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# Improvement of Accounting and Reporting in Budget Organizations on The Basis of International Standards

**Khudayberdiyeva Nilufar  
Mengqobilovna**

Termez State University, Faculty of Economics and Tourism  
Master's degree, 2nd year master's degree in "Accounting"

## ABSTRACT

Improving the system of accounting and reporting in the public sector on the basis of international accounting standards, further increase the country's rating on the basis of adapting the methodological aspects of accounting to the generally accepted names in international practice; increase information coverage and transparency of reports in public finance management; ensuring the integration of financial and statistical reporting; in the context of globalization of international relations, increasing the volume of foreign investment and donor funds.

## Keywords:

Budget, Budget Organization, International Accounting Standards (IFRS), Public Sector, Fiscal Year, Liabilities, Assets, Financial Results, Contract

## Introduction

In recent years, in the context of reforms in the budget and tax policy of the country, the measures taken to reduce budget funding of budget organizations show the importance of extra-budgetary funds of budget organizations. This is evidenced by the work being done on the regulatory framework adopted in this regard.

The Address of the President of the Republic of Uzbekistan Sh. Mirziyoyev to the Oliy Majlis on the most important priorities of the country's development in 2019 states: It was noted that there should be results-oriented indicators. It is known that with the reduction of tax rates or the abolition of certain taxes, the budget will definitely decrease. This can be overcome through effective tax administration and budget sustainability. That is our first priority. " It was mentioned by Mirziyoyev.

In the process of budget execution, accounting in budget organizations is

established for continuous accounting of the formation and expenditure of state budget funds and extra-budgetary funds of budget organizations, their documentation and systematic formation of information.

Rational and efficient use of budget funds, prevention of budget deficit is one of the urgent issues. "Of course, the state budget is not without size, it is necessary to save money, to use it for its intended purpose and rationally. This is a clear and irrefutable truth for everyone, "said President Mirziyoyev in his speech. Budget organizations are the main consumers of budget funds, make up the state budget expenditures and are financed from the budget on the basis of cost estimates.

Also, in accordance with the law, the budget organization carries out expenditures within the budget for extra-budgetary funds, indicating the sources of organization and areas of use. In recent years, the implementation of the results-oriented

budgeting principles in the framework of the public finance reform project, the transition to the treasury, the promotion of the policy of medium-term budget prospects, other changes in public and budget policy Implementation of this requires budget organizations to determine the costs and develop estimates, improve the procedures for mobilization of extra-budgetary funds.

In the process of reforming the budget system, special attention is paid to the targeted and rational use of funds. In this regard, the study of foreign experience in budget accounting is of particular importance in conducting research. Improving budget accounting and reporting also requires an in-depth study of foreign experience of budget accounting, the advantages and stages of their application.

Improvement of accounting and reporting in the public sector of the Republic of Uzbekistan has been identified as one of the main directions of the ongoing reforms in the budget system, and the concept has been adopted. The concept envisages the adoption of budget accounting standards.

Application of international standards of public sector accounting in countries provides a great opportunity to evaluate the results of public sector performance, increase the transparency of information, ensure a high degree of integration of financial accounting and statistical reporting in the budget, increase the reliability and completeness of information. effective management of assets, the ability to compare financial statements with the financial statements of other countries; allows

From the above, it can be said that International Accounting Standards in the Public Sector are being widely used and recognized around the world. Some countries are even using International Accounting Standards in the public sector without changing their standards, while others are making some changes based on the nature of the country.

## Discussion And Results

As you know, the concept of budget is one of the most widely used concepts.

Therefore, first of all, we need to clarify the concept of budget. A budget is a purposeful fund that includes sources and directions of revenue and expenditure. In this regard, it can be the Family Budget, the Enterprise Budget, the State Budget, the State Fund Budget and others. Accounting is a process, a quantitative description of events is a qualitative reflection. Accounting can also be divided into several types, such as operational accounting, statistical accounting, accounting and others. Information is formed on the basis of the organization of the account. This information serves as a basis for monitoring the process, making management decisions, and developing current and long-term plans.

