

Improving the Methodology the Regulatory and Legislative Framework for Accounting in the Context of Structural Changes in the Economy of the Republic of Uzbekistan

Temirkhanova Mutabar Jurayevna*

PhD, Professor of the department "Accounting" TSEU, Tashkent city, Uzbekistan

**Corresponding Author: Temirkhanova Mutabar Jurayevna, PhD, Professor of the department "Accounting" TSEU, Tashkent city, Uzbekistan, Email: mutabarchik@mail.ru*

ABSTRACT

This article addresses the issues of proper formation of production costs, by improving the regulatory framework of accounting. And also analyzed some sections, paragraphs and clauses of the Regulation on the composition of costs, where, according to the author, there are flaws and uncertainties. Based on the results of scientific research, opinions, arguments and suggestions for improving the regulatory and legislative documents on the accounting of costs for the organization and management of production are set forth. This will result in the recording of your financial account, the evaluation of the items, and the settlement of the related accounts.

Keywords: *travel services, financial results, performance, market relations, international experience, physiological development.*

JEL Classification: *G29, G32, P1, H5, M21, M41, M42*

INTRODUCTION

The country is consistently taking steps to develop sectors with a vast The cost of products in accordance with the Regulation "On the composition of the costs of production and sales of products (works, services) and the order of formation of financial results" consists of the material costs associated with production, the cost of production labor, deductions for social insurance related to production, depreciation of fixed assets and intangible assets for production purposes, as well as from other expenses of a production nature.

In this article we want to present our opinion on the improvement of the regulatory framework for cost accounting for the organization and management of production, which are part of other production costs. As is well known, at enterprises, in addition to the costs associated with the production of products, there are also costs associated with the management of production. Such costs are called the costs of organizing and managing production. There are different opinions in economic literatures about these costs. [1] For example, the costs of organizing and managing production include wages of administrative employees, the cost of deductions from their wages for social insurance, the cost of electricity, heating and

lighting of buildings, depreciation of buildings and economic structures, the cost of their current repairs and other similar expenses. As noted by the authors, these costs, depending on the location of occurrence, are divided into overhead costs, expenses of the common area, general business expenses and general expenses for the management and maintenance of the enterprise.

And also, the organization of production is a set of complex measures in relation to the relationship of labor and the material elements of production. Opinions were also given that in economic entities the organization of production is the creation of material benefits in the main and auxiliary production, in servicing processes with an effective interrelation of means of labor, objects of labor and labor itself. In our opinion, studying the theoretical and legal framework for cost accounting for the organization and management of production, as well as on the basis of practical knowledge, it would be advisable to give the following definition: "The costs of organizing and managing production are the direct and indirect costs of organizing and managing continuous activity economic entities ". Proper accounting of costs for the organization and management of production depends largely on the theoretical foundations

of accounting. Based on the results of scientific research, we want to express our opinions, arguments and suggestions regarding the regulatory and legislative documents on the accounting of expenses on the organization and management of production. In our opinion, the Regulation on the composition of costs for the production and sale of products (works, services) and on the procedure for the formation of financial results has some drawbacks and uncertainties. For example, clause 1.1.5 of paragraph 1.1. "Production material costs" of section "B". The statement of cost structure is said to be "... For raw materials industries - the depreciable value of rights to use timber or minerals (ore)", according to the content requires some changes.

We believe that the "amortized cost of rights to use timber or minerals (ore)" in terms of content should be reflected in paragraph 1.4. "Depreciation of fixed assets and intangible assets for production purposes". In section "B" of the Provision on the composition of costs in paragraph 1.2.5.2. paragraph 1.2. "Expenses for labor remuneration of production character" are reflected in "Payments to employees on forced leave, with partial preservation of the basic wage", clause 1.2.5.4 reflects "Remuneration for the performance of state duties (military charges, emergency charges, etc. P.)".

