

ANALYSIS OF INTERNATIONAL AND NATIONAL STANDARDS OF ACCOUNTING FOR INCOME AND EXPENSES

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Abstract: *This article analyzes the relationship between international and national standards for accounting for income and expenses and their practical application. The main differences between International Financial Reporting Standards (IFRS) and national accounting standards, their importance in making economic decisions and their role in accurately reflecting the financial results of enterprises are highlighted. Modern approaches to the principles of recognition, measurement and accounting of income and expenses are also considered.*

Keywords: *Income, expenses, financial reporting, IFRS, national standards, accounting, financial result, income recognition, expense accounting, transformation, economic analysis.*

Introduction. Currently, the Republic of Uzbekistan is implementing large-scale measures to deepen economic reforms, improve the financial reporting system and harmonize it with international standards. In this process, the correct organization of income and expense accounting at enterprises and their maintenance based on international and national standards is of great importance. A number of important documents have been adopted as a regulatory and legal

framework in this area. In particular, the Law of the Republic of Uzbekistan No. O'RQ-404 "On Accounting" dated April 13, 2016 establishes the basic principles of accounting and financial reporting.[1] This law legally regulates the procedure for accounting for income and expenses at enterprises, their recognition and reflection in financial statements. Also, the Resolution of the President of the Republic of Uzbekistan No. PQ-4087 "On Additional Measures on the Transition to International Financial Reporting Standards" dated December 24, 2018 created the legal basis for the gradual introduction of the IFRS system in the country. In accordance with this resolution, it was established that large enterprises and organizations with a state shareholding should maintain financial reporting based on international standards.[2] In addition, the Resolution of the President of the Republic of Uzbekistan No. PQ-4611 dated February 24, 2020 "On additional measures for the transition to international financial reporting standards" and the Strategy for the development of the accounting system in 2021–2025 serve to increase the transparency of financial statements, improve the investment climate, and strengthen integration into international financial markets.[3,4] At the same time, based on the resolutions of the Cabinet of Ministers on improving accounting standards, national standards are gradually being brought closer to international standards. This ensures the reliability and comparability of income and expense accounting at enterprises. The relevance of this topic is that maintaining income and expense accounting based on international and national standards plays an important role in accurately assessing the financial results of an enterprise, making correct management decisions, and increasing economic efficiency. Therefore, this article analyzes international and national standards for income and expense accounting.

Literature review. Income and expense accounting is one of the most important areas in accounting theory and practice. Extensive scientific research has been conducted in this area by foreign and domestic scientists, who have covered the issues of recognizing, measuring, and reflecting income and expenses in financial statements based on various approaches. Foreign scientists Raymond J. Chambers points to “real economic reality” as the main criterion for recognizing income and expenses in accounting. In his opinion, financial results should be based not only on legal formalization, but also on real changes in economic resources. This approach serves to more accurately reflect income and expenses.[5] William R. Scott emphasizes that the main purpose of financial reporting is to provide reliable information that helps investors and users make decisions. He emphasizes that income and expense accounting is an important indicator in determining the value of an enterprise.[6]

Local scientists M. M. Mukhtarov emphasizes the need to properly organize income and expense accounting in the national accounting system. In his opinion, harmonization of national standards with international standards will increase the transparency of financial reporting at enterprises and improve the investment climate.[7] Also, A. A. Karimov scientifically substantiated that the correct classification of expenses in accounting and their accurate distribution by periods are the main conditions for reliable formation of financial results.[8] He emphasizes that when expenses are incorrectly accounted for, the profit of the enterprise can be artificially increased or decreased. An analysis of the literature shows that foreign and local scientists have paid special attention to the economic content of income and expense accounting, the principles of their recognition, and the need to harmonize them with

international standards. This confirms the theoretical and practical relevance of this direction.

Research methodology. In this study, the comparative method was used to analyze international and national standards of income and expense accounting. This method studied the similarities and differences between IFRS and national accounting standards and assessed their level of application in practice. Using the comparative method, approaches to recognizing, measuring and reflecting income and expenses in financial statements were compared. As a result, it was determined that international standards are based on economic content, and national standards are based on legal documentation, and the need for their harmonization was justified.

