documents. The proposal for introducing changes to the accounting policy was made above, it is impossible to propose significant changes, and corrections should be made.

### **3.2. International practice to develop maintenance of accounting policy**

Currently, in connection with the transition of Uzbekistan organizations to the International Financial Reporting Standards (IFRS), an up-to-date issue is the development of an accounting policy that takes into account the rules of accounting in commercial organizations. For these purposes, it is necessary to study and analyze the foreign experience of forming the accounting policies of organizations.

Countries with accounting systems that are characterized by the principles that unite them Belgium, Germany, France, Italy, Portugal, Switzerland, Japan Great Britain, Ireland, Canada, USA, Australia, New Zealand, Singapore.

Thus, the formed accounting policy determines the order of operation of the accounting system, based on real business conditions and the principles of the accounting and taxation system. All of the above accounting concepts formed the basis of Generally Accepted Accounting Principles (GAAP). Accounting procedures and accounting practices in foreign countries have evolved over many centuries, so there are many accounting concepts on which accounting is based in different countries. Thus, it is worthwhile to note that the content of accounting as a system is influenced by: legal regulation, financial and the concept of monetary measurement. In financial accounting only information that can be represented in monetary terms. It has some concepts from international practice:

The concept of a separate enterprise. Accounts for business units are kept separately from accounts of related persons.

The concept of cost accounting. The asset is usually entered in the accounting registers for the price paid for its acquisition, i.e. at the original cost, which is the basis for all subsequent accounting for this asset.

The concept of duality of accounting (double entry). For each transaction, the debit amount should be equal to the amount of the loan.

The concept of linking income with costs. If the sale of services or goods affects both income and expenditure, then the impact on them should be recognized in a single accounting period.

The concept of an operating enterprise. Accounting assumes that the economic unit is an operating enterprise, i.e. it will continue to function for an indefinite period.

The concept of the accounting period. Accounting measures the activity of an enterprise for a specific period of time, called the accounting period.

The concept of conservatism (caution in evaluation). To recognize the increase in the undistributed profits of the enterprise (income) more weight evidence is needed than for recognition of a decrease in retained earnings (income).

Implementation Concept. Indicates the amount of income that must be recognized from this sale.

The concept of materiality. It establishes that minor events may not be taken into account, but all important information should be disclosed.

The concept of consistency once one accounting method, an enterprise should use it for all subsequent events of a similar nature, until there are good reasons for changing this method.<sup>8</sup>

Country Principles of Accounting. USA: the concept of an economic unit of accounting, the concept of continuing operations, the concept of monetary evaluation, the concept of periodicity, the principle of value, the principle of objective evidence, the principle of registration of income, the principle of compliance, the principle of materiality, the principle of full disclosure of all

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<sup>8</sup>E. S. Hendricksen. Theory of Accounting. 2012.

operations, the principle of constancy. UK: assumption of business continuity, accrual principle, principle of consistency, precautionary principle. France: the principle of prudence, the principle of consistency, the principle of consistency. Germany: the requirement of completeness, the requirement of correctness of content, the requirement of time delimitation, clarity, clarity, the possibility of control, the correctness of the form, the chronological order of records. Spain: Sensible caution, functionality, documentation, initial cost, accrual, comparability, lack of mutual settlement, invariability of accounting methods, materiality. China: The principle of continuity in accounting, the principle of timeliness, the principle of objectivity, the principle of cost accounting, the principle of compliance, the principle of documentary. Italy: accounting principles require that accounting be true and correct, accurate and clear.

As E.S. Hendricksen and M.F. Van Breda rightly point out, the accounting policy is the basis of accounting standards, recommendations, interpretations, rules and regulations used by companies in preparing financial statements. The accounting policy of the firm includes "methods of application by the administration of those principles which, under given circumstances, provide a true picture of the financial condition, changes in the financial position and performance of the business unit". Henin van Grüning believes that the accounting policy is the specific principles, foundations, customs, rules and instructions that the company applies to the preparation and presentation of financial statements.

According to Samuel Sea Weaver and Jay Fred Weston, the company explains its accounting policy, which usually involves discussing the policy of stock management, depreciation and depreciation policies; a detailed description of additional costs, for example, advertising and promotion costs on the market and R&D expenses, as well as other accounting issues, such as foreign exchange and financial instruments.

It should be noted that when forming the accounting policy of an organization, one should not limit oneself to the framework of normative legal acts, since they cannot provide for all the subtleties of each economic situation that arise in the

enterprise. Therefore, based on the characteristics of their activities, each organization chooses its elements of accounting policy, ensuring proper organization of accounting and the preparation of reliable accounting statements. At the same time, the achievement of these objectives implies that each organization must adhere to the assumptions established for the purpose of forming accounting policies.