Budget Accounting - The Budget System is a regulated system of collecting, recording and summarizing information on the status of monetary assets and liabilities, as well as transactions that change these assets and liabilities, which are taken into account in the execution of budgets.

Budget Accounting Standard is a document that reflects the requirements for budget accounting.

The budget accounting standard is divided into national and international standards.

In accordance with the Budget Code of the Republic of Uzbekistan, the single method of budget accounting is determined in accordance with international standards of budget accounting, as well as other legislation.

International Public Sector Accounting Standards (IPSASs) are internationally accepted rules for the preparation of high-quality financial statements by public sector organizations (other than state-owned enterprises) in accordance with international standards.

The only requirement for maintaining budget accounts is a regulated system of collecting, registering and summarizing information on the status of assets and liabilities in the process of budget execution, as well as operations that change these assets and liabilities. sets accounting standards.

In particular, the requirements for the formation of accounting policies in budget

organizations, the criteria for the recognition of accounting objects (fixed assets, reserves, etc.), the criteria for evaluation, reporting.

The sections on budget accounting standards include:

- Object of account - Definition of object of account, general concepts;
- Recognition of the object of the account
- Procedures for transfer of the object of the account to the elements of the report;
- Accounting assessment - Recommendations and requirements for the use of accounting assessment methods;
- Representation in the financial statements - The procedure for disclosure and reflection of information about the object of account in the financial statements.

The Ministry of Finance of the Republic of Uzbekistan is the state body regulating the system of budget accounting and reporting and approves the standards of budget accounting.

Improvement of accounting and reporting in the public sector of the Republic of Uzbekistan has been identified as one of the main directions of the ongoing reforms in the budget system and the concept has been adopted. The concept envisages the adoption of budget accounting standards.

International Public Sector Accounting Standards are developed by the Council for International Public Sector Accounting Standards within the International Association of Accountants. Members of the Council for International Accounting Standards in the Public Sector are appointed by the International Association of Accountants. Of the 18 members, 15 are recommended by the International Association of Accountants and 3 by the public. Board members can be recommended by any person or organization. In addition, a limited number of public sector financial reporting observers will be appointed to the Council on International Public Sector Accounting Standards, and they will have the right to comment but not the right to vote at the meeting.

In the public sector, an advisory group is set up by the Council on International Accounting Standards and they are a working group and do not exercise voting rights. The

Chair of the Advisory Group is the Chairman of the Board.

The Council for International Standards on Public Sector Accounting develops:

International Public Sector Financial Reporting Standards;

International Public Sector Financial Reporting Standards.

International standards in public sector accounting have played an important role in the convergence, harmonization and further improvement of financial reporting standards around the world. They are used for the following purposes:

to serve as the basis for national accounting and reporting requirements in most countries;

be used as an international benchmark for individual countries developing their own accounting and reporting requirements;

acceptance for full use in accounting (use without modification of standards).

In world practice, there is a cash method of accounting for the public sector, a modified cash method, a modified calculation method and a calculation method.

Cash method of accounting for the public sector. This method involves recording all events in cash flows. In this case, many events related to assets and liabilities are not taken into account in the accounting. Under this method, property, plant and equipment purchased are included in the cost at one time after purchase.

Modified cash method of accounting for the public sector. In this method, all events that occurred in the first month of the following year after the end of the reporting year and all events for the previous reporting year are considered to belong to the end of the reporting year, during which time the state pays all liabilities receives the income it is required to receive in the reporting year. This procedure is also avoided when reporting to the public sector using the accrual method of accounting. This allows the valuation of assets and liabilities to some extent. Under this method, the procedure for adding the purchased fixed assets to the costs after the purchase is maintained.

