

ACCOUNTING OF LIABILITIES IN BUSINESS ENTITIES AND WAYS TO IMPROVE IT

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Abstract: This article explores the peculiarities of liability accounting in business entities. Relevant international accounting regulations and economists' research on the topic have been analyzed. Additionally, conclusions and recommendations for improving liability accounting in business entities have been developed.

Key words: liability, financial statements, current liability, financial liability, International Financial Reporting Standards (IFRS), International Accounting Standards (IAS).

1. Introduction

As you know, starting from January 1, 2021, the law stipulates the organization of accounting in our country based on International Financial Reporting Standards and, starting from the end of 2021, the preparation of financial statements based on IFRS. It directly involves creating favorable conditions for attracting large-scale foreign investments, radically increasing the efficiency of joint-stock companies, ensuring their openness and attractiveness for potential investors, introducing modern corporate governance methods, and strengthening the role of shareholders in the strategic management of enterprises. [1,2].

It is extremely important for business entities to properly organize liability accounting. Liabilities play an essential role in ensuring the financial stability of a business entity, enhancing its solvency, and gaining the trust of investors and creditors.

Today, the process of harmonizing accounting and reporting with international standards is underway in the Republic of Uzbekistan. One of the pressing issues in this process is ensuring that liability accounting complies with international standards. Scientific research contributes to the improvement of legislative and regulatory documents related to accounting for liabilities, which creates the basis for more effective implementation of accounting policies.

2. LITERATURE REVIEW



Renowned economists of our country, such as Sh.T. Ergasheva, N.K. Rizayev, A.K. Ibragimov, S.N. Tashnazarov, S. Makhmudov, A. Kozimjonov and others, have studied in their scientific works the methodological and practical aspects of improving the compilation of reports on the movement of funds in accordance with international standards. [3,4].

According to D.I. Shaulov and U.T. Kanlar, "Liabilities are accounts payable or other similar debts that arose in the reporting year or subsequent periods, the settlement of which is expected to result in an outflow of economic benefits"[5].

Another economist, S. Makhmudov, believes that "liabilities are the results of previously issued economic transactions, which indicate the debt of an organization, the repayment of which reduces the main debt activity." In the first case, an enterprise approached the debt of an organization from the point of view of management. [6].

According to economist A. Kozimjonov, "A liability is a responsibility that has arisen as a result of the past and current activities of an economic entity, and the fulfillment of the responsibility is understood as the transfer of economic resources that can bring benefits to the economic entity to other enterprises." [7].

According to the author, a liability is a present obligation of an entity arising from past events, which must be satisfied within a specified period and is expected to result in an outflow of resources embodying economic benefits in the future. In this definition, the time factor is reflected in the phrase "within a specified period", which indicates that there are clear time limits for the fulfillment of the obligation. The classification of liabilities by time plays an important role in assessing the solvency and liquidity of the enterprise in financial statements. It also helps investors and creditors to correctly understand the financial position of the enterprise.

3.RESEARCH METHODOLOGY

In the process of organizing and conducting the research work, methods such as expert assessment, comparative analysis, content and inventory analysis, and systematic and factor analysis were used based on accounting methods.

