

ACCOUNTING BALANCE SHEET: TYPES, COMPOSITION AND REQUIREMENTS



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Abstract: *This article provides information on how to use reporting data on the analysis of financial activity and situation of the enterprise in the accounting balance, to study their structural structure and requirements for them.*

Keywords: *Accounting balance as the main reporting form of government bodies, enterprise management, enterprise owners, banks and investors, creditors and debtors, fixed assets, intangible assets.*

INTRODUCTION

The accounting balance contains a large amount of information about the financial and economic activities of the enterprise: the property status of the enterprise, the availability of financial resources, their distribution and use, capitalization of financial results (profit), equity and debt funds, information on the availability and status of cash, the status of receivables and payables, fixed assets, the status and changes in intangible assets, and so on.

Incomplete and unreliable information, as a rule, leads to adoption of incorrect (erroneous) management decisions, which are reflected in the competitiveness and financial and economic status of the enterprise.

The inability to use data, that is, the inability to monitor and analyze based on it, leads to the uselessness of the collected data and the deterioration of the quality of management.

The managers of the enterprise can use the information presented in balance sheet and other forms of financial reporting, read them, and use the information in them to see the real state of the enterprise behind each report item, where the funds come from and where they are. They should be able to assess their location and their adequacy for normal work.

For the full operation and continuous economic growth of economic entity, it is necessary to analyze and evaluate its financial situation constantly. Regular monitoring of reporting data on financial and economic status of an economic entity allows the enterprise to make timely adjustments to its economic policy.

One of the documents analyzed and evaluated in this way is balance sheet, which is one of the main forms of financial reporting. According to the legislation, economic entities are obliged to submit financial reports in the specified period and volume, as well as to comply with necessary requirements in the submission of reports and evaluation of certain items.

Accounting balance as the main form of reporting serves as a basis for reporting to state bodies, enterprise management, enterprise owners, banks and investors, creditors and debtors.

As means of grouping and summarizing the company's funds and their sources, reflecting them in value expression and occupying the main place in the structure of the financial report, the importance of studying the types and forms of the accounting balance increases.

Studying the types and forms of the accounting balance by categorization allows the enterprise to choose the optimal method of accounting and financial reporting. Therefore, we will consider the classification of the balance sheet for different situations.

There are different approaches by industry experts to the classification of the accounting balance sheet. Including MS Ribyantseva and Ye.A. Oksanich presented the classification according to different signs based on the purposes of drawing up the balance sheet. According to the classification symbols of the accounting balance, the following were cited:

- by the time of drawing up the accounting balance sheet;
- according to the information reflected in the accounting balance sheet;
- on the sources of accounting balance;
- on the volume of accounting balance information;
- on the cleanliness of the accounting balance;
- according to the description of the enterprise activity;
- by forms of ownership;
- for the purposes of drawing up the accounting balance sheet.

Russian specialists M.A. Ryabova and N.A. Bogdanova indicated that it is necessary to pay attention to the classification of the accounting balance according to the following signs:

- by the time of creation;
- by the source of compilation;
- by composition;
- on reflected objects;
- on the purity of its substances;
- according to the data submission form.

Analyzing the opinions expressed by the above-mentioned authors, the signs that should be taken into account when classifying the balance sheet are not fully presented.

Professor R.D. Dusmuratov, one of the Uzbek scientists, distinguished the following signs for the classification of types of balance:

- compilation source;
- form of ownership;
- volume of information;
- compilation time;
- legal status;
- time of submission;
- reorganization procedure;
- form of structure;
- degree of purity;
- type of activity;
- by networks;
- according to the method of composition.

Classification symbols presented by R.D. Dusmuratov are distinguished by their completeness compared to classification symbols presented by other authors.

In the opinions expressed by Russian experts on the composition of the accounting balance, it is stated that the accounting balance consists of asset and liability parts, the asset part consists of non-current assets and current assets, and the passive part consists of capital and reserves, long-term liabilities and short-term liabilities.

Experts from Uzbekistan, including R.D. Dusmuratov, the accounting balance sheet consists of two sections: assets and liabilities, and balance sheet assets, in turn, consist of long-term assets and current assets, and liabilities consist of sources of own funds and liabilities.