One of the peculiarities of foreign accounting practice is that two versions of accounting policy are prepared in large companies. The first, which is drawn up at the beginning of the year, is formal and reflects the accounting principles worked out by the company in the past year, with foreseen changes and clarifications in the next year. The second is compiled at the end of the reporting year before reporting.

A number of authors (V.G.Getman, V.F.Paliy, Ya.V.Sokolov, F.F.Butynets, M.A.Vakhrushin, L.A.Melnikova, N.S.Plaskova, V.T.Chaia, G.V.Chaya, O.V.Solovyova, E.P.Konstantinova) suggest that when forming the accounting policy in accordance with IFRS it is necessary to disclose at least the following aspects: recognition of revenue; recognition and amortization of tangible and intangible assets; capitalization of borrowing costs and other costs; contractual agreements; investment property; financial instruments and investments; rent; costs for R & D; stocks; taxes; reserves; the cost of pensions; foreign currency translation and hedging; determination of cash and cash equivalents; the definition of economic and geographical segments and the basis for allocating costs between segments; accounting for inflation; government subsidies.

The existence of some accounting policies and procedures, which are adapted to the complexity and the specific of each entity in part is one of the essential conditions for producing and supplying useful information through the financial statements.<sup>9</sup>

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<sup>9</sup> Accounting Policies and Procedures – Theoretical and Practical Connotations in Treating Risks. Author links open overlay panel. Tatiana Dănescu PhD Univ. Prof.Mihaela Prozan PhD Candidate Andreea Cristina Dănescu PhD Candidate. <https://doi.org/10.1016/j.sbspro.2014.04.126>

International Financial Reporting Standards the main approach is applied - retrospective reflection of changes and an alternative approach - perspective reflection of changes. A comparative recalculation is performed, or the effect is included in the current year profit and loss statement with a comparative table in notes. It is reflected in the current period profit and loss statement

US GAAP The income statement includes the effect of changes in the current year. A comparative table and a comparative translation of the statements and the "Earnings per share" indicator are provided. A comparative restatement of the financial statements is carried out. It is reflected in the profit and loss account in the current period.

GAAP UK a retrospective approach is applied. A comparative translation of the statements and the "Earnings per share" indicator is performed with the newly reported income for the previous year. A comparative restatement of the financial statements is made. It is reflected in the profit and loss account in the current period. E.S. Hendricksen and M. F. Van Breda note that "all changes in accounting policies should have economic consequences."<sup>10</sup> The economic consequences of changes in the accounting policies of organizations may not occur immediately, and their significance may have an impact for an extended period. Thus, when forming the accounting policy in the transition to international standards, it is necessary, on the one hand, to study the experience of developing accounting policies in foreign countries, and on the other hand, to consider the following factors that affect this process: legal regulation, financial and taxation system, influence of others countries, peculiarities of organizations.

The main document of accounting policy is the International Accounting Standards №8.

International Accounting Standards (IASs) were issued by the antecedent International Accounting Standards Council (IASC), and endorsed and amended by

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<sup>10</sup>ES Hendricksen, M.V. Van Breda: Finance and Statistics, 2012. 576pp.

the International Accounting Standards Board (IASB). The IASB will also reissue standards in this series where it considers it appropriate.

IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors is applied in selecting and applying accounting policies, accounting for changes in estimates and reflecting corrections of prior period errors.

The standard requires compliance with any specific IFRS applying to a transaction, event or condition, and provides guidance on developing accounting policies for other items that result in relevant and reliable information. Changes in accounting policies and corrections of errors are generally retrospectively accounted for, whereas changes in accounting estimates are generally accounted for on a prospective basis. IAS 8 was reissued in December 2005 and applies to annual periods beginning on or after 1 January 2005.<sup>11</sup>

When a Standard or an Interpretation specifically applies to a transaction, other event or condition, the accounting policy or policies applied to that item must be determined by applying the Standard or Interpretation and considering any relevant Implementation Guidance issued by the IASB for the Standard or Interpretation.<sup>12</sup>

In the absence of a Standard or an Interpretation that specifically applies to a transaction, other event or condition, management must use its judgement in developing and applying an accounting policy that results in information that is relevant and reliable. In making that judgement, management must refer to, and consider the applicability of, the following sources in descending order:

-the requirements and guidance in IASB standards and interpretations dealing with similar and related issues;

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<sup>11</sup>International Accounting Standards. “Accounting policies, changes in accounting estimates and errors” December 2005.

