

## Balance Sheet: Types, Structure and Requirements

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### ***Abstract***

*The balance sheet contains a large amount of information about the financial and economic activities of the enterprise: the property status of the enterprise, the availability of financial resources, their distribution and use, the capitalization of financial results (profit), equity and borrowed funds, information on the availability and condition of funds, the state of accounts receivable and accounts payable debt, fixed assets, condition and changes in intangible assets and so on.*

***Keywords:*** *Balance sheet, cash, receivables and payables, fixed assets, intangible assets.*

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Incomplete and unreliable information, as a rule, leads to the adoption of incorrect (erroneous) management decisions that affect the competitiveness and financial and economic condition of the enterprise.

The inability to use data, that is, the inability to monitor and analyze based on them, leads to the uselessness of the collected data and the deterioration of the quality of management.

Managers of the enterprise can use the information presented in the balance sheet and other forms of financial statements, read them using the information contained in them, behind each report item they can see the real situation of the enterprise, where the funds come from and where they are located, they should be able to assess their location and suitability for normal operation.

For full-fledged work and continuous economic growth of an economic entity, it is necessary to constantly analyze and evaluate its financial and economic situation. Regular monitoring of reporting data on the financial and economic condition of an economic entity allows the enterprise to make timely adjustments to its economic policy.

Among the documents analyzed and evaluated in this way, one of the main forms of consolidated financial statements is the estimated balance sheet. According to the legislation, economic entities are required to submit financial statements on time and in the amount, as well as comply with the necessary requirements when reporting and evaluating individual items.

The balance sheet as the main form of reporting serves as the basis for reporting to government agencies, enterprise management, enterprise owners, banks and investors, creditors and debtors.

As a means of grouping and summarizing the funds of an enterprise and their sources, reflecting them in terms of value and occupying a central place in the structure of the financial report, the relevance of studying the types and forms of the balance sheet increases.

The study of the types and forms of the balance sheet by category allows the company to choose the best method of accounting and financial reporting. Therefore, consider the classification of the balance sheet for various situations.

There are different approaches of industry experts to the classification of the balance sheet. In particular, M.S.Ribyantseva and E.A.Oksanich gave their classification according to various criteria, based on the goals of compiling the balance sheet. According to the classification signs of the balance sheet are given:

- ✓ by the time of drawing up the balance sheet;
- ✓ according to the information reflected in the balance sheet;
- ✓ on the sources of the balance sheet;
- ✓ on the amount of accounting balance information;
- ✓ on the cleanliness of the balance sheet;
- ✓ according to the description of the enterprise activity;
- ✓ by forms of ownership;

✓ for the purposes of compiling the balance sheet<sup>1</sup>.

Russian specialists M.A. Ryabova and N.A. Bogdanov showed that it is necessary to pay attention to the classification of the balance sheet according to the following criteria:

- ✓ by time of creation;
- ✓ according to the source of compilation;
- ✓ by composition;
- ✓ on reflected subjects;
- ✓ purity of substances;
- ✓ in the form of providing information<sup>2</sup>.

If we analyze the opinions expressed by the above authors, then the signs that should be taken into account when classifying the balance sheet are not fully presented.

Professor R. D. Dusmuratov, one of the Uzbek scientists, identified the following features for classifying the types of equilibrium:

- ✓ compilation source;
- ✓ form of ownership;
- ✓ volume of information;
- ✓ compilation time;
- ✓ legal status;
- ✓ time of presentation;
- ✓ the order of reorganization;
- ✓ the shape of the building;
- ✓ degree of purity;
- ✓ type of activity;
- ✓ by sectors;
- ✓ according to the method of construction<sup>3</sup>.

The classification symbols presented by R.D. Dusmuratov are distinguished by their completeness in comparison with the classification symbols presented by other authors.

