

CRAFTING THE FINANCIAL BLUEPRINT: STRATEGIES FOR ESTABLISHING AN ENTERPRISE'S ACCOUNTING FRAMEWORK

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Abstract

This article delves into the intricacies of forming an accounting policy within an enterprise. It thoroughly explores the methodology, organization, and technical facets integral to an entity's accounting policy. The concept of "accounting policy" is extensively elucidated, delving into its content, significance, and fundamental essence. Detailed insights are offered into the primary elements constituting an accounting policy, alongside the organizational and technical principles governing their execution. Furthermore, the article navigates through the regulatory and legislative framework, highlighting the requisites essential in shaping an organization's accounting policy. It serves as a comprehensive guide, shedding light on the critical aspects involved in crafting and implementing an effective accounting policy within a business entity.

Keywords: accounting policy, accounting methods, formation, accounting and tax accounting, standard, financial statements, elements of accounting policy.

Introduction

The modern formation of financial and management information, its reliability, accessibility and usefulness for users, is carried out by a system of accounting regulation, an important element of which is the accounting policy of the organization. It, being one of the key centres of management policy, has a direct impact on the financial reporting indicators of the enterprise.

The accounting policy of the organization is formed following current regulatory documents in the field of accounting and financial reporting; it reflects the accounting rules developed by the law of the Republic of Uzbekistan on accounting. The accounting policy determines the organization and methodology of accounting and approves measures to optimize the organization's economic activities.

This article is devoted to the study of the formation and use in the accounting of such an important internal document as the accounting policy of the organization.

The relevance of this topic lies in the fact that in modern economic conditions, there is an orientation of accounting towards international accounting and reporting standards, in connection with which there is a need to study the issues of the essence and formation of accounting policies and their implementation in practice.

The purpose of this work is to present the concept of "accounting policy", reveal its essence and significance, determine the content of the accounting policy, and also show the main



aspects of its formation and the technical principles of their implementation. To achieve which it is necessary to implement the following tasks:

- give the concept of accounting policy, reveal its content and essence, evaluate its role and significance;
- study the regulatory framework that regulates this area of accounting;
- consider the procedure for developing accounting policies and methods of disclosing them;

The subject of the study is the accounting policy, and the object is the organization's accounting system.

When carrying out the study, regulatory materials on accounting, works of modern economists, articles in periodicals, as well as information on the issue under study were used.

Accounting policy is understood as a set of methods of accounting and financial reporting adopted by the head of an economic entity, in accordance with their principles and fundamentals. In other words, this is the order of primary observation, cost measurement, current grouping and final generalization of the facts of the economic life of the organization, the implementation of the accounting method.

The accounting policy of the entity is determined based on the formulated principles, in paragraphs 16-50 of the national accounting standard NAS No. 1 “Accounting policies and financial reporting”, developed based on the Law of the Republic of Uzbekistan dated July 26, 1998 No. 17-07/86 “On Accounting”, Approved by the Ministry of Finance of the Republic. Moreover, this standard is applied in combination with other current national accounting standards [1].

The principles for the formation and changes in accounting policies, approaches to revising accounting estimates, as well as the procedure for reflecting errors in published financial statements, are also established by IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” [2].

Being an implementation of the same accounting method, accounting policies are not the same in different organizations. Accounting policy provisions are developed by each business entity independently.

When developing, accounting policies should follow the following essential principles [3]:

1. The principle of property separation, when the property of an enterprise is separated from the property of owners and other organizations.
2. The going concern principle is when a company expects to continue its activities and does not intend to liquidate.
3. The principle of consistency of application, when an enterprise applies accounting policies consistently from one period to another.
4. The principle of assuming temporary certainty of the facts of economic activity, which assumes that the facts of economic activity will be reflected in the accounting of the period in which they were committed, regardless of the actual time of receipt of funds.

Accounting policy is an important internal document; its development must be carefully prepared and implemented by competent specialists.

It is structured so that accounting is carried out rationally and economically, in accordance with the size of the organization and the scale of its activities. In other words, the accounting policy should become the main document establishing the rules for maintaining accounting and tax records in the organization [4-9].



The accounting policy of an economic entity is formed by the manager with the goal that the financial performance indicators of the entity presented in the financial statements for different years are comparable.

The main elements of the accounting policy are:

- working chart of accounts;
- forms of primary accounting documents developed by the organization;
- the procedure for conducting an inventory of the organization's assets and liabilities;
- document flow rules and accounting information processing technology;
- - the procedure for controlling business transactions;
- other solutions necessary for organizing accounting.

The accounting policy must fully reflect the specifics of the entity's economic activities and the taxation regime it uses. At the same time, it must be organized in such a way that financial statements can be generated on the basis of all acceptable NAS and, in the absence of specific requirements, would be:

- Necessary user needs;
- Reliable in the sense that it objectively represents all the results of the activities and financial condition of the entity, reflects the economic essence of events and operations;
- Neutral and non-coercive, prudent without prejudice to neutrality, complete in all material respects;
- Comparable with the financial statements of other entities with a similar type of activity;
- Understandable.

When forming the accounting policy of an entity in a specific area (issue), organizing accounting and reporting, one should be guided by the legislation of the Republic of Uzbekistan on accounting.

