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## PRACTICAL ASPECTS OF AUDITING AND PREPARATION OF FINANCIAL STATEMENTS IN JOINT STOCK COMPANIES

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**Annotation:** The article describes the practical aspects of preparing financial statements and conducting audits in joint-stock companies, the features of creating an accounting policy to ensure the reliability of financial statement information, gathering evidence during the audit of financial statements, and the procedure for drawing up an auditor's opinion on the results of financial statements.

**Key words:** International standards of financial statements, auditing, financial reporting.

In recent years in the Republic of Uzbekistan, large-scale changes are being implemented in the field of accounting, as well as in all areas. In particular, accounting operations and preparation of financial reports are organized at the level of international standards. In addition, the provisions of national accounting standards are being adapted to the requirements of international standards of financial reporting. These cases also apply to the accounting policy, which is one of the main documents used in accounting.

It is known that the accounting policy includes a set of rules, methods and requirements used in accounting operations of any business entity during the reporting period. A reasonable and consistent structure of the accounting policy serves to increase the reliability and transparency of financial reporting information.

Accounting plays an important role in the rational use of funds, increasing the efficiency of activities, and making economic decisions in an economic entity. Through information and control functions of accounting, information on daily activities is formed and summarized in reports. Accounting policy plays an important role in the effective implementation of these process

Accounting policy is a comprehensive document that is prepared for financial, management and tax accounting purposes. For the purposes of financial accounting, the following main aspects are considered in the accounting policy: the procedure and methods of evaluating the fixed assets available in the balance sheet of the economic entity and calculating their depreciation; the procedure for maintaining the account of repair costs for fixed assets; the procedure for evaluating long-term investments and disclosing information about them; the procedure for continuous and periodic accounting of inventories; issues of determining the net sale value of inventories; issues of classification of obligations and their assessment; criteria for recognition of income and expenses and the procedure for disclosing information about them.

From the point of view of management accounting, the accounting policy considers the following aspects: methods of product cost calculation and their application; procedure for formation of transfer price; procedure for drawing up segmental reports; procedure for determining the break-even point, etc.

The accounting policy drawn up for the purposes of tax accounting must comply with the requirements of the Tax Code. In this case, it is necessary to cover the following issues: correct calculation of the basis for the types of taxes and payments; the composition of deductible and non-deductible expenses during the reporting period for profit tax; if tax incentives are provided to entities, their application; directions for using the funds freed up in the entity due to the provided tax benefits, etc.

When drawing up the accounting policy, it is necessary to pay attention to its organizational, technical and methodological aspects. The organizational aspects of the accounting policy include the form in which the accounting service is organized, the distribution of responsibilities among employees, and the qualification levels of accountants.

The main purpose of financial reporting is to provide external users with reliable information about the business entity. Accounting policy, in turn, directly affects the formation of information in financial statements. Therefore, the information capabilities of users of financial statements should be taken into account when creating an accounting policy

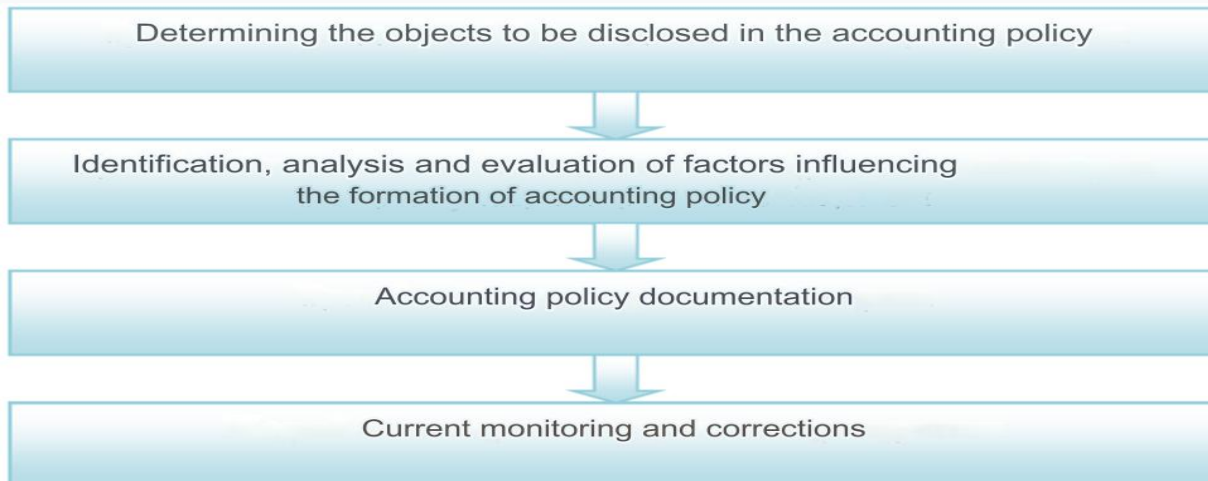
Formation of accounting policy in economic entities is considered a complex process, which includes the following stages (Fig. 1).