The opinions expressed by Russian specialists on the structure of the balance sheet indicate that the balance sheet consists of active and passive parts, the active part consists of non-current assets and current assets, and the passive part consists of capital and reserves, long-term

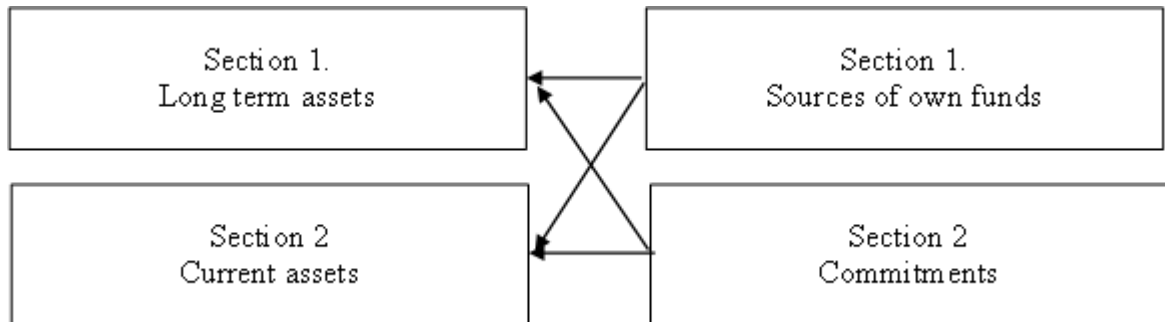
<sup>1</sup> Rybyantseva M.S., Oksanich E.A. Topical issues of the formation of balance sheet information in modern conditions // Scientific journal of the Kuban State Agrarian University, No. 71 (07), 2011. <http://ej.kubagro.ru/2011/07/pdf/12.pdf>

<sup>2</sup> Ryabova M.A., Bogdanova N.A. Theory of accounting: a study guide. - Ulyanovsk: Ulyanovsk STU, 2009. - 158 p. 41-p.

<sup>3</sup> Dusmuratov R.D. Theory of accounting. -T.: "Science and Technology", 2013, 476 p. Page 73.

liabilities and short-term liabilities<sup>4</sup>.

In the works of Uzbek specialists, including R.D. Dusmuratov, the balance sheet consists of two sections: assets and liabilities, and the balance sheet assets, in turn, consist of long-term assets and working capital, and liabilities consist of sources of own funds. funds and liabilities.



**Figure 1. Correlation between asset and liability sections of the balance sheet.<sup>5</sup>**

According to I.T. Abdukarimov and N.V. Ten, the balance sheet includes the following elements:

1. Assets reflecting the funds owned by the enterprise;
2. Private capital (financial resources) at the disposal of the enterprise;
3. Obligations arising from the acquisition of assets that must be paid in the future<sup>6</sup>.

According to I.T. Abdukarimov and N.V. Ten, the structure of the balance sheet is set out on the basis of their analysis and does not fully disclose the structure of the balance sheet.

There are certain strict rules for the location of sections and articles of the balance sheet. The structural structure of the balance sheet was approved by the order of the Ministry of Finance of the Republic of Uzbekistan dated December 27, 2002 No. 140 "On approval of financial reporting forms and rules for filling them out." The form of the balance sheet is approved in Appendix 1 to this order, and the balance sheet consists of active and passive parts. In turn, the active part consists of two sections: long-term assets and working capital, and the passive part consists of sections called sources of equity and liabilities<sup>7</sup>.

In the Republic of Uzbekistan, the active parts and articles of the balance sheet are arranged in ascending order of the liquidity of assets. Section 1 of the balance sheet "Long-term assets" contains assets that are relatively difficult to sell, section 2 called "Current assets" contains assets that are considered liquid in comparison with the assets located in section 1, that is, they can be easily converted into money and used for debt repayment. In turn, in the "Current assets" section,

<sup>4</sup> Ryabova M.A., Bogdanova N.A. Theory of accounting: a study guide. - Ulyanovsk: Ulyanovsk STU, 2009. - 158 p. 40-p; Glushchenko A.V. Theory of accounting: a study guide. - Volgograd: Volgograd State University Publishing House, 2003. - 134 p. 25-26 p; Alekseeva G.N. Accounting Theory: Textbook. Tambov: Tambov State Technical University Publishing House, 2004. 164 p. 27-p; Astakhov V.P. Accounting Theory: Textbook. Edition 9, revised - Moscow: ICC "Mart"; Rostov on Don: Publishing Center "Mart", 2002. -576 p. 108-111 p.