In the absence of a specific NAS of the Republic of Uzbekistan, the head of the entity has the right to use his own decisions when developing accounting policies that provide the most useful information to users of the financial statements of the business entity. In the process of applying his own decisions, the manager takes into account [10-14]:

- requirements and guidance in NAS regarding such matters;
- any other information published by the Ministry of Finance of the Republic;
- criteria for defining, recording and measuring assets, liabilities, income and expenses established by the Ministry of Finance of the Republic;
- industry practices adopted by the world's major financial capital markets.

The accounting policy of an economic entity is drawn up with the necessary organizational and administrative documentation (order, order of the head of the organization, internal rules, instructions, regulations, regulations, procedures, etc.) [15-19].

The accounting methods chosen by the entity when forming the accounting policy are applied from January 1 of the year following the year of publication of the relevant organizational and administrative document, with the exception of newly created entities during the reporting year. Moreover, they are used by all structural divisions of an economic entity (including those allocated to a separate balance sheet) regardless of their location.

A newly created business entity formalizes its chosen accounting policy before the first publication of financial statements, but no later than 90 days from the date of acquisition of the rights of a legal entity (state registration). The accounting policy chosen by the entity is



considered to be applied from the date of acquisition of the rights of a legal entity (state registration).

During the calendar year, the accounting policy of an economic entity does not change, however, changes are allowed in the following cases:

- reorganization of the subject (merger, division, accession);
- change of owners;
- changes in legislation or accounting regulatory systems;
- developing new ways of accounting.

Changes in accounting policies must be justified, formalized in the manner prescribed by NAS No. 1 and approved by order of the manager.

The consequences of changes in accounting policies not related to changes in legislation must be assessed in monetary terms on the basis of data verified by the subject, as of the date from which the changed accounting methods are applied.

The adoption of accounting policies is the most important stage of the current tax planning carried out in the organization. At the same time, the accounting policy is not built to simplify accounting, but, first of all, is formed in order to optimize taxes and fees paid by the enterprise, and reduce tax pressure [4, p. 36].

The accounting policy for taxation purposes is created by the taxpayer independently, guided in its formation by the provisions of the Tax Code, approved by the Law of the Republic of Uzbekistan dated December 30, 2019 No. 599, and other regulatory documents regulating the taxation procedure. At the same time, the document is approved in any form and it must reflect:

- forms and procedures for compiling tax registers developed by the taxpayer or tax agent independently, unless otherwise provided by tax legislation;
- officials responsible for its compliance;
- the procedure for maintaining separate accounting for tax purposes in cases where the obligation to maintain such accounting is provided for by the Tax Code;
- methods chosen by the taxpayer for attributing costs to expenses for the purpose of calculating income tax, as well as for offsetting value-added tax;
- policy for determining hedged risks, hedged items and hedging instruments used in relation to them, methods for assessing the degree of effectiveness of hedging in the event of hedging transactions, as well as other financial risks;
- norms (calculation methods) of depreciation for each group and subgroup of assets.

Changes or additions to accounting policies for tax purposes are carried out by the taxpayer in one of the following ways:

1. approval of a new accounting policy or its new section, developed in accordance with accounting legislation;
2. introducing changes or additions to the current accounting policy or to a section of the current accounting policy, developed in accordance with accounting legislation.

The methods of accounting for tax purposes chosen by the taxpayer when developing the accounting policy are applied from January 1 of the year following the year of approval of this accounting policy.

A newly created legal entity or a permanent establishment of a foreign legal entity decides on the methods of accounting for tax purposes during the first reporting period after creation.

Thus, the main goal of the accounting policy is to disclose the principles, rules and approaches that the enterprise uses to maintain tax and accounting records, and prepare and compile



financial statements based on all applicable national accounting standards and in accordance with current legislation.

In general, the accounting policy of an enterprise, as a set of rules for implementing the accounting method, ensures the maximum effect of accounting. Thanks to it, the timely generation of financial and management information, its reliability, objectivity, accessibility and usefulness for management decisions and a wide range of interested users is achieved.

Based on accounting data generated on the basis of accounting policy provisions, various management decisions are developed and adopted, the main goal of which is to ensure the profitability of the enterprise. Therefore, with a competent approach to drawing up accounting policies, you can achieve a significant increase in the efficiency of the enterprise, as well as optimize its taxation.

The choice and justification of accounting policies is influenced by many factors, the main ones being: the organizational and legal form of the organization, industry affiliation and type of activity, the scale of the organization's activities, management structure and financial strategy of the organization.

In conclusion, it should be noted:

- 1) The accounting policy of the organization, although it regulates the activities of the accounting department, also directly or indirectly concerns the activities of the entire organization as a whole and its individual divisions in particular, and therefore is an important administrative document;
- 2) Almost all structural divisions of the organization in areas of activity should participate in the formation of accounting policies;
- 3) work on preparing and improving accounting policies should be carried out systematically throughout the year, while it is advisable to constantly monitor changes in legislation and regulations, as well as directly in the activities of the organization;
- 4) The organization's accounting policies must be applied consistently from year to year, changes in it must be insignificant and be an exception to the rules.

Thus, accounting policy is an important document that establishes the rules for maintaining accounting and tax accounting in an organization; it is a set of rules for implementing the accounting method, thanks to which the timely generation of financial and management information is achieved, its reliability, objectivity, accessibility and usefulness for management decisions and a wide range of users.

Accounting policies are created in accordance with the activities of the organization and the chosen taxation regime. The correct display of all accounting methods will allow you to work without problems and implement tax and accounting in accordance with the established policy. A well-constructed accounting policy will ensure maximum effect in accounting.

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