It would be advisable to attribute these costs to expenses of the period as "Other operating expenses", because these two items of expenditure are not directly and indirectly involved in the formation of the cost of products. In clause 1.5.1.8.

paragraph 1.5. "Other expenses of a production nature" reflect "the cost of free utility services, food, food to employees of individual industries, the cost of paying free housing (or the amount of monetary compensation for housing, utilities, etc.) provided to employees of an economic entity", which are included in the cost price manufactured products. In our opinion, this is an error in the formation of the actual cost of production and leads to an incorrect definition of gross profit from the sale of products. And also, we recognize that it is necessary to substantiate the composition of administrative expenses from a scientific-theoretical point of view. For these purposes, relying on the research results will correctly translate the costs reflected in paragraph 2.3.21. paragraph 2.3. "Other operating expenses" Regulations on

LITERATURE REVIEW

We refer to the interpretation of our accounting policies and the methodology of the flour forming method. Accounting policy is defined as follows: "Accounting policy" means a set of rules and methods adopted by the head of an undertaking, in accordance with their principles and principles, for accounting and financial reporting. "[2]As it is clear from this, the author keeps the technological features of the enterprises in the formation of more account policies.

However, it would be expedient to note that accounting policies should be based on the form of ownership and the intended purpose of businesses. If we take into account the fact that the information obtained and the financial statements made therein are comparable to some period of time, then it is no exaggeration to say that accounting policy is a means to achieve that goal.

RESEARCH METHODOLOGY

Research methods employed in the study of economic realities - experimental research, generalization, grouping, logical and comparative methods of analysis, abstract-logical thinking, comparative analysis, statistical analysis, prospective forecasting and other methods.

METHODOLOGY

In section A "Formation of financial results" of the Provision on the composition of costs, there are five indicators for determining the profit of activity of economic entities. They are as follows:

- gross profit from sales of products;
- profit from the main activity;
- profit (or loss) from general economic activity;
- profit before tax;
- net profit of the year.

Each indicator of profit is determined by the corresponding formulas: [1]. For example, the profit from the main activity, which is defined as the difference between the gross profit from the sale of products and expenses of the period, plus other income or minus other losses from the main activity:

$$POD = PV - RP + PD - PU$$

where: AML - profit from the main activity; RP - expenses of the period; PD - other income from main activity; PU - other losses from the main activity. In the form of financial statements No. 2 "Report on financial results", the amount of gross profit from sales of products reflected in the formula is recorded in line 030, expenses of the period in line 040, other income from main activities in line 090.

But to reflect other losses from the main activity in the form № 2 lines are not intended, although they exist in the formula definition. We think the reason for this is as follows. As is known, other losses from the main activity include losses of the enterprise, received from the disposal of fixed assets and other assets. When reflecting the loss on disposal of fixed assets, the following entry is made in accounting: [2]

Debit 9430 "Other operating expenses"

Credit 9210 "Disposal of fixed assets"

And when reflecting the loss from the disposal of other assets, the following entry is made in the accounting records:

Debit 9430 "Other operating expenses"

Credit 9220 "Disposal of other assets"

As can be seen from the record, account 9430 "Other operating expenses" is considered to be expenses of the period and in the formula for determining profit from the main activity it is reflected as "RP". Therefore, it can be said that other losses from the main activity reflected in the formula for determining profit from the main activity as "PU" should be removed from the formula. Thus, the above-mentioned opinions, arguments and suggestions contribute to the improvement of the regulatory framework of accounting.

The features of the formation of accounting policies in business entities engaged in tourist activities, the issues of improving the procedure for organizing and maintaining financial accounting and the formation of the financial results of accounting for national tourism products are investigated. The research results show that in almost all travel companies operating in the republic, accounting policies have been developed to varying degrees. However, it is impossible to consider them perfect and we cannot say that they are fully aligned with international standards (IAS). To date, the only document for the preparation of accounting policies is the National Accounting

Standard (NSBU) No. 1 "Accounting Policy and Financial Reporting".

