



Organizational, Technical and Methodological Aspects of Accounting Policy

Zufarova Zilola Rakhim kizi

Doctor of Philosophy in Economics (PhD), Tashkent State University of Economics,
Uzbekistan

Abstract: This article reveals the essence of the accounting policy, which is one of the most important accounting documents, and its significance. As a result of the study, the constituent parts of the accounting policy have been clarified. Organizational, technical and methodological aspects of accounting policy are also disclosed.

Keywords: accounting, financial statement, accounting policy, synthetic and analytical accounting, national accounting standards, international financial reporting standards, working chart of accounts, inventory, financial position, financial result.

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INTRODUCTION.

The accounting policy is the most important document that determines the rules of accounting in business entities. The accounting policy of economic entities includes the development of a plan of working accounts, the organization of the initial account, the selection of the method of cost accounting and product cost calculation, the preparation of internal reporting forms, etc.

The role of accounting policy is to organize the most optimal direction of its activity and ensure reflection in accounting. Forming an accounting policy is necessary for making the right management decisions, because a rationally developed accounting policy is one of the important means of managing the activities of an economic entity and achieving its goals in its activities.

In the process of globalization, the importance of accounting policy is increasing due to the economic situation in the countries of the world, cases of non-payment, insolvency of debtor enterprises, and the decrease in the level of financial independence, which directly affects the financial condition of economic entities. Depending on how the accounting policy is formed, the economic activity of the enterprise develops at a modern level.

There are many views on revealing the essence of accounting policy in regulatory legal documents and economic literature.

According to IAS No. 8 entitled “Accounting Policies, Changes in Accounting Estimates and Errors”, “accounting policy is certain principles, bases, generally accepted conditions, rules and practical approaches used by the organization in preparing and presenting financial statements” [1].

Accounting methods include the use of double-entry accounting accounts, documentation of operations, product costing, asset valuation, inventory, document circulation, accounting register system and data processing, etc.

The accounting policy is explained as follows on the economic platform for economists. “Accounting policy refers to the specific principles of accounting and the methods of application of these principles adopted by the enterprise in the preparation and presentation of financial statements. Accounting policies are based on various accounting concepts, principles and concepts. Accounting policies are specific principles and procedures implemented by a company's management and used to prepare financial statements. These include any methods, measurement systems and disclosure procedures” [2].

S. Alaemi stated that “the accounting policy is very important for the correct understanding of the information presented in the financial statements. An entity must clearly state the accounting policies it uses in preparing financial statements. Disclosure of accounting policies is important because many accounting standards allow the use of alternative methods for the same transaction or entity. If accounting policies are not clearly stated, users of financial statements cannot compare financial data with other organizations” [3].

In his thesis work, R.Edward concluded that “accounting policy information covers the main accounting choices made by firms, which affects the ability of users of financial statements to compare accounting information across firms over a period of time and for a given firm” [4].

In the above-mentioned opinions, attention is mainly focused on the nature of the accounting policy, but insufficient attention is paid to the organizational, technical and methodological issues of the accounting policy.

The accounting policy is not only an internal document of the economic entity, but also a document containing all the features of the legal regulation of accounting. It should be noted that the accounting policy is a document designed to determine the procedure for accounting in an economic entity.

According to the Tax Code, a single accounting policy for all types of taxes is not established, and taxpayers are given the opportunity to choose the methods of tax accounting using the accounting policy. It should be noted that the rules set for taxation purposes in the accounting policy, but not regulated by law, help taxpayers to minimize tax risks. Thus, the extent to which economic entities are protected from tax risks in the event of tax risks depends on how accurate and precise this document is drafted.

The accounting policy chosen by economic entities can have a significant impact on the indicators describing the financial position and financial results. Without having an idea about the elements of the accounting policy, it is impossible to compare the financial performance of business entities in different reporting periods. A reasonable accounting policy allows the management of economic entities to achieve their goals without excessive costs. In our opinion, the accounting policy makes it possible to achieve the following:

- management of costs, financial status and financial results of economic entities;
- organization of the optimal document circulation process;
- tactical and strategic planning of activities;
- development of the procedure for the formation of the internal control system;
- reduction and unification of labor capacity;

development of internal reports for management accounting purposes;
practical resolution of disputes in accounting regulations.

However, the importance of the accounting policy of economic entities has not been adequately evaluated recently, and its formation remains formal, which leads to the fact that for the head of the entity, not the content of the document, but its formal existence is important.

The task of the accounting policy formed for the purposes of accounting is to clarify and document the organization of the activities of economic entities and the choice of one of the accounting methods permitted by law.

As a rule, the accounting policy consists of methodological, technical and organizational sections.

It is not recommended for business entities to develop and approve an accounting policy that is too large and does not reflect the main elements specified in the regulatory legal documents on accounting. Figure 1 shows the characteristics of the accounting policy for accounting purposes.



Figure 1. Features of the accounting policy for accounting purposes¹

The formation of the accounting policy directly depends on the following factors: the organizational and legal form of the economic entity; type and scope of activity; accounting service structure; goals defined in the financial strategy; existing material and technical base; the level of development of the information and communication system in the economic entity; qualification level of accounting service employees, etc.

In order to maintain tax accounting, economic entities develop an accounting policy for the purpose of taxation, which discloses issues related to the procedure for calculating and paying taxes. This accounting policy makes it possible to rationally determine the order of distribution of obligations between structural units and executives, to determine the directions of analysis and forecasting of business results, to increase its efficiency and to optimize taxation.

As a result of the conducted research, the following conclusions were reached:

1. Effective accounting policy means a set of principles, rules and methods of accounting that are approved by internal documents and help to achieve goals and solve tasks as a result of the operation of the accounting system within the framework of current legislation, as well as correspond to the development strategy of the business entity.
2. The role of accounting policy is important in the effective implementation of accounting work in economic entities. A rationally developed accounting policy serves to ensure the effective use of assets, the correct determination of product costs, the establishment of control over liabilities, and the reliability of financial reporting information.
3. When drawing up the accounting policy, it is necessary to pay close attention to its organizational, technical and methodological aspects. Therefore, in the formation of these aspects of the accounting policy, it is necessary to carefully pay attention to the requirements of regulatory legal documents.

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