

IMPORTANCE OF ACCOUNTING IN ECONOMIC DEVELOPMENT TEACHER OF KATTAKORGAN BRANCH OF SAMARKAND STATE UNIVERSITY

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Abstract: *The Role of Accounting in Economic Development-* This article explains how accounting plays an important role in economic development by providing reliable financial information to investors, creditors and policy makers. It discusses the impact of accurate accounting on investment decisions, capital allocation, and economic growth. In addition, achievements and shortcomings in the field of accounting in Uzbekistan are described.

Key words: *Accounting, financial operations, distribution of resources, Investments, efficiency, stages of development, mistakes, shortcomings, achievements.*

Accounting plays a critical role in economic development by providing business, investors and policymakers with information and analysis that help them make informed decisions. Here are some key ways accounting can contribute to economic development:

□ Facilitates allocation of resources: Accounting provides systematic recording of financial transactions and their impact on enterprise resources. This information helps to allocate resources effectively and efficiently, ensuring that scarce resources are used in areas where they can generate the highest economic returns.

□ Attracts Investments: Accurate financial reporting and transparency are important in attracting domestic and foreign investments. Investors rely on financial statements and other accounting information to evaluate a business's financial condition and potential earnings. Strong accounting standards and practices increase investor confidence, encourage more investment, and stimulate economic growth.

□ Enables credit and risk assessment: banks and financial institutions use accounting information to assess the creditworthiness of individuals and businesses. Accounting serves as the basis for evaluating loan applications and determining interest rates. Access to credit is critical to economic development because it helps individuals and businesses invest, expand operations, and create jobs.

□ Supports Government Policymaking: Governments rely on accounting information to formulate economic policies, allocate resources, and monitor the effectiveness of those policies. Accounting data such as GDP, inflation rates, and tax collections provide important information for economic planning, fiscal policy, and regulatory action.

□ Enhances corporate governance and transparency: Accounting standards and practices ensure transparency and accountability in business operations. Clear financial reporting guidelines ensure that companies disclose relevant information about their financial performance, which allows shareholders, regulators and other interested parties to monitor and

evaluate management's management. Good corporate governance practices increase investor confidence, attract capital and stimulate economic growth.

□ □ Supports Financial Decision Making: Accounting information helps businesses make informed financial decisions such as pricing strategy, capital investment and cost management. Accurate financial reports and performance indicators allow managers to assess profitability, assess risk and identify areas for improvement. Making such decisions contributes to overall economic efficiency and effectiveness.

□ □ Facilitates Benchmarking and Performance Evaluation: Accounting data allows businesses to benchmark their performance against industry standards and competitors. Benchmarking helps identify areas of improvement and best practices that can drive growth and competitiveness. Reliable financial reporting allows effective assessment of investment projects, operational efficiency and profitability.

Overall, accounting provides the necessary framework for economic development by promoting transparency, efficient allocation of resources, access to credit, good governance and informed decision-making. By providing reliable and comparable financial information, accounting enhances trust and confidence in domestic and global economic systems.

Accounting in Uzbekistan has made significant progress over the past years. The main stages of accounting development in Uzbekistan:

Early years: The accounting profession in Uzbekistan traces its roots to the early 20th century, when accounting principles and practices were adopted by the Soviet Union. Introduced during the Union. During this period, accounting was primarily aimed at meeting the requirements of the Soviet state.

Independence: After the collapse of the Soviet Union in 1991, Uzbekistan gained independence. This marked a significant change in the country's economic system and accounting practices. Uzbekistan began the transition from a centrally planned economy to a market economy, which led to changes in accounting regulation and practice.

Legal basis: In 1996, the Law on Accounting and Reporting was adopted in Uzbekistan, which standardized accounting practice in the country. This law established the legal basis of financial reporting and defined accounting, auditing and reporting requirements for various entities.

International standards: Uzbekistan tried to adjust accounting to international standards. International Financial Reporting Standards (IFRS) have been adopted in the country for the preparation of financial statements by large enterprises and banks. However, small businesses are allowed to use national accounting standards.

Professional bodies: Association of Accountants and Auditors of Uzbekistan (AAA) was established in 1995 to regulate the accounting and auditing profession in the country. AAA provides professional support, training and certification for accountants and auditors, enhancing the professional development of accounting professionals.

Education and training: Great efforts have been made to improve the training and education of accounting professionals in Uzbekistan. Universities offer accounting and finance programs, providing students with the necessary knowledge and skills. In addition, there are continuing education courses and certification programs to improve the skills of accountants.

Adoption of technology: With the development of technology, a transition to an automated accounting system was observed in Uzbekistan. Many businesses have adopted accounting software to streamline financial processes and facilitate compliance with reporting requirements.

Regulation and control: The State Tax Committee of Uzbekistan plays an important role in the regulation and control of accounting in the country. They ensure compliance with accounting rules, conduct audits, ensure transparency and accountability.

In general, the accounting profession in Uzbekistan has undergone significant development and continues to develop, bringing its practice in line with international standards and serving to increase financial transparency and economic stability in the country.

1. **Lack of transparency:** The accounting system in Uzbekistan is not transparent, which makes it difficult to monitor financial transactions and detect possible fraudulent activities.

2. **Inadequacy of the regulatory and legal framework:** The regulatory and legal framework for accounting and auditing standards in Uzbekistan is insufficient. This creates uncertainty and inconsistencies in financial reporting and auditing practices.

3. **Limited professional experience:** The accounting profession in Uzbekistan lacks qualified professionals with appropriate education and international accounting standards and practices. The lack of qualified accountants affects the quality of financial reporting and auditing.

4. **Weak internal control:** Many enterprises in Uzbekistan have weak internal control systems, which increases the risk of financial mismanagement, fraud and errors in financial reporting.

5. **Inefficiency of implementation mechanisms:** The application of accounting and auditing standards in Uzbekistan is limited. This lack of oversight allows businesses to engage in unethical financial practices without facing serious consequences.

6. **Inadequate adoption of technology:** The use of outdated accounting software and limited technology integration hinder the efficiency and accuracy of accounting processes in Uzbekistan.

7. **Lack of independence:** The independence of auditors and accountants is often compromised by close relationships between businesses, government agencies and accounting professionals. The lack of such independence can undermine the credibility and reliability of financial statements and audits.

8. **Inconsistent tax regulations:** Tax regulations in Uzbekistan are often complex and change frequently, making it difficult for accountants to accurately calculate and report tax liabilities.

9. **Inadequate financial education:** The level of financial literacy and awareness among individuals and businesses in Uzbekistan is insufficient. This hinders the understanding and adoption of good accounting practices.

10. **Limited use of international accounting standards:** Uzbekistan mainly follows national accounting standards that do not fully correspond to international accounting standards. This limits comparability and consistency in financial reporting, which affects the reliability of financial information.

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