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# Improvement of the System of Management Accounting and Reporting at Enterprises

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**Abstract:** The management accounting strategy involves a system of analysis, forecasting, planning and coordination of management decisions that determine the development of an enterprise for a long period of time. Since the key point in the integration process is the comparison of costs and revenues, the most important for management accounting is the management of costs and doxodes and the management of results through the means of influence on doxodes?.

**Keywords:** Enterprise, management accounting, management decision, international accounting standards (IFRS), cost method, financial reporting, passive accounting, expenses, doxodes, forecasting, planning.

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## INTRODUCTION

With the development of market relations in our country, there is an increasing need for organizing and maintaining management accounting, as well as its further improvement in all business entities, regardless of their type of activity and form of ownership.

At the same time, it should be noted that the practice of organizing and maintaining management accounting at enterprises does not meet all the requirements of business leaders. There are a number of objective and subjective reasons for this. They are connected not only with the practical implementation of management accounting, but also with theoretical and methodological issues and problems of its organization and maintenance. In particular, among scientists there are different views and discussions about the functions, object and subject, method and principles of management accounting. The construction of management accounting at enterprises is based on the organization and maintenance of cost accounting, therefore its main component is the cost of production of future and past periods in different directions. Another important point is that management accounting is a complex analysis of direct data, which is recognized not only by theoretical scientists, but also by practitioners when determining the essence of management accounting. Information in management accounting is collected, grouped, identified and studied in order to fully reflect the results of the activities of structural units and determine the level of participation in the profitability of the enterprise. Accounting policy refers to the efficiency of production activities as a process of comparing current and planned costs and production costs.

## DISCUSSION AND RESULTS

In the conditions of economic modernization, the improvement of accounting on the basis of international accounting, including the timely communication of information to users, ensuring the confidentiality of trade, required the division of corporate accounting into two independent parts: financial and accounting. . This division of accounting into independent parts led to the centralization of financial accounting and the decentralization of accounting.

As a result, the settlement account began to have its own functions and provided the process of managing operational and analytical information, as well as control over the costs and income of divisions. These factors led to the development of cost standards, standard product calculations, and operational control of actual costs in accordance with standard costs, the identification and elimination of existing deviations, and the development of deviation management methods to manage the cost formation process. In the late 1940s, in the United States and some countries of Western Europe, the term "production accounting" was gradually replaced by the term "management accounting". During this period, accounting began to play an active role in the development and implementation of management policy, and accountants began to work in the areas of forecasting, planning, making management decisions, and monitoring the provision of information to enterprise management services. Many accountants in Uzbek companies are engaged in traditional accounting. Many companies do not have management accounting or it is very poorly developed. Many of its elements are part of our traditional accounting and operational accounting, our economic analysis. At the same time, Uzbek accounting practice does not yet use marketing opportunities such as real value deviations, break-even points, budgeting, transfer pricing, internal accounting and audit methods.

According to experts, in economically developed countries, firms and firms spend most of their working time in the field of accounting on the restoration and maintenance of management accounting, while only the rest goes to traditional financial accounting. At the enterprises of our republic, unfortunately, we observe the opposite. This is due to the fact that management accounting is not reflected in the legal documents in force in Uzbekistan. For example, the Law on accounting only explains accounting, says nothing about financial and management accounting. It is well known that in order to understand the essence of a phenomenon, it is necessary first of all to determine its historical restoration and development, as well as its causal relationship.

It is difficult to imagine the restoration and formation of management accounting in isolation from the history of the development of costing and production accounting. The use of two independent charts of accounts, financial and management accounting has become a practical step towards the restoration and development of management accounting in the existing accounting system. This division significantly influenced the formation of common national plans of European countries. The fact is that before the Second World War in European countries (France, Germany, etc.), accounting was carried out according to a single accounting plan. After the Second World War, US capital played a key role in the economic life of Europe, and also became the Anglo-American approach to the formation of accounting. This is due to the fact that the functions of forecasting and planning in management accounting have become part of the structural functions, and their use in unified accounting has led to a violation of the trade secret of the enterprise. As a result, the further development of European national accounting plans has been in line with their ability to produce financial statements and in many cases has become limited to the framework of financial accounting.

A deeper understanding of the essence of management accounting is directly related to the relationship between it and production accounting.

Production accounting is the process of determining the cost of production and the ability to manage the income of the enterprise and increase the profitability of production. It should cover all aspects of the production and sales of the company.

As can be seen from the table, Management Accounting is broader than Production Accounting and includes new areas of accounting, such as internal (segment) accounting and

reporting, transfer pricing and forecasting.

In addition to the above, modern production accounting also includes the following indicators:

Types of expenses and incomes;

Accounting of expenses and incomes of responsibility centers;

Writing off expenses and income.

