

CURRENT OBLIGATIONS AND THEIR REFLECTION IN FINANCIAL REPORTING

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Abstract: *This article analyzes the theoretical and practical aspects of the essence, classification, and proper accounting of current liabilities - short-term financial liabilities of enterprises. The role of current liabilities in ensuring financial stability and liquidity is substantiated. In particular, it is highlighted how obligations such as debt to suppliers, wage payments, taxes, and short-term debts affect the financial indicators of the enterprise. The article considers financial indicators used to assess current liabilities, including liquidity and velocity ratios, as important indicators. Methodological approaches to the accounting system, classification, forecasting, and reporting transparency are also recommended. These analyses play an important role in improving the financial health of enterprises and strengthening investor confidence.*

Keywords: *Current liabilities, Financial stability, Liquidity ratio, Accounting system, Financial statements, Accuracy ratio, Financial analysis, Methodological approaches.*

Current liabilities are short-term financial obligations of the enterprise, the timely fulfillment of which is important in ensuring financial stability and liquidity. Current liabilities mainly include debts and other financial burdens that must be paid within 12 months. These include debt to suppliers, salary payments, taxes, and other operating expenses. A company's current liabilities indicate its liquidity, i.e., how easily it can fulfill its obligations in the short term with the help of available funds. The relationship between current liabilities and current assets is assessed, for example, through the current liquidity ratio[1]. This coefficient is calculated as the ratio of current assets to current liabilities, and if this indicator is higher than 1, it indicates the financial health of the enterprise.

Proper management of current liabilities is crucial for ensuring the financial stability of the enterprise. If an enterprise fails to meet its current obligations on time, this not only negatively affects its financial condition but can also lower its credit rating and lose investor confidence[2]. Therefore, it is necessary to develop and implement effective current liability management strategies. This, in turn, can be achieved by increasing operational efficiency and optimal distribution of financial resources.

Types of current liabilities. Debt to suppliers. This type of obligation includes amounts that the enterprise must pay to suppliers. Usually, these debts include payments for goods or services and are often expected to be paid within 30-90 days[3].

Salary payments. Salaries and other fees paid to employees (such as bonuses, vacation pay) are treated as current obligations. These liabilities are usually recorded monthly and paid within a set period.

Taxes. State taxes that must be paid by the enterprise also fall under current obligations. There is a profit tax, value-added tax (VAT) and other types of taxes.

Debts. Short-term debts, such as bank loans or loans from other financial institutions, are also treated as current liabilities. These debts usually have to be repaid within 12 months.

Other operating costs. This type includes rentals, utilities, advertisements and other operating costs. These costs are also treated as current liabilities.

When accounting for current liabilities, enterprises usually use two main methods: cash-based and settlement-based methods.

Cash-based method. This means that costs and liabilities are only taken into account when cash is paid. Such a method can be convenient for small enterprises, but for large enterprises this method has its limitations.

Calculation-based method. This means that costs and liabilities are taken into account by their occurrence, that is, liabilities are registered, even if the payment is not made. This method is common in the preparation of financial statements and provides more accurate information.

In addition to the total amount of current liabilities, financial statements also indicate their structure. This allows investors and other stakeholders to assess the short-term liquidity of the enterprise.

Methodological approaches are important to correctly reflect current obligations and determine their impact on financial indicators. They help to assess the short-term financial condition of the enterprise, provide accurate and reliable information for investors and other interested parties. Below are the main methodological approaches necessary to take into account current obligations and determine their impact on financial indicators.

In order to correctly reflect current obligations, the accounting system must be clear in the first place. Businesses typically use an invoice-based method in which costs and liabilities are accounted for by their occurrence. Through this methodology, enterprises can register their obligations on time and provide accurate information in the preparation of financial statements.

When correctly reflecting current obligations, it is important to correctly classify them. Liabilities are divided into different types: indebtedness to suppliers, payroll payments, taxes and short-term debts. Each type of obligation must be specified separately, as this will help investors and managers better understand the financial condition of the enterprise.

Various financial indicators can be used to determine the impact of current liabilities on financial indicators. One of the most important indicators is the liquidity ratio, this coefficient is calculated as the ratio of current assets to current liabilities. When it is high, it indicates that the enterprise can easily fulfill its short-term obligations. In addition, the speed ratio is also important. It is calculated by excluding cash and short-term investments from current assets. This coefficient more clearly indicates the ability to compensate for current liabilities.

The forecasting and planning process is also important to properly reflect current commitments. Enterprises can ensure financial stability by pre-planning their future

expenses and obligations. During this process, current liabilities such as debt to suppliers and payroll payments are projected, and a finance plan is created based on this data.

Transparency of financial statements plays an important role in correctly reflecting current obligations. For investors and other interested parties, the reports should be clear and accessible. To do this, enterprises must provide detailed information about obligations, as well as interpret their changes.

The above methodological approaches are important in order to correctly reflect current obligations and determine their impact on financial indicators. The accounting system, classification of obligations, analysis of financial indicators, forecasting and transparency of reporting — all this helps to improve the financial condition of the enterprise. As a result, through these approaches, businesses can effectively manage their activities and gain investor confidence.

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