



Improving Accounting in Monopoly Organizations

Zurapov Ali Utkirovich

Senior lecturer of the Department of Economic Sciences of the University of Public Safety of the Republic of Uzbekistan,
Lieutenant Colonel
Telephone number: +998946904309
alizurapov74@mail.ru

ABSTRACT

Based on the analysis of foreign and native scientific researches, the author developed proposals and recommendations on the theoretical and methodological foundations of the calculation of financial results in monopoly enterprises, determining the content and place of monopoly in society in the conditions of market relations, the share of monopoly in GDP, its positive aspects and theoretical and methodological foundations of the calculation.

Keywords:

monopoly, standards, competitive, monopoly enterprise, income, gross domestic product.

The relevance of the topic.

In the new development strategy of Uzbekistan for 2022-2026, within the framework of the tasks set for the accelerated development of the national economy and ensuring high growth rates, measures will be taken to reduce the annual inflation rate to 9 percent in 2022 and 5 percent in 2023 and the fiscal deficit to 3 percent, followed by ensuring that inflation and the state budget deficit do not exceed this indicator, while taking measures to increase the energy efficiency of the economy by 20% and reduce emissions of harmful gases by 20% by 2026 through active implementation in all industries.

Continuing the industrial policy aimed at ensuring the stability of the national economy and increasing the share of industry in GDP, by increasing the volume of industrial production by 1.4 times, ensuring uninterrupted supplies of oil and gas products to economic sectors and the population, developing chemical and gas chemical sectors and increasing the level of natural gas processing from 8% to 20,

developing a "roadmap" for ensuring that 23 large enterprises in such industries as the production of products worth 2 billion US dollars, mechanical engineering, chemistry, oil and gas, energy, mining and metallurgy, transport, by obtaining international credit ratings, could independently enter the domestic and foreign financial markets and raise funds for investment projects. Of course, when performing such priority tasks, it is advisable to meet the demand of users of accounting information by improving the existing national accounting system standards based on international standards.

Such industries as mechanical engineering, chemical, oil and gas, energy, mining, metallurgy, transport, presented on the Roadmap, are natural monopoly industries listed in the first appendix to the State Register.

Analysis of foreign and native scientific research on the topic.

There are many definitions of the term "Monopoly". For example, in the economic science of the Russia, it is quoted that this is a

market state in which the very existence of a state or enterprise as an exclusive right to carry out economic activity is determined independently, without taking into account.

Some scientists have positive thoughts about monopoly, and some have negative. R. Posner believed that Monopoly (from the Greek “μονο” - “one” and “πωλέω” - “I sell”) is the control of large enterprises over the production and sale of one or more types of products in a market system where there is no competition. It is clear that monopoly enterprises make a profit, because customers do not have the right to choose.

According to G.C. Bechkanov and G.P. Bechkanova, “Monopoly is a type of market structure in which the only seller is the one who does not have a close substitute in the production of a certain product. A monopoly-dominated market is a competitive market in which there are many competitors offering goods for sale.

It's the exact opposite.

The purpose of the competition policy is to significantly influence the pricing mechanism for the products sold or services provided. In some cases, the term "Monopoly" is also understood as an indicator of the quality of the market. Or the same with the word “democracy” in relation to the system of political terms. In addition, some experts use the term “Monopoly” as a synonym for a market characterized by certain characteristics.

In addition to such interpretations of the term "Monopoly", there are other theoretical concepts that define the essence of this phenomenon. For example, a monopoly can be understood as a single company, which is characterized by priority in the management of a particular market segment.

In general, the term "Monopoly" can be understood as:

- the state of the market or any of its segments-the presence of a single participant or leader of the industry, region;
- a company with one player or leader;
- a market where a leading firm or a single supplier is present.

There are many criteria by which industry specifics, leadership or the corresponding

nature of the market are determined. For example, some scientists prefer to use the word “pure monopoly” mainly when there is no competition in the market.

Economists believe that it is legitimate to allow “monopolistic associations”-firms that join forces to gain control of the market – to participate in business. One of the indisputable criteria for recognizing a market or an economic entity as a monopoly is the level of competition. There are economists who believe that the process in question is minimal or that entry without competition is legal. But this is not always the case. There are theories within which one or another type of competition is allowed. In this case, the monopoly may be the result of a similar competition between enterprises, as a result of which the winner gains significant control over the market.