Modified calculation method of accounting for the public sector. In this method, when all events occur, income is recognized as income, expenses as expenses, and certain assets and liabilities are recognized as they occur. Under this method, as in the case of the cash method, the procedure for adding the purchased fixed assets to the costs is retained after the purchase. This simplifies accounting and makes it much easier for the public sector to transition to the accrual method of accounting.

Calculation method of accounting for the public sector. All events that occur in this method are recognized when they occur. This method does not apply to the one-time inclusion of costs after the purchase of fixed assets. The value of all assets is depreciated over the life of their assets in proportion to their useful lives, and the amount of depreciation is added to costs as depreciation.

From the above, it can be seen that in the public sector, cash-based accounting is recognized when cash flows are recognized or paid at the time of payment, while in the public sector, cash-based accounting is recognized. events that occur are recognized when the value of assets and liabilities arise or their economic value changes.

In the public sector accounting method, events that increase the net worth of assets are recognized as income and events that reduce the net worth of assets are recognized as expenses.

The net worth of public administration assets and the result of their activities is the difference between the value of public administration assets and the amount of liabilities.

The accrual method is an accounting method in which all transactions and other events that take place in accounting are recorded at the time of their occurrence (before the cash and cash equivalent is received and paid).

The method of calculation The financial statements should be prepared in accordance with the method of calculation in order to fulfill the goals and objectives set for them. Under this method, events and events must be

recognized as soon as they occur (not when cash is paid or received) and reflected in the financial statements for the period in which they occurred. The computational report provides information not only about past events, but also about the organization's liabilities and economic resources. This allows users to provide important information to make economic decisions.

International Accounting Standards in the Public Sector Accounting Standards (financial statements must be prepared using the accrual method in order to meet their objectives) based on the assumption that

The structure of financial statements based on the calculation method:

- financial statement;
- report on financial results of activity;
- net asset / equity change statement;
- cash flow statement;
- approved budget.

Information provided in the statement of financial position - fixed assets, investment real estate, intangible assets, financial assets, investments, reserves, receipts from non-exchange transactions (taxes and transfers), receipts from foreign exchange transactions, cash and cash equivalents, to taxes and transfers, payments on foreign exchange transactions, reserves.

The information presented in the statement of financial performance consists of revenue, financing expenses, the share of the association in the surplus or deficit accounted for using the equity method, profit and loss, surplus or deficit before taxes on the disposal of assets or liquidation of liabilities .

The information presented in the statement of changes in net assets / equity is the sum of the surpluses or deficits of the reporting period, items of income and expenses.

In accordance with the current legislation, it is envisaged to conduct accounting in budget organizations by the accrual method.

Today, in accordance with the concept of improving the system of accounting and reporting in the public sector in the country on the basis of international accounting standards,

draft budget accounting standards are being developed and discussed with the participation of relevant experts.

Adoption of current Budget Accounting Standards:

- Taking into account the requirements of national accounting legislation;
- Training of accounting and finance staff at no extra cost;
- Use of the current Automated Accounting Program (UzASBO) with some minor changes and additions;
- Makes it easier to organize the process of new changes.

Budget Accounting Standards No. 1 "Accounting Policy" and No. 2 "Single Chart of Accounts" have been registered with the Ministry of Justice of the Republic of Uzbekistan.

Budget Accounting Standard No. 1, Accounting Policy

The purpose of this Standard is to define the criteria for selecting and amending accounting policies, as well as the procedure for budget organizations to prepare budget and financial statements, disclosure of changes in accounting policies.

The standard is designed to increase the level of confidence in the financial statements of budget organizations and the level of comparability of financial statements of other budget organizations, as well as the financial statements of other budget organizations.

Accounting policies are developed by budgetary entities in order to select one of several mutually exclusive accounting methods available in the budget legislation.

This Standard should be used in the selection and application of accounting policies in budgetary entities, in accounting for changes in accounting policies, and in the preparation of financial statements.

