

THE PROCEDURE FOR PREPARING FINANCIAL STATEMENTS IN LIMITED LIABILITY COMPANIES

Khalilov Bahromjon Bahodirovich

Senior Lecturer, Department of “Economics”
Asia International University

Annotation: This article discusses the forms of financial statements prepared on the basis of accounting records maintained by limited liability companies (LLCs), as well as the procedure for their preparation. Financial reporting, as the final stage of accounting, serves as the primary tool that reflects the financial results of an LLC’s activities. The article examines the statutory requirements for reporting forms, the key considerations in their preparation, as well as practical problems and ways to address them.

Keywords: limited liability company, financial reporting, balance sheet, income statement, cash flows, accounting, financial results.

In the current era of deepening market relations, the need to accurately and reliably reflect the financial position of economic entities is of great importance not only for state financial control, but also for investors, creditors, auditors, and other stakeholders. Particularly for small and medium-sized businesses—especially limited liability companies (LLCs)—the transparency and reliability of financial information determine their economic stability and access to external financial resources. Therefore, financial reporting forms, the procedure for preparing them, and their qualitative content are considered an integral part of modern economic management practice.

Limited liability companies are widespread in the Republic of Uzbekistan and are registered as legal entities with limited liability. Regardless of their main activity, ownership structure, or scale of operations, they are obliged to maintain accounting records and prepare annual financial statements. This obligation is legally established by the Law “On Accounting,” the Tax Code, and the regulations on accounting and reporting forms approved by the Ministry of Economy and Finance. Financial statements, in turn, represent the summarized outcome of accounting and provide systematic information about the company’s financial position, financial results, cash flows, and capital structure. International experience shows that a well-developed financial reporting culture and information transparency play a decisive role in the successful development of small business entities. LLCs are active participants in this process, as they conduct various financial operations and use financial statements to record, summarize, and analyze these processes.

Among these reports, the statement of financial position (balance sheet), the income statement, the cash flow statement, and the statement of changes in equity hold a central place. Each of these forms serves a specific function and provides comprehensive information on the company’s economic resources, financial flows, and results. In practice, many LLCs fail to maintain complete financial reporting forms or prepare them incorrectly. This is due, on the one hand, to the qualification level of accounting personnel, and on the other hand, to the low level of automation of accounting processes. Therefore, scientifically studying the procedure for preparing reporting forms and their analytical significance is important both theoretically and practically. For LLCs, accurate financial reporting is crucial for correctly determining tax

liabilities, demonstrating financial capacity when applying for loans, and making internal management decisions. For this reason, this article provides a thorough analysis of financial reporting forms and their preparation in LLCs, explains the requirements based on current legislation, and discusses ways to improve the efficiency of preparing, presenting, and analyzing financial information.

Limited liability companies, as one of the most active and flexible segments of the economy, have a direct impact on the reliable functioning of the financial information system. Their accounting practices, particularly the preparation of financial statements, are closely linked with legality, transparency, the accuracy of the tax base, and the provision of reliable financial information to internal and external users. Financial statements, as the final outcome of accounting, reflect the company's financial position, profit or loss, the structure of assets and liabilities, the sources and uses of cash, and changes in owners' equity. Since LLCs operate as legal entities, their annual financial statements must be prepared in strictly defined forms and procedures established by law.

According to the Law of the Republic of Uzbekistan "On Accounting," LLCs are required to maintain and submit the main forms of financial reporting, including the statement of financial position (balance sheet), the income statement, the statement of changes in equity, and the cash flow statement. Additional information—such as notes, explanations, and elements of the accounting policy—must also be provided when completing these forms. The statement of financial position (balance sheet) summarizes the composition and status of current and non-current assets, liabilities, charter capital, and other equity components of the LLC. This report plays an important role in assessing financial stability, debt dependency, and solvency.

The income statement reflects revenues from core and other activities, related expenses, taxes, and financial costs. The final result of this report is the net profit or loss of the company, which is essential for management, tax authorities, and investors to assess profitability. The statement of changes in equity shows changes in the company's charter capital, reserve funds, retained earnings, or accumulated losses. This report is especially important for LLCs planning to grow through equity financing.

The cash flow statement shows actual cash movements resulting from operating, investing, and financing activities. Since it reflects real cash flows rather than accounting profit, it is considered one of the most important reports by banks, investors, and audit organizations. When preparing financial statements, it is essential to follow the basic principles of accounting such as reliability, prudence, consistency, and the correct attribution of information to a specific reporting period. The selected methods of the accounting policy—including depreciation methods, inventory valuation, revenue recognition, and periodization—must be properly applied. Otherwise, the informational reliability of the reports decreases and analytical conclusions become inaccurate.

The use of unified information systems—for example, "1C Accounting" or other integrated ERP systems—significantly improves the accuracy and consistency of financial reporting. Considering the large number of LLCs and the diversity of their activities, automation and digitalization of financial reporting are becoming necessary. Proper financial reporting enhances transparency, ensures accuracy in relations with tax authorities, improves audit efficiency, and serves as an essential source for managerial decision-making. Moreover, financial statements are one of the main criteria used by banks to issue loans and by investors in evaluating business projects. Therefore, LLCs should not approach reporting merely as a formal obligation but should view it as a tool for business development.

Financial reporting forms should also be aligned with international standards, particularly the International Financial Reporting Standards (IFRS). This is especially relevant for LLCs engaged in import-export activities or those seeking foreign investment. Although national legislation is increasingly harmonized with international practices, practical challenges remain due to insufficient training of accountants, outdated accounting technologies, and weak internal controls. Accounting in LLCs is often handled by external service providers or small internal teams, which affects the systematic and accurate preparation of reports.

To ensure accurate and regulated financial reporting, LLCs must follow legislative requirements, accounting principles, and modern accounting technologies. This not only ensures compliance and tax discipline but also improves management efficiency, financial discipline, and investment potential. Understanding that financial reporting is not just a mandatory submission but also a tool of competitiveness and business management is an important task for LLCs.

In conclusion, financial statements prepared by limited liability companies are not only reporting tools for state bodies but also the primary source of information reflecting the company's financial condition and operating results. The accuracy, completeness, and reliability of these reporting forms enhance trust in the company and play an important role in attracting investment and financing. Therefore, LLCs must prepare financial statements in the prescribed manner, on a legal basis, and in full compliance with accounting principles. Expanding the use of electronic information systems, improving accountants' qualifications, and strengthening internal control mechanisms should be viewed as priority tasks.

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