When creating an accounting policy, first of all, it is necessary to clarify the composition of accounting objects. In the practice of our country, the requirements for accounting objects are disclosed in the accounting policy in a sequence according to the balance sheet structure. In particular, long-term assets include fixed assets, intangible assets, long-term investments, capital investments, long-term receiva

Next, the accounting policy rules for inventories, receivables and cash are defined as part of current assets. This is followed by coverage of equity, liability, income and expense requirements.

When forming the accounting policy, it is necessary to consider the factors affecting it. In particular, the accounting policy is significantly influenced by the organizational and legal structure of the economic entity, the scope and purpose of the activity, the financial strategy adopted by the entity, the state of the internal control system, and external factors.

Documentation of the accounting policy is formalized by the order of the head. However, the document rotation table, working account plan, etc. are attached to the accounting policy. In addition, the method of assessment of certain types of assets and liabilities can be given in the form of an appendix to the policy.



**Figure 1. Stages of accounting policy formation.**

1. The following conclusions were reached regarding the study of the importance of accounting policy in the formation of financial statements in joint-stock companies:

1. The accounting policy is the main document in the organization of accounting work in a joint-stock company. This document plays an important role not only in accounting, but also in managing society.

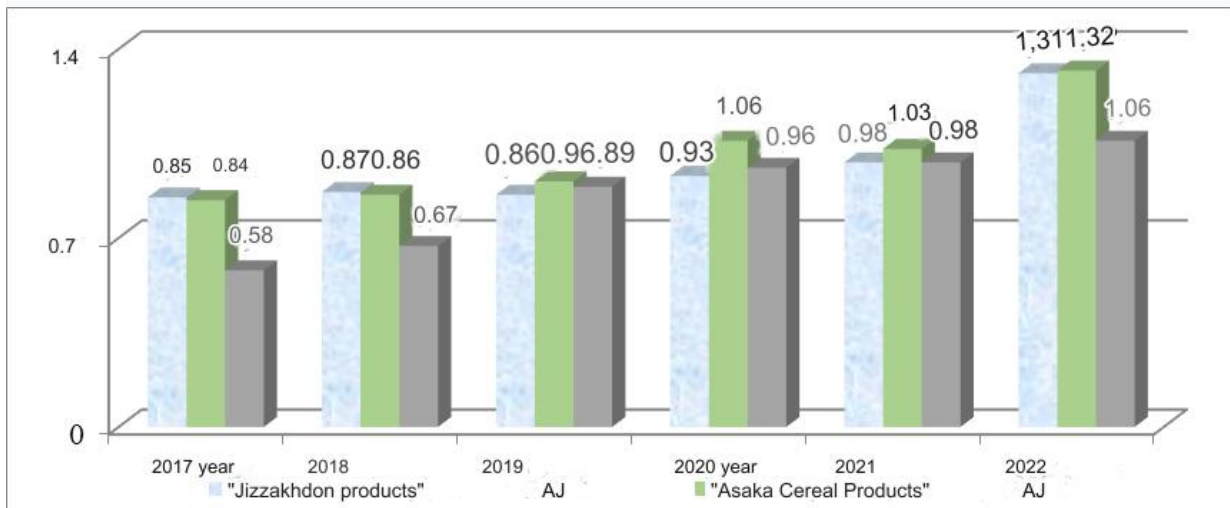
2. The main goal of the accounting policy is the correct organization of accounting work and the formation of reliable financial reporting. If the accounting work is organized correctly, the internal control system and operational efficiency of the business entity will be increased.

3. As a result of the introduction of international standards of financial reporting in Uzbekistan, serious requirements are also being imposed on the formulation of accounting policies. In particular, the use of advanced methods in the assessment of assets and liabilities in accordance with the requirements of international standards serves to increase the transparency of financial reporting.

Gathering evidence is one of the main processes of an audit and involves summarizing the results of analysis and gathering information to form an opinion about the reliability and continuity of the financial statements of the audited entity.

Audit evidence is information analyzed by the auditor about the business entity, which can be obtained both from the entity itself and from third parties, on the basis of which an appropriate opinion is formed about the completeness and reliability of financial statements and the financial condition of the audited entity.