The prospective development of accounting in enterprises requires studying the relationship between its important components, such as financial and management accounting. There are many similarities between financial and management accounting as they both use enterprise accounting information.

The accepted principles of financial accounting can also be applied to management accounting, since business leaders cannot rely on assumptions and opinions that have not been tested in their activities. In addition, information from both subsystems is used to make the necessary management decisions.

The differences between financial and management accounting can be summarized as follows:

1. Purpose of the account. The purpose of accounting is to assess the property and financial condition of the enterprise, to summarize information on the state of assets and liabilities, and to draw up periodic and annual financial statements. This information will be used by both the administration and external users. External users, investors and creditors, when assessing the financial condition of the enterprise, its solvency, creditworthiness, the level of return on investment in the enterprise, pay attention to the fact that this information complies with clearly defined requirements and standards.

The main purpose of management accounting is to provide management with reliable information on costs and financial results in order to make informed management decisions.

2. Develop an accounting policy. In accounting, accounting policy is the rules for its maintenance, the procedure for compiling and presenting financial statements.

Management's accounting policy mainly covers budgeting, forecasting, costing, transfer pricing, segment reporting.

3. Presentation of information in the accounting system. The system of financial accounts summarizes all information about the state and movement of material, labor and financial resources of the enterprise. This system of accounts is based on the National Accounting Standard of the Republic of Uzbekistan No. 21 "Chart of Accounts for Accounting for the Financial and Economic Activities of Business Entities and Guidelines for its Application". The new version of the chart of accounts was approved by the Ministry of Finance of the Republic of Uzbekistan on September 9, 2002 No. 103 and registered by the Ministry of Justice on October 23, 2002 No. 1181.

The management accounting plan provides for the adoption of strategic management decisions on the activities of the enterprise and its divisions, budgeting, organization of cost accounting and costing, determination of financial results in the system "Cost - production volume - profit". The implementation of this chart of accounts will require a transition from a two-level system of accounts to a four-level one:

- a) Balance sheets, i.e. accounts involved in the formation of the balance;
- b) Accounts receivable and is used in management accounting to determine the financial

results of the cost-benefit-profit operating system.

Currently, in world practice, there are chart of accounts systems that are successfully used in Germany and Russia.

4. Users of information. Financial accounting is also called external accounting. Its results will be published, but the financial statements will include not only financial information, but also advertising information about the success of enterprises and their new products. Users of financial accounting information are primarily located outside the enterprise. This information is necessary for business management, government agencies, creditors, and shareholders, investors (internal and external users). Therefore, a manager account can be called an internal account. Its results are used by the management, founders and members of the supervisory board.
5. Forms for submitting information. In accordance with Article 22 of the Law of the Republic of Uzbekistan "On Accounting" forms of accounting statements of the balance sheet, financial results, cash flows, equity, as well as comments, calculations and explanations. Submission of financial reporting forms in accordance with the "Rules for filling out financial reporting forms", approved by order of the Ministry of Finance of Russia dated December 27, 2002 No. 140, registered by the Ministry of Justice on January 24, 2003 No. 1209 is given. Businesses are also required to report to tax authorities, social security and insurance services, and labor exchanges.

Information about the managerial account is provided to users in a free form.

6. Duty to keep records. A financial account is a formal account that is mandatory for all businesses. Financial statements are submitted to the tax authorities and other relevant authorities, which are subject to verification and must be published.

Management accounting is maintained in accordance with the requirements of the company's management.

7. Account organization rules. In the financial statements, the information of the financial statements must be formed and reflected in accordance with clear principles and rules, on the basis of which information is recorded, evaluated and reflected in the relevant accounts. These principles and rules are set out in the Law of the Republic of Uzbekistan "On Accounting" and the National Accounting Standards. Management accounting procedures are developed based on the strategic and tactical goals and characteristics of the enterprise. This type of account focuses on the importance of data for management decision making.
8. Principles of accounting. Financial accounting is based on general principles, such as double-entry bookkeeping, accuracy, superiority of content over form, comparability of indicators, neutrality of financial statements, etc. These principles are followed not only by employees of enterprises, but also by representatives of government bodies. The main principles of management accounting are double-entry bookkeeping, continuity, accuracy, prudence, prudence, comparability of indicators, etc. is
9. The main objects of accounting. Financial statements usually describe the entity as a whole. Large diversified enterprises are required to report expenses and revenues for each area, that is, for the main segments of the enterprise, in the consolidated financial statements. Management accounting usually contains information about the activities of individual divisions of the enterprise: departments, workshops, sections, jobs.
10. Basic account structure. The financial account is formed in accordance with the following basic equation:

The structure and content of management account information depends on the needs of its users. Any structure of management accounting relies primarily on categories such as expenses, income and assets. The main criterion for the use of these structures is the usefulness of the necessary information.