<sup>12</sup>International Accounting Standards №8.7 “Accounting policies, changes in accounting estimates and errors” December 2005.

-the definitions, recognition criteria and measurement concepts for assets, liabilities, income and expenses in the framework.<sup>13</sup>

Management may also consider the most recent pronouncements of other standard-setting bodies that use a similar conceptual framework to develop accounting standards, other accounting literature and accepted industry practices, to the extent that these do not conflict with the sources in paragraph 11.

Forming the accounting policy in accordance with IFRS, it is necessary to remember the consistent application of it, since the organization can make changes to the adopted rules only in three cases:

- 1) if changes were made to the existing standard;
- 2) if a new standard has been adopted;
- 3) at the company's own will.

The purpose of this study is to synthesize the role of accounting policy making as a political avenue for sustainability agenda. The avenue is required to reduce and cease the existence of gap in current sustainability reporting practices by business enterprises. This study concludes that by adopting sustainable development as human spirit in accounting policy making, the possibilities to transform accounting policies and practices to comply with sustainability concept become possible.<sup>14</sup>

The third case involves making changes in order to improve the reliability and correctness of reporting data, so the investor should be treated with particular caution and the company should not abuse it. These measures will ensure the comparability of financial statements for successive reporting periods. "As a result, reporting will become easier to understand by different groups of users". Disclosure of all material

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<sup>13</sup>International Accounting Standards №8.11 "Accounting policies, changes in accounting estimates and errors" December 2005.

<sup>14</sup> Procedia-social and behavioral sciences. Vol 219. 31 May 2016, Pages 732-740. Accounting Policy Making: A Political Avenue for Sustainability Agenda. I. Putu Sudana.

<https://doi.org/10.1016/j.sbspro.2016.05.068>.

transactions and accounting objects period or on the assessment of financial statements as a whole, retrospective recalculation should not be performed. In this case, the organization must use the updated accounting policy from the beginning of the earliest period, in which a retrospective recount is possible. This period can also be the current period.

This instructional case applies a framework-based approach to explore the concept of comparability in financial reporting and retrospective application of new accounting policies. The DaimlerChrysler (DC) case provides an opportunity for you to research key financial reporting concepts, analyze accounting policy differences between U.S. GAAP and IFRS, determine adjustments necessary to convert financial statements from U.S. GAAP to IFRS, and compute and discuss key ratio impacts following financial statement conversion.<sup>15</sup>

In accordance with IFRS, it is also possible to change the method of revaluation of fixed assets or intangible assets, for example, not at historical but at fair value. The application of the retrospective approach in this case is not required.

And, finally, in the event of the publication of a new standard or a change in the old one, special transitional provisions appear that the company must follow. They contain detailed instructions on how to take into account changes made to the standard, and how you can change the current accounting policies of the organization. When compiling an accounting policy of an organization, it is necessary to take into account the specifics of the activity that should be disclosed in the document. For example, if a company has a foreign representative office or a large volume of operations in foreign currency, the accounting policy should be disclosed in terms of recognition of foreign exchange gains and losses resulting from changes in foreign exchange rates. When a company acquires an enterprise, an

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<sup>15</sup> Journal of Accounting Education. Vol.32.Issues 3, September 2014, Pages 288-304. IFRS framework-based case study: DaimlerChrysler – Adopting IFRS accounting policies Eva K.Jermakowicz Alan Reinstein Natalie Tatiana Churyk.  
<https://doi.org/10.1016/j.jaccedu.2014.06.002>.

estimate of goodwill and minority interest should be disclosed in the accounting policy.

The applied accounting policies of the group of companies should be coordinated, as in preparing the consolidated financial statements in the reporting of the acquired company, it may be necessary to make adjustments in order to align with the accounting policies of the parent company. The main purpose of the formation of accounting policy under IFRS is the preparation of reliable financial statements, based on approved accounting principles, to attract foreign investment. The approach to the formation of the accounting policy of an organization in accordance with IFRS is different from the Accounting Standards, therefore, Uzbekistan enterprises in case of transition to IFRS should double-track, spend additional funds for training personnel involved in the accounting process. Foreign companies that implement activities in Uzbekistan can follow IFRS.