At the international level, such a document is the International Accounting Standard (IAS) No. 8 "Accounting policies, changes in accounting estimates and errors." [8] It should be particularly noted that the international standard gives a general description not only of the formation of accounting policies, but also of displaying information about errors and changes in the calculated estimates, but this has not been taken into account in our practice. Also, the accounting policy in the activities of tourist enterprises shows the insufficiency of requirements for their quality and content, inadequate accounting organizations in the modernization and diversification of the national economy. In our opinion, accounting policies are becoming one of the necessary tools for proper organization of financial accounting in tourism enterprises, timely determination of the cost of services provided and making effective management decisions, timely accounting of cash inflows, in particular, accounting for foreign exchange transactions, travel expenses and other accounts receivable and payable debt, accounting for various investments in the industry. Therefore, we consider it expedient to develop an effective accounting policy for the formation of travel services under the Uzbekistan brand that can compete with global travel brands (Tretyakov Gallery-Russia, Welcome to Great Britain — Great Britain, España — I need Spain — Spain, "Visit Finland" -Finland, "Kiviana" -New Zealand, "Lithuania-Real is beautiful" -Lithuania, Rio 2016- Brazil). [9] The concept of accounting policies of enterprises operating in the field of tourism is given the following definition: "Accounting policies are a set of acceptable methods and rules adopted by the company's management, based on alternative principles and rules for organizing and maintaining financial accounting and financial reporting in tourist enterprises".]

In our opinion, it is expedient to form accounting policies in travel companies dividing into three parts: presentation of provisions expressing selected methods of recognition, measurement and display in accounts of accounting objects of financial accounting, as well as the presentation of methodological aspects for each element of other forms of balance and reports; financial accounting equipment, with the introduction of a working

chart of accounts necessary for maintaining financial accounting, attaching accounting registers to accounts, the primary forms of all documents, the timing and order of the inventory, as well as coding and classifiers necessary for the use of modern computers and other office equipment; presentation of the selected organizational form of accounting in the organization of financial accounting, methods of organizing the labor of financial accounting service employees, the chosen option of distributing functional responsibilities between accountants, organization of workflow, appointment of the head of the accounting service, his rights and obligations. As studies show, in practice, the accounting policy structure in tourism enterprises is limited only by a complete reproduction of the national standard NSBU-1 "Accounting policies and financial statements" for accounting objects. With this in mind, we have proposed general aspects that need to be reflected in the accounting policies of travel companies. In our opinion, the formation of specific instructions on the principles of organizing the department of accounting and financial accounting, methods of establishing documents and customer service, taking into account the peculiarities of the activities of travel companies, is important. The results of the study show that specialists with higher education should work as chief accountants in the positions of the chief accountant.

However, at this time, most accountants in this field in more than 430 travel companies in our country do not have a higher education. [10] Meanwhile, they must have work experience related to accounting or financial reporting or auditing, in the presence of higher economic education - at least three years from the last five calendar years, and in the presence of higher non-economic education - at least seven years from the last ten calendar years. [11] If the travel company must undergo an obligatory audit, in this case the head of the company must provide annual training of their accountants. In our opinion, although in the current legislation on accounting and auditing there is no provision for mandatory audit checks for travel companies, it is advisable to introduce an internal audit service to monitor the correct and reliable formation of financial information. This will ensure full compliance with the principles of neutrality of financial statements of foresight (caution) of financial accounting in tourist enterprises. The following proposals were

formed on the procedure for calculating the depreciation of fixed assets in travel companies, in particular: it is advisable not to use the word "double" in the concept of "accounting depreciation" and to provide depreciation calculation at the disposal of companies. If we consider this on the example of the object of research, then we can see the following: in the financial statements of the object of study - the travel company LLC ENJOY TRAVEL, the cost (initial) of fixed assets is indicated in the amount of 26,482.0 thousand soums. In accordance with the method of uniform method of depreciation calculated in the amount of 5 132.0 thousand UZS. At the same time, according to the method of reducing the balance with double depreciation rate, this figure is 10 264.0 thousand soum. In our proposed option, it is recommended to write off these assets in accordance with the decision of the enterprise management.