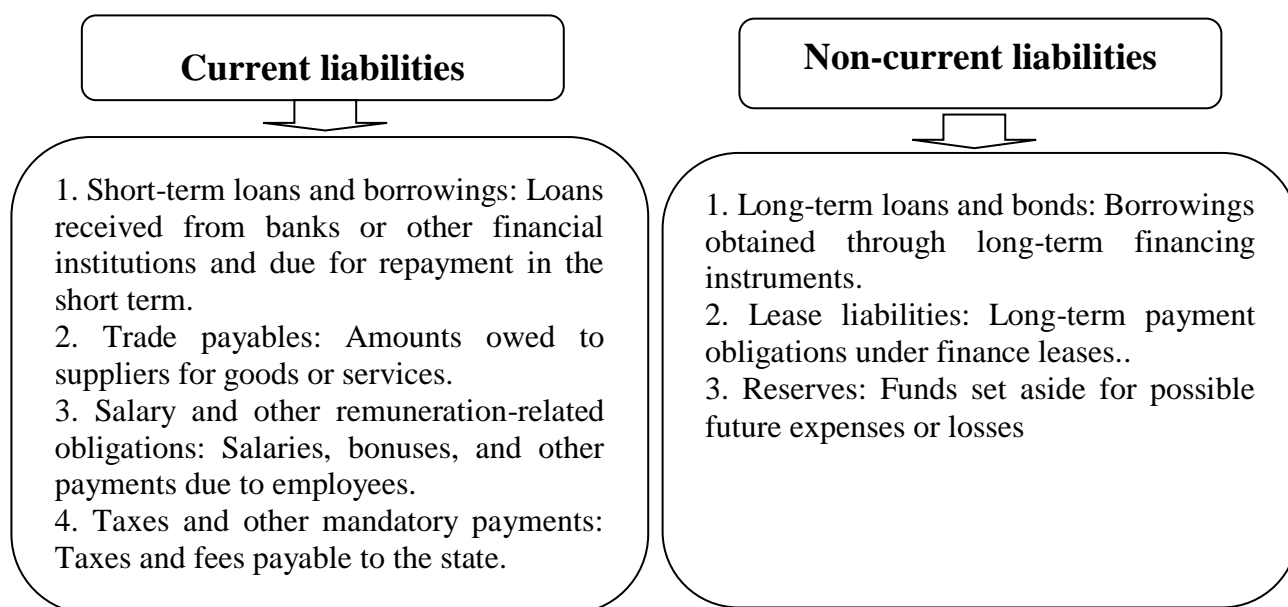
4.ANALYSIS AND DISCUSSION OF RESULTS

The issue of maintaining and improving accounting for liabilities in business entities is becoming increasingly important today. Accurate accounting of liabilities plays an important

role in accurately reflecting the financial position of an enterprise, ensuring financial stability, and gaining the trust of investors and creditors.

Firstly, from the perspective of the reliability of financial information: Accurate and correct accounting of liabilities increases the reliability of financial statements, which is important for stakeholders in the decision-making process.

Secondly, from the perspective of compliance with international standards: The Republic of Uzbekistan is in the process of harmonizing accounting and reporting with international standards. Ensuring compliance of liability accounting with international standards is one of the urgent issues in this process.



Liabilities are an important component of the financial statements of business entities, as they represent present obligations assumed by the entity and expected to result in an outflow of resources embodying economic benefits in the future. Liabilities are divided into the following main types.

Correct classification and accounting of liabilities is important for accurately reflecting the financial position of a business entity and assessing its liquidity and solvency. This helps investors, creditors, and other stakeholders make confident decisions.

Also, when organizing liability accounting in business entities, the regulatory and legal framework related to liability accounting establishes the rules and standards necessary for the legal and transparent conduct of financial activities of business entities. They are developed in accordance with national legislation and international standards and updated in line with economic changes. These frameworks ensure the correct classification and measurement of liabilities, increase the reliability of financial statements, and establish control and

accountability mechanisms. As a result, businesses will be able to achieve financial stability and operate as reliable partners in economic relations.

The regulatory and legal framework regulating the accounting of liabilities of business entities in the Republic of Uzbekistan consists of the following documents:

1. Law "On Accounting": This law defines the basic principles, subjects and objects of accounting and establishes the procedure for maintaining accounting and reporting.
2. National Accounting Standards (NAS): These standards, developed and approved by the Ministry of Finance of the Republic of Uzbekistan, define national accounting standards.
3. International Financial Reporting Standards (IFRS): The Republic of Uzbekistan uses these standards in the process of harmonizing its accounting and reporting with international standards.

In addition , The following regulatory and legal documents are also important in accounting for liabilities:

- Tax Code of the Republic of Uzbekistan: This code determines the procedure for accounting for obligations related to taxation.
- Civil Code of the Republic of Uzbekistan: This code regulates the obligations and contractual relations of business entities.