Budget Accounting Standard No. 2 "Single Chart of Accounts"

This Standard applies to all budget organizations, treasury departments, financial institutions, state and other trust funds.

The Single Chart of Accounts includes assets, liabilities, income, expenses, equity and

financial results grouped according to the elements of financial reporting.

Treasury departments, bodies distributing state target funds shall keep budget records of budgets and other extra-budgetary funds of the budget system of the Republic of Uzbekistan and financial and economic activities of budget organizations in accordance with the single chart of accounts provided in Annex 1 to this Standard. .

The budget system of the Republic of Uzbekistan in accordance with the procedure for applying the single chart of accounts in the budget of the budget system of the Republic of Uzbekistan and other extra-budgetary funds of treasury departments, financial institutions, bodies distributing state target funds maintains budget accounts of budgets and other extra-budgetary funds.

Budget organizations shall compile budget accounts in accordance with the procedure for applying the single chart of accounts in the budget accounts of budget organizations specified in this Standard.

Public sector accounting is based on the method of calculating international accounting standards International accounting standards in the public sector define the requirements for the reflection of events and operations in the financial statements (recognition; assessment; disclosure; presentation of information).

International Public Sector Accounting Standards include the International Standard for Public Accounting, which is used in the calculation method (39) and the Public Sector Accounting Standard, which is used in the cash method.

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statements must be prepared using the accrual method to meet their objectives and tasks) and continuity of activities is based on the assumption that it is operating and will continue to operate.

Countries that have adopted an internal standard based on international standards in public sector accounting: Australia, Latvia, Finland, the United Kingdom, New Zealand, France, Canada, Singapore, Chile, Colombia, the United States and Sweden.

In these countries, national accounting standards are formed on the basis of the requirements of international accounting standards in the public sector. Among the countries mentioned above, Uzbekistan can be included in the list of countries that adopt domestic standards in the field of public sector accounting on the basis of international standards.

Public sector accounting in Uzbekistan is being brought into line with internationally accepted norms on the basis of a step-by-step approach.

The second approach to the application of international accounting standards in the public sector in the reform of budget accounting in our country has been identified. There is a step-by-step transition to the calculation method (based on intermediate options).

At this stage, the public sector accounting and reporting is carried out using the elements of the cash method of calculation:

Financial (treasury) bodies - by cash  
Budget organizations - by calculation  
Bunda:

1. Carry out gradual reforms in public sector accounting, while maintaining the existing method of cash accounting;

2. Improvement of financial accounting and reporting in budget organizations, as well as accounting of public assets and liabilities, accounting of state trust funds, based on the adoption of budget accounting standards in accordance with the method of calculation of international accounting standards in the public sector.

In the next stages of budget accounting reform, the State Budget Revenue and

Expenditure Accounting, as well as the State Targeted Funds Accounting will be harmonized with International Public Sector Financial Reporting Standards and, on this basis, Public Sector Accounting Standards.

The above-mentioned reforms will be based on the adoption of budget accounting standards. It should be noted that the Budget Code, which came into force on January 1, 2014, specifies that the methodology of budget accounting and reporting is determined in accordance with the standards of budget accounting.

Currently, draft public accounting standards are being developed and discussed with the participation of relevant experts in accordance with the concept of improving the system of accounting and reporting in the public sector on the basis of international accounting standards.

Adoption of current Budget Accounting Standards:

- Taking into account the requirements of national accounting legislation;

- Training of accounting and finance staff at no extra cost;

- Use of the current Automated Accounting Program (UzASBO) with some minor changes and additions;

- Makes it easier to organize the process of new changes.

## Conclusion

The application of international standards in public sector accounting in countries provides a great opportunity to create higher quality financial statements, as well as to evaluate the performance of the public sector, increase information transparency, ensure high integration of financial accounting and statistical reporting into the budget, increase reliability and completeness of information. effective management of public assets, the ability to compare financial statements with the financial statements of other countries; and increase the level of financial discipline in the public sector.

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