Analysis and results. Accounting for income and expenses is one of the main areas of financial activity of any business entity. Because it is these indicators that determine the financial result of the enterprise, that is, profit or loss. In international practice, accounting for income and expenses is carried out on the basis of IFRS (International Financial Reporting Standards), while in national practice, national accounting standards are used. Analyzing the differences and similarities between these two systems is one of the current issues today. The process of recognizing income in the IFRS system is based on the principle of "priority of economic content". That is, revenue is recognized not only when a legal contract exists, but when economic benefits actually flow to the enterprise. In particular, IFRS 15 defines a five-step model for revenue recognition: determining the contract, determining the performance obligations, determining the transaction price, allocating the price, and recognizing revenue. This approach serves to clearly and transparently reflect revenue. In the national accounting system,

revenue recognition is based more on documents and primary calculations. This can lead to a delay in the timing of revenue recognition or earlier recognition in some cases. Therefore, there is a tendency to converge to IFRS in the national system. There are also significant differences in cost accounting. In the IFRS system, costs are recognized on the basis of the “matching principle”, that is, costs are reflected in the same period as the income related to them. This more accurately reflects the financial result. In the national system, costs are based more on documentation and supporting evidence, which sometimes leads to imbalances between periods. The analysis also examined the issue of transparency and comparability of financial reporting. The IFRS system has created a single standard for global investors, making it easier to compare the financial position of enterprises. The national system, while adapted to local economic conditions, may limit the possibility of full comparability in the international market. In addition, the introduction of digital technologies in accounting for income and expenses is also important. Automated accounting systems reduce the human factor, reduce errors and increase the accuracy of reports. This further facilitates compliance with IFRS requirements.

Based on the analysis of the research results, the main similarities and differences between international and national standards for accounting for income and expenses were identified. The results show that although both systems are aimed at accurately reflecting the financial results of the enterprise, there are significant differences in approach and methodology. First, the IFRS system is based on the priority of economic content, and income and expenses are recognized on the basis of real economic processes. The national system relies more on documentation and official approvals. This difference can lead to

different results when reflecting financial results. Secondly, since the IFRS 15 standard establishes clear stages in the process of income recognition, international reports will be more transparent and comparable. Since such a clear model has not been fully implemented in the national system, some uncertainties may be observed. Thirdly, in cost accounting, the IFRS system is based on the matching principle, which allows reflecting income and expenses in the same period. In the national system, there are differences in the distribution of expenses by period, which affects the accuracy of financial results. The results of the study also showed that consistent reforms are being implemented in Uzbekistan to bring the accounting system into line with international standards.

Proposals and conclusions. As a result of the analysis conducted to improve the process of accounting for income and expenses based on international and national standards, a number of practical proposals and recommendations were developed. These proposals are aimed at improving the quality of financial reporting at enterprises, ensuring transparency, and accelerating the gradual adaptation to international standards. First, it is necessary to accelerate the process of transition to the requirements of International Financial Reporting Standards (IFRS) in financial reporting at enterprises. Because the IFRS system allows for the reflection of income and expenses on the basis of economic content and ensures the comparability of financial information at the international level. Therefore, the full implementation of IFRS in large enterprises and organizations with a state share is of great importance. Second, the issue of improving the qualifications of accounting personnel remains relevant. In order to fully understand and apply international standards in practice, it is necessary to expand special training

programs, seminars, and certification systems. In particular, it is advisable to encourage participation in international certification programs such as ACCA and CPA. Third, it is necessary to increase transparency and accuracy in the process of recognizing income and expenses at enterprises. This requires strengthening internal control systems, regular implementation of audit processes, and digitalization of financial transactions. This will reduce the influence of the human factor and prevent errors. Fourth, it is necessary to continue the process of harmonizing national accounting standards with international standards. In this process, it would be appropriate to gradually introduce IFRS principles, taking into account the specific characteristics of the national economy. Fifth, it is necessary to widely introduce modern digital technologies into accounting. Automated accounting systems (ERP, SAP, 1C) will accelerate the process of accounting for income and expenses, increase accuracy, and increase the efficiency of preparing reports. Sixth, it is necessary to strengthen the internal and external audit system in the preparation of financial statements. This will serve to strengthen financial discipline in enterprises and prevent cases of incorrect accounting. Seventh, it is necessary to widely use income and expense analysis in enterprises when making management decisions. This will create the opportunity to effectively use resources, optimize costs, and increase profits. In conclusion, we can say that accounting for income and expenses is one of the most important and main areas of financial activity of any business entity. Because it is these indicators that play a decisive role in determining the financial result of the enterprise, that is, profit or loss. The conducted analyses show that the correct recognition and accounting of income and expenses is one of the main factors determining the efficiency of the enterprise's activities. In

international practice, income and expense accounting is mainly based on IFRS standards. This system is distinguished by the fact that it gives priority to economic content, creates transparency and comparability. The national accounting system is mainly formed on the basis of documentation and local legislation, which, in turn, plays an important role in regulating economic processes.

The results of the study show that, although there are common principles between international and national standards, there are significant differences in the mechanisms for their application. In particular, different approaches are used in the processes of income recognition, expense accounting, and the formation of financial results. Also, large-scale reforms are being carried out in the Republic of Uzbekistan to bring the accounting system into line with international standards. The introduction of the IFRS system is being gradually implemented based on presidential decrees and resolutions. This will ensure transparency, reliability, and international comparability of financial statements at enterprises. In addition, the introduction of digital technologies allows automating accounting processes, reducing errors and increasing efficiency. This will further improve the quality of financial reporting.

List of used literature

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