Some economists distinguish the following main types of monopolies: closed, open and natural. Closed monopolies include markets where the level of competition is mainly limited by the current legal acts. To get into the relevant segments, enterprises often have to obtain expensive and complex licenses, patents and permits. Most economists and scientists believe that this type of monopoly is necessary for a developed economy, since they can be used to protect segments that are fundamental to national economic systems. For example, the postal service or the gas industry. The emergence of natural monopolies is largely due to the natural development of the market, in which conducting a profitable business is possible only if it is the only company with large financial or infrastructural resources or having the status of a very large player.

At the same time, small players cannot work within the framework of effective business models, and as a result, they either cease their activities or sell their main assets to enterprises with monopoly status, and thus merge with them. What is a monopoly, economists can consider this term as a specific company or industry, based on the opinions expressed by scientists. In this regard, it would be advisable to note one noteworthy fact. The term "natural monopoly" is often applied to a

single corporation. Although this term can describe the market in a very broad sense.

Monopoly is grouped as follows:

- natural monopoly;
- state (closed) monopoly;
- open monopoly.

Natural monopoly (systems such as railways, water supply) - enterprises united by a single marketing organization, the state of the commodity market, due to the technological features of production, in the absence of competition, more effectively satisfy the demand in this market (due to a significant reduction in the cost of production per unit of production with an increase in production volume), and enterprises created by subjects the newly released goods cannot be replaced by other goods in consumption, and therefore the demand for these goods is high. Subjects of natural monopolies are less dependent on changes in prices for this product than the demand for other types of goods.

At the same time, a situation may arise when network services are similar, but according to generally accepted norms, such a network is still monopolistic (for example, passenger transportation by rail competes with air transport, but the railway is still a monopoly).

A state (closed) monopoly is a monopoly created by the force of legislative barriers that establish the commodity boundaries of a monopolistic market, a monopoly entity (monopolist), forms of control and regulation of its activities, as well as its powers.

An open monopoly is a temporary condition that exists as a result of the emergence of a new technology or product in the period before competitors master this technology and the production of this product.

Some economic scientists talk about the negative sides of monopoly, and some point to the positive. For example, according to a scientist-economist of our republic, professor N. Djumaeu, it is necessary to "split up" monopolistic companies and bring their assets to the market. Because the monopolist company does not strive to improve the quality of services provided, does not invest in improving the professionalism of staff.

I.U.Tarasov insists that monopoly, as a rule, is a representative, the main taxpayer and the creator of new jobs. Monopolies help replenish the state budget and solve an important social problem – employment of the population."

The purpose and objectives of the scientific article.

The purpose of the article is to develop proposals and recommendations for improving the theoretical and methodological foundations of accounting for financial results at monopolist enterprises. Based on this goal , the following tasks were defined:

- to reveal the essence and place of monopoly in society in the conditions of market relations;
- substantiation of the positive aspects of the monopoly by determining its share in GDP;
- to determine the theoretical and methodological foundations of accounting for financial results at monopolistic enterprises.

Scientific novelty.

In our opinion, "Monopoly" is the socialization of capital resulting from the conditions of competition. At the same time, several small producers unite with a single goal of capturing the market. Their goal is to capture the market by producing one type of product, not several small products. As noted above, the emergence of monopoly enterprises is one of the main economic sources of replenishment of the state budget and employment of the population.

According to the list given in appendix one to the state register of Natural Monopoly Entities published by the Antimonopoly Committee of the Republic of Uzbekistan in October 2019, 137 economic entities are monopoly enterprises.

The share of monopoly enterprises in GDP in the economy of the Republic of Uzbekistan (as a percentage)

	2017	2018	2019	2020	2021
The share of monopoly enterprises in GDP	7,3	8,1	10,0	12,4	15,1

As it can be seen from the data given in the table, the share of monopoly enterprises operating in the economy of the republic in the gross domestic product increased by 7.8% in 2021 compared to 2017. The relevant question here may be, is this a positive result or a negative one? You can look at it from two sides. The first is the dynamics or size of the product. In this case, the share of monopolistic enterprises in GDP has increased over the analyzed years. On the other hand, the positions of monopoly enterprises have grown in the competitive market.