<sup>5</sup> Dusmuratov R.D. Theory of accounting. -T.: "Science and Technology", 2013, 476 p. Page 69.

<sup>6</sup> Abdukarimov I.T., Ten N.V. How to recognize the balance sheet // Socio-economic phenomena and processes, No. 1 (013), 2009. 5-17 p.

<sup>7</sup> Order of the Ministry of Finance of the Republic of Uzbekistan dated December 27, 2002 No. 140 "On approval of financial reporting forms and rules for filling them out". <https://lex.uz/docs/821320>

the assets are arranged in ascending order of the level of liquidity<sup>8</sup>.

Therefore, specialists in the structure of the balance sheet tried to take into account the requirements of regulatory legal documents regulating the accounting of their country when expressing their opinion.

One of the most important aspects of the balance sheet is that it provides information to interested parties about the company's cash, sources of funds, its working capital, liabilities and financial position in general.

The importance and importance of the balance sheet is to fully control the movement of assets and liabilities of the enterprise, determine the feasibility of attracting a particular resource to production in order to make a profit, prevent or reduce the consequences of negative economic consequences for the possibility of ensuring financial stability and economic growth.

The following items can be included in the balance sheet:

1. Legislative and executive power;
2. Investors and shareholders;
3. suppliers and buyers of goods;
4. various lenders.

Users of accounting balance sheet information use different types of information. Information such as the current and future solvency of the enterprise is of interest to suppliers and creditors, the level of profitability of the enterprise - for shareholders and investors, the movement and status of working capital - for internal users. It follows that users of balance sheet information have different information needs. Based on this, certain requirements for the formation of balance sheet data have been developed.

In the Republic of Uzbekistan, the requirements for the balance sheet are regulated by the national accounting standard No. 15 called "Balance Sheet".

National Accounting Standards No. 5 "Balance Sheet" define the requirements for information to be disclosed when presenting the balance sheet<sup>9</sup>. Paragraph 4 of this standard states that "All information in the balance sheet must be properly disclosed and understandable to users".

Despite the fact that this NAS No. 15 is considered the main document regulating the content of the balance sheet and the requirements for the formation of information in the Republic of Uzbekistan, the principles that must be followed when compiling the balance sheet are not given.

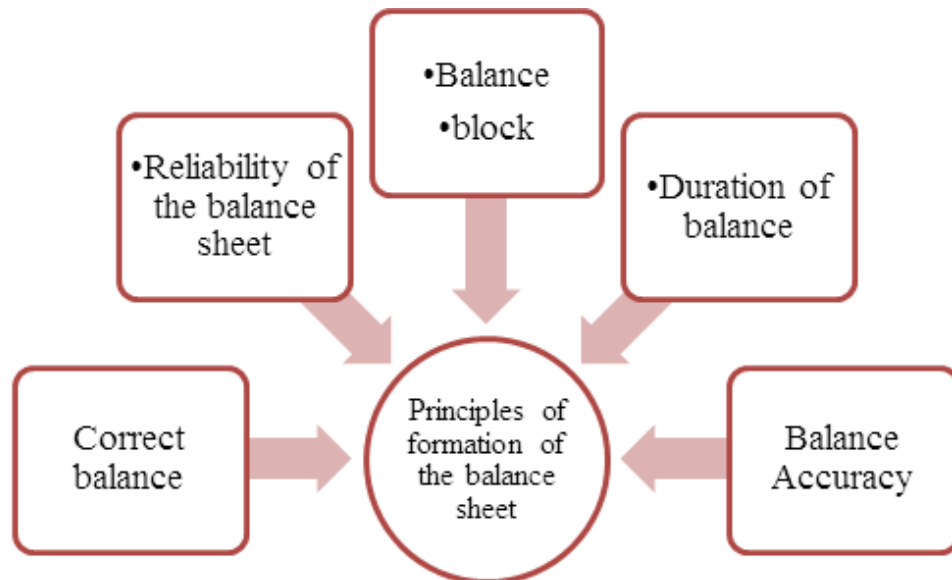
In the works of A.A. Karimov, F.R. Islomov, A.Z. Avlokulov, R.D. Dusmuratov, D. Kholboev, I.K. Ochilov, D.Kh. this area, presents the principles that must be observed in the preparation of accounting, and outlines the general requirements that must be followed in the preparation of a financial report<sup>10</sup>.

