IMPROVING THE ACCOUNTING OF REVENUES AND EXPENSES

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ABSTRACT. This article describes the characteristics of forming financial indicators and their analytical results. Additionally, it examines the processes of applying the principles of accounting in calculating revenues and expenses, and it develops recommendations for a more effective organization of these processes. The research findings contribute to enhancing the accuracy of financial indicators, ensuring the transparency of reporting, and optimizing the decision-making process for management. These recommendations will assist in improving the financial stability and competitiveness of organizations.

KEY WORDS. Financial results, accounting, profit, loss, expenses, revenue, balance sheet, profitability, capital management, financial efficiency, analytical methods.

INTRODUCTION. Uzbekistan's deep integration into the global economy necessitates substantial reforms in accounting policy. In this context, the development of national accounting standards holds particular significance. To date, more than 20 national accounting standards have been developed and implemented in Uzbekistan. These standards provide solutions to many uncertainties in the assessment of financial position and its changes. This includes aspects such as the recognition of assets, revenues and expenses, the determination and fair valuation of property, and the classification of assets based on liquidity and their presentation in financial statements.

At the same time, the International Financial Reporting Standards (IFRS), widely used in global accounting practice, differ significantly from the national standards. These differences may affect the analysis and interpretation of financial position. On February 24, 2020, Presidential Decree No. 4611 of the Republic of Uzbekistan introduced additional measures to accelerate the transition to IFRS. The main goals of this decree are to provide foreign investors with a reliable information environment, to expand access to international financial markets, and to improve the system of training accounting and auditing specialists in accordance with international standards.

Therefore, increasing the number of scientific research studies and conducting in-depth fundamental research on this topic has become one of the most pressing issues today.

LITERATURE REVIEW. Numerous economists have addressed the significance and relevance of accounting for financial results in their scientific research.

The International Financial Reporting Standards (IFRS) are not merely a set of simple rules for practicing accountants; rather, they are developed based on the fundamental principles of accounting. Their primary purpose is to provide truthful and reliable information on the financial position of enterprises [1].

D. Norbekov and I. Ochilov, in their textbooks, emphasize the importance of

ISSN 2277-3630 (online), Published by International journal of Social Sciences & Interdisciplinary Research., under Volume: 14 Issue: 06 in June-2025
https://www.gejournal.net/index.php/IJSSIR

preparing companies' "Profit and Loss Statements" in accordance with international standards. According to them, expenses in such reports should be classified based on their nature or according to functions within the enterprise [2].

In her article, Sh. Muzrapova studied the preparation and application of financial statements in Uzbekistan based on international standards. She also outlined the challenges faced in this process and proposed solutions to overcome them [3].

According to Russian scholar Sh.V. Alekseevna, in her research, the mechanisms for accounting income and expenses and forming financial results serve as an important source of information for analyzing the effectiveness of organizational and managerial decisions. Therefore, the need to improve financial result accounting has been reflected in the operations of organizations in recent periods. Consequently, the general requirements of accounting may also relate to the recognition of financial results and the accounting of revenues and expenses directly affecting them [4].

According to M.N. Galkina, a scholar from the Polish State University, the structure and procedure for profit generation are among the most critical issues in accounting. Reliable financial results reporting and the use of profits provide a sound basis for analyzing a company's financial position and identifying its strengths and weaknesses. Strengthening financial stability or determining measures to overcome a difficult financial situation are crucial factors [5].

In the scientific studies of V. Smetanko, A.S. Kovalenko, I.S. Sharapova, E.S. Sorokina, and N.V. Burdyug, financial result accounting is identified as the final stage of financial accounting. They argue that, to improve this stage, it is necessary to rationalize the earlier stages of accounting. Under such conditions, it is important to move toward a strategic accounting system based on the integration of accounting and marketing, which reflects the organization's performance outcomes over a given period. Regarding the distinction between profit and loss, they state: financial results from ordinary activities refer to profits (or losses) obtained from operations that represent the core activity of the organization; financial results from other activities refer to those derived from operations unrelated to the core activity; and results from extraordinary events form another category. To uncover the nature of financial results, the authors provided conclusions on the economic substance of income and expenses from the perspective of existing legislation [6].

ANALYSIS AND RESULTS. Identification of indicators related to financial results and the balance sheet, and analysis of profitability ratios. To achieve the main objective of this study, we have set the following key tasks:

- ❖ To thoroughly examine financial statements and the balance sheet, identifying the key indicators and their interrelationships. This task involves a detailed study of financial statements and the balance sheet with the aim of better understanding and analyzing financial results.
- ❖ To evaluate the economic efficiency of the company by calculating various profitability ratios, and to study their impact on financial outcomes.