That is, fixed assets (obsolete) are replaced by modern ones. If the proposed right is created (free choice of depreciation rates), the company will be able to choose a rate 3.5 times larger and calculate depreciation. $(100 / \text{service life}) * 3.5$ In this case, the annual amount of depreciation - 18537.0 thousand soums or about 70.0% of the value of fixed assets would be covered in the first year (fully converted into costs: Debit 9400 - accounts, taking into account the costs of the period or 2000, 2300, 2500, 2700 - The costs associated with the production (execution of works and services) (when creating tourism products), Credit 0200 - accounts that take into account the depreciation of fixed assets). Based on this proposal: first, opportunities will be created for prompt reimbursement of the value of fixed assets (leading to costs) and the provision of new fixed assets (mostly appropriate for computers and other office equipment); secondly, in the first years it will affect the base of the corporate income tax (Art. 146-147 of the tax code) (for example, in the first year it will add -13,405.0 thousand soums to the tax base). However, travel companies that are the object of the study are also the only taxpayers in the form of a limited liability company. In accordance with the Instruction for the application of NSBU-21 of the Republic of Uzbekistan, it is stipulated that account 8710- "Accounting for retained earnings (uncovered loss)" records the retained earnings (uncovered loss) of tourism enterprises for the reporting period. Consequently, tourism enterprises can distribute a certain part of net profit on a

monthly basis or on quarterly and annual results between the founders. To this end, we propose to introduce into this account a working account 8711- "Distribution of net profit". This will enable the formation of information on the appropriate to the distribution of the above-mentioned account 8710 - "Retained earnings (uncovered loss) of the reporting period." [13] Studies have shown that it is reasonable to formulate royalties in tourist enterprises. Such revenues arise from the use of patents, trademarks, copyright and computer programs. At the same time, income in the form of royalties (interest, rent, etc.) is recognized during periods of use of assets (Debit 4850 "Received royalties", Credit 9510 "Incomes in the form of royalties"). A travel company has the right to transfer the right to provide travel services (patent or license), obtained on the basis of contracts to other companies starting their activities in this area. As a result, the company will have the opportunity to increase its income from financial activities outside its core business. As can be seen from these data, in evaluating the formation of financial results, you can see positive changes in this process in the enterprise in the travel company ENJOY TRAVEL LLC. That is, revenues tend to increase.

The increase in revenue from product sales by +1,999,054 thousand UZS (226.5 percent) ultimately leads to an increase in the net profit of the reporting period by +30,033.0 thousand UZS or 293.5 percent. On the basis of these indicators, when calculating the financial return on assets of companies on the recommendation of the American financial analyst U. Biver, this indicator will amount to 7.6 (15 560.0 * 100/202 914.0) by the beginning of the reporting period, and by the end of the reporting period 36, 6 (45 593.0 * 100/124 241.0). This suggests that in the next five years in a travel company there is no likelihood of bankruptcy. [14]

In the third chapter of the thesis "Improving financial reporting in travel companies based on the requirements of international standards (IAS, IFRS)", studies were conducted to improve financial accounting in travel companies based on international standards, as well as form requirements and financial reporting in travel companies. [15]

- The following financial reporting forms are compiled and submitted at travel companies:

- balance sheet, form 1 (statement of financial condition);
- statement of financial performance, Form 2 (statement of comprehensive income);
- explanations to the financial statements, references.

In our opinion, today it is advisable to approach the balance sheet used by investors, creditors, suppliers, government bodies and other users not only as a means of ensuring methodological equality, but also meaningfully based on accounting goals. According to the accounting balance of LLC ENJOY TRAVEL, which is the object of the study, an analysis was conducted of the criteria for dividing into current and long-term assets and liabilities according to the requirements established in international standards. You can see positive results in the analysis of the structure, dynamics and composition of balance sheet assets in the company. Despite the fact that the long-term assets of the company tend to decrease (-3,623 thousand UZS or 85.4%) (this situation is due to the obsolescence of fixed assets) is characterized by an increase in the company's current assets (working capital), which is (+174,145.0 thousand soums or +244.7), the active part of the balance tended to increase 6.2 times in comparison with the reporting period. This, in turn, indicates an increase in the solvency and liquidity of the company. The sources of own funds (+23238 thousand soums or 175.5%) and the amount of liabilities (+147284 thousand soums or 914.6%) of the company tended to grow.