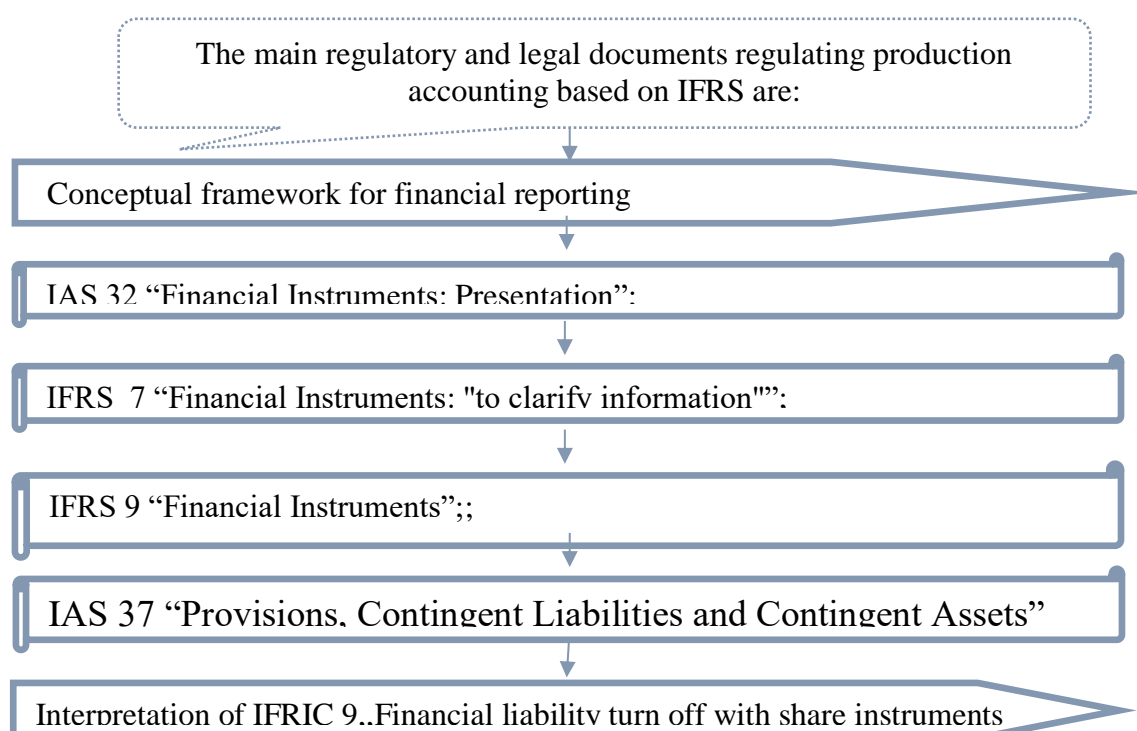


Fig.2. The main regulatory and legal documents regulating the accounting of liabilities

These regulatory and legal documents serve as the main guidelines for accounting for liabilities and preparing financial statements.

There are certain differences between IFRS and NAS in the way liabilities are accounted for and reported. IFRS are internationally applicable standards that ensure that financial statements are consistent with international requirements. Therefore, there may be some differences between IFRS and NAS in the accounting and reporting of liabilities. Entities should take these differences into account and apply the relevant standards in their operations.

5. CONCLUSION AND SUGGESTIONS

Correctly organizing account of liability and improvement, financial stability of business entities, suitable to International Standards and It is important to meet legal requirements. This enables the long-term success and development of the enterprise. Therefore, the following recommendations are made to improve the accounting of liabilities in business entities:

- increasing the reliability of financial reporting by bringing the accounting of liabilities into line with international standards.
- Automate and improve the efficiency of accounting processes by integrating modern digital technologies into accounting processes.
- Regularly improve the skills of specialists involved in accounting for liabilities, introducing them with new standards and technologies.

By realization the recommendations developed by the author, it will be possible to improve the accounting of liabilities in business entities and increase the reliability of financial information.

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