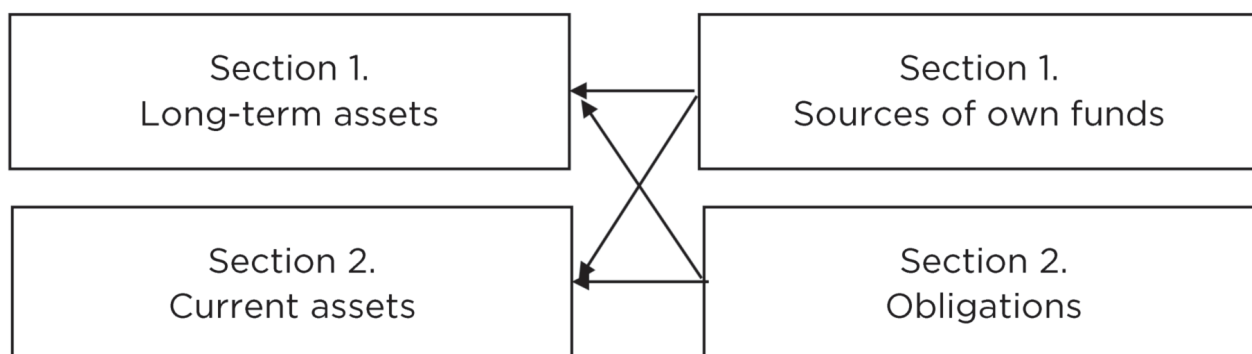


Figure 1. Correlation of sections in the balance sheet asset and liability

According to I.T. Abdukarimov and N.V. Ten, the balance sheet includes the following elements:

1. Assets representing funds belonging to the enterprise;
2. Private capital (financial resources) at the disposal of the enterprise;
3. Obligations arising as a result of the purchase of assets, must be repaid on a future appointment.

In this opinion expressed by I.T. Abdukarimov and N.V. Ten, the structure of the accounting balance is stated based on their analysis and does not fully reveal the structure of the accounting balance.

There are certain strict rules for the location of sections and items of the accounting balance sheet. The structural structure of the accounting balance is ap-

proved by the order of the Ministry of Finance of the Republic of Uzbekistan of December 27, 2002, №140 “On approval of financial reporting forms and rules for filling them”. The form of the balance sheet is approved in Appendix 1 of this order, and the balance sheet consists of asset and liability parts. In turn, the asset part consists of two sections: long-term assets and current assets, and passive part consists of sections called: sources of own funds and liabilities.

In the Republic of Uzbekistan, the asset parts and items of the accounting balance are arranged in order of increasing the liquidity of assets. Section 1 of the accounting balance “Long-term assets” contains assets that are relatively difficult to realize, section 2 called “Current assets” contains assets that are considered liquid compared to the assets located in section 1, that is, they can be easily converted into money and used to pay off debt. On the other hand, within the “Current assets” section, assets are placed in the order of increasing liquidity level.

Therefore, the experts on the structure of the accounting balance tried to take into account the requirements of regulatory legal documents regulating the accounting of their country.

One of the most important aspects of the balance sheet is that it provides information to interested parties about the company’s funds, sources of funds, working capital, liabilities, and overall financial situation.

The importance and significance of the accounting balance are to fully control the movement of the company’s assets and liabilities, to determine the appropriateness of attracting one or another resource to production in order to gain profit, to prevent or reduce the consequences of negative economic events, to ensure financial stability and economic growth and provide an opportunity to provide. To achieve these goals, users of balance sheet information can be called balance sheet entities.

We can include the following in the subjects of the accounting balance:

1. Legislative and executive authorities;
2. Investors and shareholders;
3. Goods suppliers and buyers;
4. Various creditors.

Different types of information are used by users of balance sheet information. Information such as the current and future solvency of the enterprise is interesting to suppliers and creditors, the level of profitability of the enterprise to shareholders and investors, and the movement and status of working capital to internal users. It can be seen that users of balance sheet information have different information needs. Based on this, certain requirements for the formation of accounting balance data have been developed.

In the Republic of Uzbekistan, the requirements for the accounting balance are regulated by the national accounting standard № 15 entitled “Accounting Balance”.

BHMS №5 entitled “Accounting Balance” specifies the requirements for information to be disclosed when submitting the balance sheet. Clause 4 of this standard states that “All information in the accounting balance sheet should be properly disclosed and understandable to users” league is emphasized.

Despite the fact that this BHM №15 is considered the main document regulating the content of the accounting balance and the requirements for the formation

of information in the Republic of Uzbekistan, the principles to be followed in the preparation of the accounting balance are not given.

In the works of A.A. Karimov, F.R. Islomov, A.Z. Avloqulov, R.D. Dusmuratov, D. Kholboev, I.K. Ochilov, D.X. Azlarov, and others, who are considered experts in the field in our country, the principles that should be followed in the preparation of accounting are presented, and in general, the principles that should be followed in the preparation of financial statements general requirements are stated.