### **Conclusion for the third chapter**

Companies independently form their accounting policies, based on their structure, industry and other features of the activity. At the same time, companies are guided by the legislation of the Republic of Uzbekistan on accounting and regulatory enactments of the bodies regulating accounting. Since the responsibility for the organization of accounting is borne by the head of the company, then he takes the accounting policy for accounting purposes. Almost all structural subdivisions of the organization should take part in preparing and working out the accounting policy in the areas of their activities. Work on preparation and improvement of accounting policy should be conducted systematically throughout the year, and it is advisable to carry out continuous monitoring of changes in legislation and various regulatory documents, as well as directly in the activities of the organization. The accounting policy of the organization should be applied consistently from year to year, changes in it should be insignificant and be an exception to the rules.

## **CONCLUSION AND OFFERS**

In this final qualifying work the following theme is presented: “Organization and maintenance of accounting policy in economic entities”. The work contains

three sections. The first of them is a theoretical part, revealing the formation of accounting policy.

When analyzing the system of indicators that characterize the financial condition of the company LLC «Navbahor Sanoat», the following is revealed:

- the enterprise is not able to cover all its obligations at its own expense and, thus, depends on borrowed funds;

- the organization has insufficient production assets;

- this organization will not be able to fully cover the amount of short-term debt with money and receivables;

- this enterprise have enough funds to pay debts on all short-term obligations and at the same time the smooth implementation of the process of production and sale of products;

- the state of settlements with suppliers and other creditors has improved compared to the previous year, as the average repayment period of the company's debts increases.

Analysis of the organization of accounting showed that the organization of LLC «Navbahor Sanoat». maintains accounting and financial reporting in accordance with the procedure established by law and is responsible for its reliability. Serious, significant violations and errors were not identified. However, the job description of the chief accountant was not drawn up, and the workflow schedule as such was not developed. In this firm, a journal-order form of accounting is used with the use of an automated form of information processing. For this purpose, the accounting program of firm 1C - "1C: Accounting 7.7" is used. At the same time all accounting areas without exception are automated.

Despite the fact that LLC «Navbahor Sanoat». is a small business entity, the simplified taxation system is not applied in this organization, but the traditional taxation scheme is applied. The organization maintains tax accounting in accordance with the procedure established by the tax legislation of the Republic of Uzbekistan and is responsible for its reliability. In the organization in question, the accounting policy for tax purposes has been developed in sufficient detail. In order to comply

with the unified accounting policy at the enterprise during the reporting year for the purposes of taxing certain business transactions and valuing property, the method of comparing tax and accounting data is used. That is, in order to obtain data for the calculation of taxes, the accounting system is applied.

The audit of the compliance of the accounting policies of the audited entity with normative acts is presented in the third chapter, the results of which showed that the accounting policy of LLC «Navbahor Sanoat» is consistent with the current legislation requirements. That is, the level of accounting policy applied for accounting and taxation purposes is generally high. Based on the audit of the accounting system of LLC «Navbahor Sanoat», both for accounting purposes and for tax purposes, recommendations were made to improve the organization of accounting.

Among the main shortcomings can be identified the presence of "significant" amounts under the heading of Business and Management expenses of the income statement. The enterprise needs to check the correctness of assigning costs to groups.

In conclusion, taking into account all of the above, we can offer the following recommendations for improving and improving the economic and financial condition of the enterprise, as well as organizing all types of accounting, tax accounting and reporting:

1. For the organization of LLC «Navbahor Sanoat». to work stably, efficiently and profitably it is necessary:

- increase the share of own working capital in the value of property, and also to ensure that the growth rate of its own working capital is higher than the growth rate of borrowed capital;

- increase the turnover of the company's current assets, especially pay attention to the increment of the most liquid assets;

- monitor performance indicators

It should be noted that the enterprise does not conduct an analysis of activities, does not calculate the main economic and financial indicators, indicators of business activity and solvency. It would be proposed to develop an automated version of

AEE(analysis of economic entity) in order for the manager to know not only general but also private indicators when making managerial decisions.

2. With a view to aligning the accounting management system with the requirements of legislation:

-consider, for use, the orders on accounting policy proposed above for accounting and tax purposes;

-apply the proposed workflow schedule and monitor its proper compliance;

-apply the job description of the chief accountant;

-apply the developed provision on inventory;

-apply the developed provision on accounting;

-periodically carry out internal audit of activities;

-consider the transfer of primary accounting to an accountant assistant.

When implementing the above proposals to improve accounting in the organization, mainly the organization of accounting will be effective, therefore, the requirement of timeliness, reliability, completeness, quality of accounting in the analyzed enterprise will be fulfilled. This will allow a more efficient analysis of economic activity. Thus, the efficiency of production and the quality of the services provided will increase.

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