Sources of own funds grew mainly due to retained earnings (15560 thousand UZS). Also, liabilities increased due to suppliers (65,384 thousand UZS), advances received (42,357 thousand UZS) and debt to the budget (38,710 thousand UZS). In general, the company's total balance sheet assets increased 6.2 times. As noted above, on the basis of the balance sheet, which plays an important role in the financial statements, will enable them to determine their financial position. Analysis of the financial condition of the tourist enterprise shows that the indicators are at the level of norms, but by the end of the reporting period, it will be possible to observe cases of recession. For example, the requirements for the norm of financial independence ratio of at least 1.0 approach the beginning of the year, but by the end of the year led to a decrease (0.26 or -0.67), and the solvency rate of 1.25 was 4.5 and by the end of

the year it dropped to 1.2 (-3.2), the financial independence ratio 1.0 <less the requirement for the norm ratio was close at the beginning of the year, but at the end of this reduction it was (0.26 or -0.67), and the solvency in the beginning of the year was 1.25 from the norm, indicating a decrease of 2 (-3.2). Also, the liquidity ratio of funds, despite the increase in private capital, fell by -0.58. However, the ratio between equity and borrowed capital is positive (+2.7). Analysis of marginal profit and its factor on the basis of the report on the generalized income (financial results) of the travel company is calculated on the basis of the following indicators. The profit margin in the analyzed company grew by +276820 thousand UZS, which is a percentage by 181.2 percent. Also, despite a twofold increase in sales (+1999054 thousand UZS), the marginal income ratio decreased by 0.2 points. This is due to the increase in variable costs (+1659234 thousand soums or 233.8%). Consequently, the improvement of financial statements of travel companies based on international standards will provide opportunities for the further development of the integration processes of the country's economic sectors, in particular, companies engaged in tourism activities, with such companies from leading countries of the world.

CONCLUSION

The study resulted in the following conclusions:

Firstly, the information obtained in the preparation and analysis of the balance sheet of enterprises and firms operating in the tourism sector and being the object of research (GRAND COMFORT TRAVEL LLC, MITRA TRAVEL LLC, ENJOY TRAVEL LLC) important information for users about the financial condition and liquidity of the company. The importance of the balance reflects the best financial information system, which assesses the financial position of the firm. Its usefulness lies in the fact that balance is an important source for assessing most financial ratios, including liquidity, financial flexibility, profitability and valuation of its assets;

secondly, in international standards (IAS-1) the concept of the balance sheet is replaced by a broader concept, that is, it is referred to as the "Statement of financial position".

In our opinion, it is advisable to replace the name of the balance sheet of tourism enterprises with the above concept. This makes it possible

to attract foreign investment for tourism enterprises, create ground for increasing trust in companies and approaching IAS;

thirdly, financial results are a system of interrelated economic indicators, which are determined on the basis of a comparison of incomes and expenditures of tourist enterprises. The interpretation of financial results as a system of economic indicators in the form of income, expenses, profit and loss arising from the activities of enterprises shows the need to base on a certain sequence in its accounting and analysis. This sequence will depend on the calculation based on the order and rules, objectives used in determining financial results.

The traditional form of financial results of travel companies is determined by the following formula: Profit (loss) = income - expenses. In our opinion, the calculation of the final financial results of this formula will provide insufficient information for managers of companies, founders, persons involved in financial management, analysis and other interested parties. Therefore, to calculate the financial result, interested parties can determine their rules and procedures.

Today, travel companies consider their financial results mainly on the basis of tax legislation and international and national accounting standards. As a result of research to improve financial accounting and reporting in tourism enterprises, the following conclusions and recommendations are proposed:

- Recommended "The conceptual basis of accounting and financial reporting of small businesses", taking into account the regulatory legal acts of the organization of financial accounting in the corporate system of the republic, including the "Conceptual basis of organizing and presenting financial statements", taking into account the characteristics of small businesses, in particular, tourist enterprises.
- The organization of financial accounting at enterprises engaged in tourism activities has been improved, in particular, primary and consolidated acts accounting for accounting objects.
- This serves the timely and complete registration of accounting information and reliable formation of financial statements in the field.

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