11. The level of information openness. Information about financial accounts is open to users. In particular, in accordance with Article 19 of the Law of the Republic of Uzbekistan “On Accounting”, this information is provided to tax authorities, owners in accordance with constituent documents, state statistics authorities, and other authorities in accordance with the law.

Management accounting information is more confidential and is used by business leaders, founders and members of the supervisory board to make management decisions. This information is a trade secret of the enterprise. They are not issued to external users from the report.

12. Ways and means of presenting information. The financial report contains information that is generated by cost. The company's financial statements include the closing balances of all accounts in the general ledger. In financial accounting, business processes include accounting documentation and inventory, valuation and calculation, chart of accounts and double bookkeeping, balance sheet and reporting, etc. methods. Financial statements must be presented in monetary terms. The financial statements correspond to the accounting records.

Management accounting does not have to be based on double-entry bookkeeping. In this type of calculation, data can be calculated in any unit of measure. It is also not required that the information in the financial statements matches or be comparable to the data in the General Ledger.

In addition to financial accounting methods, econometrics, statistics and economic analysis are used to record and reflect management information.

13. Measurement of information. To summarize business processes in financial statements, only a measure of value expressed in soums is used.

In management accounting, all types of accounting indicators are used, such as material, labor and cost.

14. Frequency of reporting. Financial statements are prepared and submitted in a timely manner.

Management accounting reports daily, weekly, etc. can be created in periods. The deadline for submitting reports is set by the company's management. It is important that the report is useful to consumers and timely.

15. Time of appearance of information. The financial account reflects the financial history of the enterprise. In it, business transactions are recorded with documents confirming their completion, i.e. this type of accounting confirms the operations that have already taken place in the economic activity of the enterprise.

The purpose of management accounting is to develop a program of forward-looking recommendations, management and investment decisions based on an analysis of events.

After processing the financial statements, management accounting should be able to diagnose events in advance. For this reason, management accounts are often referred to as guess accounts or classified accounts.

16. The level of accuracy and reliability of information. Financial information reflects completed transactions, so it is unbiased and verified.

On the other hand, management accounting is more promising. Therefore, information in management accounting is probabilistic and subjective (private) in nature.

17. Methods for grouping costs and income. In the financial statements, expenses are grouped and reflected by cost items, and incomes are grouped and reflected by the enterprise and its types of activity (segments).

In management accounting, expenses are grouped and reflected by cost items, and incomes are grouped and reflected by units and types of products (works, services). The list of cost items is established in industry instructions and is reflected in the accounting policy of the organization.

Management and financial reporting are interpreted by different authors in different ways. We consider it appropriate to offer the following features, summarizing the views of different authors on this problem. To a large extent, they reflect the differences and nature of management and financial accounting. The structure of information in management accounting depends on the needs of its users. Any management accounting system relies primarily on such categories as expenses, income and assets, and chooses from reasonable methods the one that it likes. The main criterion for the use of these structures is the usefulness of the transmitted information.

According to him, C-field is an account that is made only in the interests of external users. Area B is a part of management accounting, which is maintained in the interests of internal and external users, and area A is management accounting, which is formed at the request of the administration.

The presented picture shows that accounting policy is a link between management and financial reporting, which is organized in the interests of internal and external users of the enterprise.

Summarizing the above, it should be noted that, in addition to operational, statistical and tax accounting, accounting is part of the overall accounting system of an enterprise and is divided into two parts: financial and production; The costs and income of the enterprise are their object (source). Analytical production accounting information is used exclusively for internal management. Financial statements, on the other hand, contain information that is not an organization's trade secret and is available to new external users.

Management accounting, on the other hand, is not limited to accounting operations, but transforms development accounting into management accounting, essentially due to other management functions.

The relationship between management and financial accounting can be summarized as follows.

To open management accounting, it is necessary to observe the relationship between management and production accounting.

Management accounting tactics include: organization, accounting, control, proof, analysis and adaptation of previously made decisions, as well as responsibility for their implementation.

The management accounting strategy involves a system of analysis, forecasting, planning and coordination of management decisions that determine the development of an enterprise for a long period of time.

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Since the key point in the integration process is the comparison of costs and revenues, the most important thing for management accounting is the management of costs and revenues and the management of results through means of income impact.

### **CONCLUSION**

The main goal of any business is to make a profit. Profitability means that the income of the enterprise exceeds all the costs associated with its activities. Continuous reduction of production costs is one of the important conditions for profitability. The total cost shows what the company costs. Profit can be obtained through various activities in the enterprise, the size of which varies due to changes in the price of production factors (external factors) or an increase in the cost of production due to their irrational use (internal factors).

However, profit as an absolute value does not fully characterize the efficiency of production. Profitability plays an important role in assessing the effectiveness of the use of all factors of production. Profitability ratios show how profitable the company is. Analysis of profitability indicators allows assessing the situation and identifying measures to strengthen financial stability.

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