In the conditions of economic liberalization in the organizational process of entities with various forms of ownership, their management, control and analysis of their activities provide the necessary information, mainly accounting, which are the basis for operational decision-making by the administration. All business entities, including monopoly enterprises, are required to keep records of their production and commercial activities in accounting and prepare accounting statements, providing this information to internal and external consumers. Determining the structure of costs associated with the production and sale of products (works, services) at monopolistic enterprises, it is aimed at solving the following four main issues:

1. Formation of complete and accurate information on the accounting accounts of monopolistic enterprises on their income received in the reporting period, on the costs of obtaining these incomes, on the net financial result (net profit or loss) of economic activity for the reporting period, as well as to determine the level of profitability and market competitiveness of this activity.

2. Correct calculation of taxes and other mandatory payments in accordance with the current tax legislation.

3. Determination of the grounds for the formation of a monopoly valuation.

4. Ensuring comparability of the principles of the national accounting system and international accounting and reporting standards at monopolistic enterprises.

Practical results of the study. In the process of modernizing our country and

carrying out economic reforms, the rules of accounting, including the rules of accounting at monopolistic enterprises, were also established by accounting standards. Therefore, in business entities, the urgent task is the correct preparation of financial statements, the correct reflection of information and the adoption of specific decisions for the coming periods. Since proper accounting records management, the use of international financial reporting standards is of great importance for a positive solution to the existing management system. Today, Uzbekistan is carrying out comprehensive work on the transition to international financial reporting standards. The financial result is the profit or loss that the company received as a result of its activities during the year.

Also, the financial result is determined not only for the entire activity of the monopolist enterprise, but also for individual industries, branches and economic operations. For example, the financial result can be determined by the following operations at the enterprise:

- from the sale of products (works, services);
- from the sale and write-off of fixed assets;
- from the sale of other assets;
- various other operations.

Determining the financial result for each type of operation allows you to compare the income received at the enterprises with the costs, determine the degree of coverage of expenses and determine the economic efficiency of each economic operation.

In general, income (revenue) is compared with costs to determine the financial result, in which the amount of the difference is a profit if the income is greater than the cost, and the amount of the difference is a loss if the income is less than the cost. When determining the financial result of sales turnover, the revenue from the products sold (the cost of production at the cost of sales) is compared with the cost of the products sold. If the revenue is large, the amount of the difference will be a profit, and the amount of the difference will be a loss if it is small.

Accounting of financial results at monopolistic enterprises on the basis of the

"Regulations on the composition of costs for the production and sale of products (works, services) and the procedure for the formation of financial results" and the national accounting standard No. 3 "Report on financial results", approved by Resolution No. 54 of the Cabinet of Ministers of the Republic of Uzbekistan dated February 5, 1999, expenses of enterprises they are divided into the following four groups:

- costs included in the cost of production (works, services) ;
- period costs;
- expenses related to financial activities;
- extraordinary losses.

Also , the incomes of enterprises are divided into four groups:

- revenue from the sale of products (works, services) ;
- other income (receipts) from the main activity;
- income (receipts) from financial activities;
- extraordinary profit.

The main purpose of the Regulation "on the composition of costs for the production and sale of products (works and services) and the procedure for the formation of financial results", approved by Resolution No. 54 of the Cabinet of Ministers of the Republic of Uzbekistan dated February 5, 1999, is to ensure the possibility of collecting information for the correct accounting policy and making appropriate management decisions at the enterprise. The regulation has been developed taking into account discrepancies that arise when calculating expenses for accounting and taxation purposes.

The financial result is an increase or decrease in the money belonging to it in the course of the business activity of an economic entity for a certain reporting period. In accounting, the result of such activities is determined by calculating all profits and losses for the reporting period.

The transition to market relations in Uzbekistan, the radical reform of the activities of monopoly enterprises, ensuring their development in the conditions of new economic relations, the development of small and medium-sized enterprises in the country are

inextricably linked with the financial stability of enterprises.

The financial stability of monopoly enterprises is due to the correct formation of the profits that they receive in the course of their activities. Because profit at enterprises here is the main material source of material support for workers, expansion of production activities at enterprises, introduction of scientific and technical achievements in production and new technologies.