O.V. Moshina stated that the importance of accounting balance is reflected in the main principles of its formation and cited the following main principles. According to O.V. Mashina, only following these principles will ensure the necessary functionality of the accounting balance.

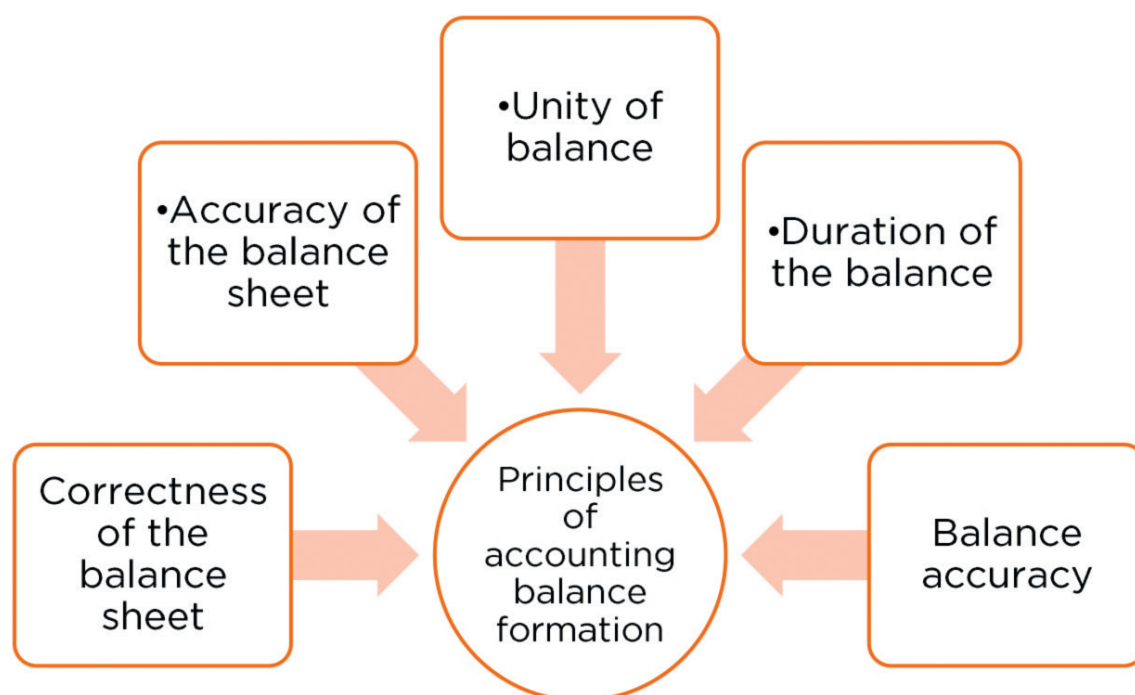


Figure 2. Principles of accounting balance formation

Let's consider the content of the principles of accounting balance formation:

1. *Correctness of the balance sheet.* This principle of forming the balance ensures the reliability of the accounts and preliminary documents, on the basis of which indicators are formed. If there are cases where some economic facts are not properly confirmed or incorrectly formalized, the company balance sheet will reflect confusing (distorted) information.

2. *Accuracy of the balance sheet.* This principle means that the value of the account objects is consistent with the information reflected in the corresponding lines of the balance sheet.

3. *Unity of balance.* This principle means that the accounting balance is formed based on the single principles of accounting and valuation.

4. *Duration of the balance.* This principle of balance formation means that each subsequent balance is derived from the balance indicators before it. For example, the closing balance for the previous year should be the opening balance for the reporting year.

5. *Balance accuracy*. This principle is explained by its ease of understanding for all persons who draw up the balance sheet and read and analyze it.

In our opinion, adherence to the above principles in the formation of the accounting balance allows for ensuring the accuracy, truthfulness, and comparability of the information contained in it.

SUMMARY

Summarizing the results of the conducted research, it can be concluded that there is no single approach to the classification of balance sheets in the economic literature. Each author has his own view on the signs and types of classification of the accounting balance. Although the classification symbols of the accounting balance in each period met the requirements and principles of information formation and generalization, together with the development of society, the approaches to the formation of the data of the observation objects of the accounting and business entities changed, and this resulted in the classification symbols of accounting balances have also undergone changes. Although authors have different approaches to classifying the balance sheet, it is possible to show the general aspect – the exact time. The general idea about the classification of the accounting balance is that the balance is drawn up on a certain date and depends on the purpose of drawing it up.

Thus, depending on the goals of forming generalized indicators and drawing up the balance sheet, it is possible to distinguish the classification marks of the accounting balance sheet of any economic entity.

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