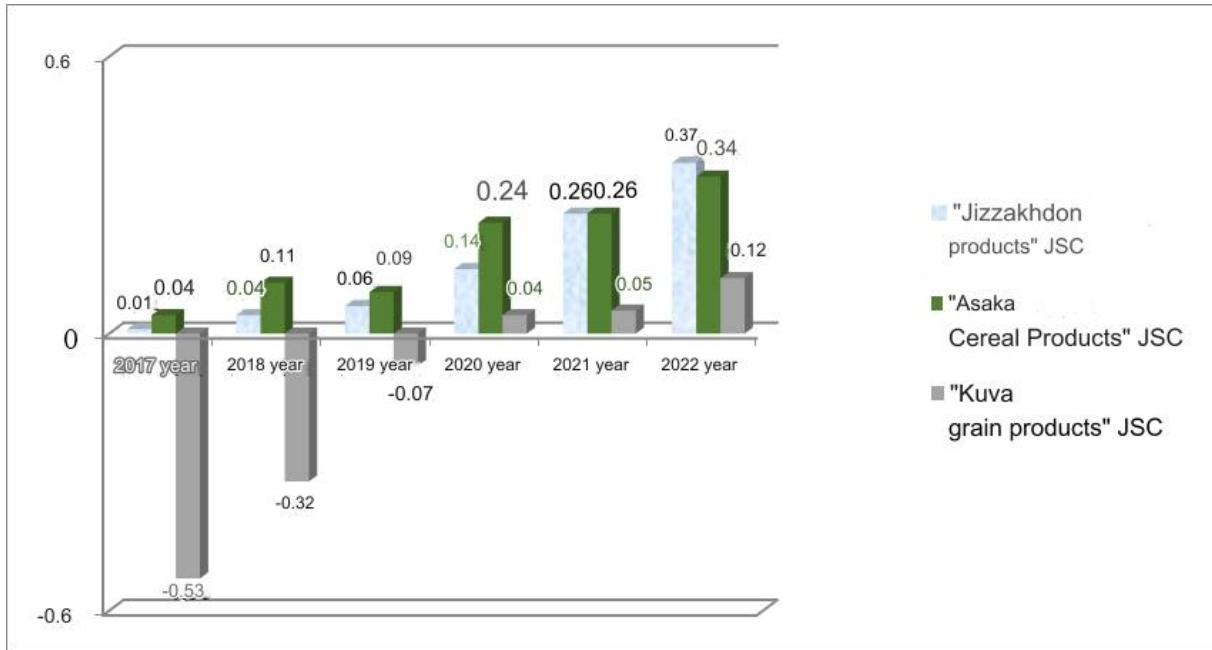
Analytical procedures are the most commonly used method in gathering audit evidence. Figure 2 shows the analysis of solvency based on the financial reporting indicators of "Jizzakhdon products" JSC, "Asaka grain products" JSC and "Kuva grain products" JSC.



**2-picture. Changes in the solvency ratio of "Jizzakhdon products" JSC, "Asaka grain products" JSC and "Kuva grain products" JSC**

According to the data of Figure 2, the indicators of solvency in the analyzed enterprises increased year by year. In 2017, this indicator was equal to 0.85 in "Jizzakhdon Products" JSC, and by 2022 it will reach 1.31. In 2017, the solvency ratio of "Asaka grain products" JSC was equal to 0.84, and by 2022 this indicator will be 1.32. The solvency ratio of "Kuva grain products" JSC was 0.58 in 2017 and 1.06 in 2022.

Figure 3 shows the change in the coefficient of financial independence in "Jizzakhdon products" JSC, "Asaka grain products" JSC and "Kuva grain products" JSC.



**Figure 3. Changes in the coefficient of financial independence in "Jizzakhdon products" JSC, "Asaka grain products" JSC and "Kuva grain products" JSC.**

As can be seen from the data of Figure 3, the coefficient of financial independence in "Jizzakhdon Products" JSC was equal to 0.01 in 2017, and by 2022 it will reach 0.37. In 2017, this coefficient was equal to 0.04 in "Asaka grain products" JSC, and by 2022 it will be 0.34. The situation at "Kuva grain products" JSC represents a completely different situation. This enterprise had a negative view of private capital due to unmet needs in 2017-2019, as a result of which the coefficient of financial independence was lower than 0. However, due to the growth of the company's retained earnings in recent years, the coefficient of financial independence has increased from 0 to 0.12 in 2022.

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