Monopoly profit performs a stimulating function. Its meaning lies in the fact that profit is both a financial result and the main element of the financial resources of the enterprise. The actual provision of the principle of self-financing is determined by the profit received. The net profit that remains at the disposal of the enterprise after taxes and other mandatory payments should be sufficient to finance the expansion of the enterprise's production activities, scientific, technical and social development of the enterprise, and material incentives for personnel.

Profit is considered as one of the sources of stimulating budgets of various levels. It enters the budgets in the form of taxes and, along with other income receipts, is used to finance meeting social needs, ensuring that the state performs its activities, implementing state investment, production, scientific, technical and social programs.

Summary and recommendations.

In the conditions of transition to a market economy, it is very important to correctly determine the profit indicator. At the expense of these incomes, special purpose funds, a reserve fund are formed, capital investments are financed and social activities are carried out.

The amount of financial results is influenced by many factors. For example, inflation, currency fluctuations, financial results should be determined taking into account the influence of the factors listed above on the production and circulation process. The revealed financial results must reliably and accurately reflect reality. Therefore, it is necessary to keep proper accounting records at enterprises and correctly determine the amount

of profit received. A decrease in the amount of profit leads to a decrease in the amount of funds payable to the state budget, and this, in turn, leads to a decrease in the amount of expenditures carried out at the expense of the budget.

In modern conditions of functioning, there are significant changes in the methodology and organization of accounting, significant reforms. The rights of business entities to reflect their business operations have been expanded. They independently choose methods for estimating production stocks, methods for calculating the cost of production (work), develop accounting policies, determine specific methodologies, forms, methods of conducting and organizing accounting. In other words, at present, only general accounting rules are established in a centralized way, and the mechanism for their identification and execution determines each enterprise and organization independently, based on the conditions of their functioning. Profit growth serves as the financial basis for the formation of the expanded production of the enterprise, meeting its social and material needs.

The development of market relations increases the place of profit as the material basis for the movement of economic needs of the enterprise and the state. Satisfaction of national needs is carried out through tax payments. The basis for the realization of the economic needs of the enterprise is profit, which remains at the disposal of the enterprise and is the main source of its industrial and social development.

In modern conditions, the indicator characterizing the financial result of the activities of organizations and institutions of the enterprise is – gross (balance sheet) profit or loss. This indicator is widely used in most analytical works.

In the conditions of further development and liberalization of the economy, one of the most important issues is to ensure the competitiveness of enterprises, one of the ways to successfully solve this problem is to increase the profits received by enterprises. Of particular importance in this case is the issue of improving the accounting of income and their distribution.

The importance of monopoly profits in a market economy is enormous. The desire for profit encourages commodity producers to increase the volume of production of products necessary for its consumption, to reduce production costs. In conditions of free competition, not only the goal of monopolists is achieved through this, but also the satisfaction of social needs. The damage also has its place. They highlight mistakes in the direction of funds, organization of production and sale of products.

If we consider profit as an economic category, then we talk about it abstractly. But when planning and evaluating the economic and financial activities of the enterprise, when distributing the profit remaining at the disposal of the enterprise, specific profit indicators are used. Profit is the sum of the profit (loss) of the enterprise received from the sale of products and profit (loss) not related to the production and sale of products.

An important principle of the market economy is the achievement by the enterprise of full independence and reimbursement of costs at its own expense. This means that the company covers all its expenses at the expense of funds received from the sale of products, and, in addition, makes a profit. Part of the profit is spent on paying taxes and other payments to the budget, the rest remains at the disposal of the enterprise and is the main source of scientific, technical, economic and social development of activities. The company independently decides for what purposes to spend the remaining funds at its disposal.

Profit, value added tax and excise tax are also considered forms of net income. Each of them differs from each other in the mechanism of organization and orientation. Value added tax and excise tax are transferred to the state budget after the sale of products, these funds are spent for both national and national purposes. These taxes are the profit of the state budget and are collected from enterprises that sell goods, produce products, perform work and provide services on the basis of established interest rates and are transferred to the budget. It makes up a part of the profit of the state budget.

Profit is the final financial result of an enterprise. It makes up part of the company's income. Many people confuse the concepts of profit and income. In fact, profit is a part of income that remains at the disposal of the business after deducting various deductions and other expenses from this income. Enterprises and organizations can spend profits for various purposes, and this is done in accordance with the constituent documents of the enterprise, the decision of the head of the enterprise or the shareholders' meeting.

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