ISSN 2277-3630 (online), Published by International journal of Social Sciences & Interdisciplinary Research., under Volume: 14 Issue: 06 in June-2025
https://www.gejournal.net/index.php/IJSSIR

Table 1

Key Financial Indicators of Uz Auto Motors JSC[1]

Indicator Name	2023 (billion UZS)	Explanation
Net Revenue	55,000	Revenue generated from vehicle and spare parts sales during the year.
Net Profit	4,200	Profit remaining after all taxes and deductions.
Total Expenses	50,000	Includes production, logistics, salaries, and other operating costs.
Gross Profit	15,000	Revenue minus direct expenses (e.g., cost of goods sold).
Profitability Ratio	7.6%	(Net Profit / Net Revenue) × 100
Return on Assets (ROA)	5.1%	(Net Profit / Total Assets) × 100
Financial Leverage	1.8	Total Assets / Equity
Total Assets	82,000	The total assets owned by the company.

Although net revenue has shown steady growth, operating expenses remain high, resulting in a moderate level of net profit.

A profitability ratio of 7.6% indicates an average level of operational efficiency within the automotive industry.

A ROA of 5.1% suggests that the company utilizes its assets reasonably efficiently to generate profit.

A financial leverage ratio of 1.8 implies a balanced use of both equity and external financing.

Table 2

Expenses and Their Presentation in Financial Statements[2]

Type of Expense	Reflected in the Statement of Financial Performance (Income Statement)	Reflected in the Balance Sheet
Current expenses (e.g., salaries, rent, utilities)	Recognized in the reporting period as they match the revenues	–
Tangible assets (e.g., inventories, non-current assets)	–	Recorded as assets in the balance sheet (inventories or long-term assets)

[1] Made by author

[2] "Regulation No. 54 on the Composition of Production and Sales Costs of Products (Works, Services) and the Procedure for Forming Financial Results."

ISSN 2277-3630 (online), Published by International journal of Social Sciences & Interdisciplinary Research., under Volume: 14 Issue: 06 in June-2025
https://www.gejournal.net/index.php/IJSSIR

Accounts receivable	–	Recorded as current assets in the balance sheet
Prepaid expenses (future period expenses)	–	Recorded as "prepaid expenses" in the balance sheet

Current expenses are included in the income statement in the reporting period, in accordance with the matching principle.

Inventories, non-current assets, accounts receivable, and prepaid expenses are recorded in different sections of the balance sheet:

- Inventories – materials or goods held for production or sale.
- Non-current assets – long-term tangible assets like equipment or buildings.
- Accounts receivable – amounts owed by customers or third parties.
- Prepaid expenses – payments made in advance for future benefits.

The procedure for writing off prepaid expenses must be specified in the company's accounting policy. The existence of prepaid expenses may lead to an increase in profit and a decrease in accounts receivable. However, it should be emphasized that if prepaid expenses arise within the scope of regulatory requirements, the financial report is considered reliable. Therefore, the presence of prepaid expenses does not negate the reliability of the report.

For this reason, it is advisable to provide information about the composition of prepaid expenses and the procedure for their write-off in the explanatory notes to the financial statements. This ensures that users of the financial statements are provided with useful and reliable information.

Based on the above, it can be concluded that adherence to the principles of matching revenue and expenses as well as prudence in accounting plays an important role in improving the accounting of financial results.

CONCLUSION. Identifying profitability indicators and adhering to the principles of matching income and expenses, as well as prudence in accounting during the reporting period, play a crucial role in improving the accounting of financial results. Additionally, the analysis of expenses is an integral part of the analysis of financial results. Accurate and reliable calculation of financial outcomes is essential for assessing the financial condition of enterprises.

The proposed methods and methodologies are aimed at improving financial reporting, simplifying decision-making processes, and ensuring the efficient use of resources. In the process of improving financial accounting systems, it is necessary to implement new technologies, ensure data security, and enhance the transparency of reports.

Moreover, in order to contribute to stability and economic growth, it is important to study and apply best practices in the process of calculating financial results. Improving the accounting of financial results not only enhances internal processes within the company but also has a positive impact on the overall economic environment.

ISSN 2277-3630 (online), Published by International journal of Social Sciences & Interdisciplinary Research., under Volume: 14 Issue: 06 in June-2025
https://www.gejournal.net/index.php/IJSSIR

With the help of new technologies, methodologies, and qualified personnel, it is possible to further perfect the accounting of financial results, which, in turn, increases the competitiveness of enterprises and ensures economic stability. Thus, improvements in the financial sector are essential for achieving long-term success and development.

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ISSN 2277-3630 (online), Published by International journal of Social Sciences & Interdisciplinary Research., under Volume: 14 Issue: 06 in June-2025
https://www.gejournal.net/index.php/IJSSIR