<sup>8</sup> Order of the Ministry of Finance of the Republic of Uzbekistan dated December 27, 2002 No. 140 "On approval of financial reporting forms and rules for filling them out"..<https://lex.uz/docs/821320>

<sup>9</sup> Balance sheet. National Accounting Standard No. 15. Approved by Order of the Minister of Finance of the Republic of Uzbekistan No. 45 dated March 12, 2003. State registration by the Ministry of Justice of the Republic of Uzbekistan on March 20, 2003 under the number 1226. <https://lex.uz/acts/839065>

<sup>10</sup> Dusmuratov R.D. Theory of accounting. -T.: "Science and Technology", 2013, 476 p. Pages 336-337; Karimov A.A., Islamov F.R., Avlokhlov A.Z. Accounting. Textbook. — T.: Shark, 2004. — 592 p.; Kholboev D. Financial

O. V. Mamoshina stated that the value of the balance sheet is reflected in the basic principles of its formation, and cited the following basic principles. According to O.V. Mamoshina, only following these principles provides the necessary functionality of the balance sheet<sup>11</sup>.



**Figure 2. Principles of formation of the balance sheet<sup>12</sup>**

Consider the content of the principles of formation of the balance sheet:

1. *Correct balance.* This principle of balance formation ensures the reliability of accounts and preliminary documents, on the basis of which indicators are formed. If there are cases when some economic facts are not properly confirmed or incorrectly executed, confusing (distorted) information is displayed in the balance sheet of the enterprise.
2. *Reliability of the balance sheet.* This principle means that the cost of accounting objects corresponds to the information reflected in the corresponding lines of the balance sheet.
3. *Balance block.* This principle means that the balance sheet is formed on the basis of uniform accounting and valuation principles.
4. *Balance duration.* This principle of balance formation means that each subsequent balance is derived from the indicators of the previous balance. For example, the closing balance for the previous year should be the opening balance for the current year.
5. *Balance accuracy.* This principle is explained by the simplicity of its understanding by all persons compiling the balance sheet, reading and analyzing it.

In our opinion, compliance with the above principles in the formation of the balance sheet makes it possible to ensure the accuracy, reliability and comparability of the information contained in it.

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<sup>11</sup> Mamoshina O.V. Balance sheet as the main form of financial statements (part 1) // Socio-economic phenomena and processes. -2015.- No. 2(048). – pp. 67-73

<sup>12</sup> Mamoshina O.V. Balance sheet as the main form of financial statements (part 1) // Socio-economic phenomena and processes. -2015.- No. 2(048). – pp. 67-73



**Conclusion.**

Summarizing the results of the study, we can conclude that there is no single approach to the classification of the balance sheet in the economic literature. Each author has his own view on the signs and types of classification of the balance sheet. Although the classification marks of the balance sheet in each period corresponded to the requirements and principles for the formation and generalization of information, along with the development of society, the approaches to the formation of these objects of observation of accounting and economic entities also changed, in connection with this, the classification marks of the balance sheets also underwent changes. Regardless of the different approaches of the authors to the classification of the balance sheet, one can single out a common aspect - the right time. The commonality of ideas about the classification of the balance sheet is that the balance sheet is drawn up on a specific date and depends on the purpose of its compilation.

Thus, depending on the goals of the formation of generalized indicators and the preparation of the balance sheet, it is possible to single out the classification features of the balance sheet of any business entity.

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