The Ministry of Education of Azerbaijan Republic

Statement of financial position and increasing its informational content

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JUNE 2018

Acknowledgements

I want to thank the family, the teachers and the friends. Hafis Hajiyev is a teacher of accounting. He gave me a lot of advices about accounting and helped make this work. Here I strive to do some things about Statement of financial position and increasing its informational content . I wrote it with his help .

I appreciate the work of the SABAH groups, which I learned more in Accounting, Economics and Finance. Everyone, I want to thank my instructors, dean. A. Gulieva. That's why I want to thank everyone.

General characteristic of the work

The relevance of the topic. The accounting system is constantly exposed to deviance and development to meet the needs of the area in which it is applied. As a result, the globalization of the economy has led to the internationalization of business. As it is subject to change in the financial statements of major business operations and is harmonized with international standards.

One of the main challenges facing accounting records in modern times is to prepare reporting forms in line with international standards. To comply with international standards, financial reporting forms should be based on the conceptual principles set out in these standards, namely, the general principles of accounting and reporting.

It is known that the main purpose of accounting (financial) accounting by forming the information related to the entity's business, that is, to managers of enterprises, its owners, shareholders, investors, creditors and other users on economical business justified economics helping to make decisions. Therefore, every enterprise accounting information should be highly valued in economic decisions, must be strictly valid, and should be comparable to users for a particular period or other business activity.

We know that accounting users obtain the necessary information from their financial statements and make decisions based on this information. Based on accounting standards and reporting forms on international standards, allow users to make a straightforward decision based on reliable and comparable information.

Research goals and objectives. The purpose of the research is to investigate the conceptual principles and meditations adopted by international accounting standards, national and international standards, and address the probable problems

Accordingly, the main objectives of the research are the following:

1. Explanation of the accounting principle and the general principle of the report based on the sample
2. The conceptual basis of accounting and reporting in the market economy under the conditions of market economy
3. Reflection of accounting and reporting in international standards
4. Transition to international standards and their harmonization
5. Problems arising in the accounting system, finding them and finding the way out
6. Suggestions that will lead to the development of the accounting

Basics of research. Theoretical and methodological bases of research. Theoretical and methodological study of this research work bases of accounting, which is an integral part of the economics science, theoretical, methodological and practical works on the accounting and financial accounting of most well-known economist scientists, articles, regulatory and methodological materials of the legislative authorities, the government decisions and normative documents.

Information base. Data from the Ministry of Finance of the Republic of Azerbaijan, International Financial Reporting Standards and other methodological sources were used in the research.

Importance of research. Investigating problems in accounting records and writing a straightforward report

Scientific novelty of research. The scientific innovation of the research consists of the following:

1. Defining shortcomings in the current system of accounting (financial) accounting

and the elimination of their destinations;

2. Investigating the directions of accounting (financial) accounting and reporting, as well as identifying proposals in this direction;

3. The question of application of computer accounting in enterprises and organizations.

Practical significance of the research. As a result of the research, the existing accounting system the deficiencies in the investigation and accounting (financial) accounting and reporting system suggestions for improvement. These suggestions valuation is more complete than the existing system of accounting (financial) accounting can help evaluate.

CHAPTER I. The essence and importance of accounting records

1.1. Accounting is the key to economic control and governance

Accounting principles, systems and standards are continually improved, leading to a 'business language' in shaping the market economy, playing a crucial role in managing it. In addition to being an important tool in managing accounting, the enterprise plays a substantial role in planning, managing the economic activity of a business, at a higher level of control. The arrangement of the modern management system in line with the market economy is directly related to the development and improvement of accounting in accordance with the accounting system.

It is no coincidence that accounting for more than 70 percent of the information used in managing the economists' expertise of economically advanced economies in a number of economically developed countries is not casual. As a rule, all the property of economic subdivisions, including key assets, raw materials, fuel and energy, labor and financial resources, are compiled in a reasonable accounting manner, thereby generating favorable conditions for any business, financial and economic activity.

In order to ensure that the information has an efficient utilization in the management system, another accounting system is needed so that advanced accounting in the world has been used in the modern world and facilitates the use of conventional equipment by adapting to the standards and principles of the standards of the standards.

The accounting system has a number of accounting functions that are important in the control function. It should be borne in mind that the improvement of the administration is further enlarged and encouraged by the establishment of various property lines in circulation and the exchange of market relations, the control function of the accounting expense and its form, the enjoyment of the experiences of foreign countries.

Segmented accounting cash inflow is used to control the various stages of the business and the private operations of the companies, to check and analyze the effectiveness of all operations of the enterprise and its divisions under the necessary conditions, and to base and accept administrative decisions at various administrative stages in this infra.

The accounting system maintains a set of accounting functions. Auditing, inventory management, information and analytical tasks are particularly important during these tasks.

Control function. The existence of various property models in the conditions of the improvement of the administration, the control function of the accounting expense in the formalization of the market relations becomes more important and this undoubtedly emphasizes the important task of further improvement of the form and contents of the expropriation and utilization of experience of the world countries.

The establishment of a variety of ownership schemes, enlargement of the operating rights, demands that the accounting-accounting control of accounting not weaken, but that it is even more intense. They should provide control over the correct and effective use of the existing materials, based on the identification of the personnel, the registration and audit department, the tax authorities, and the new administration principles. With regard to the control function of the accounting facility, it is related to it that, in the current conditions, each business management is an important condition for them to obtain financial-economic indicators and payment capability of their institutions.

Control is the principle of defining a mission to achieve the goal. The standards set out in the Control Guidelines are those that enable their implementation in the near future.

Control is performed in three ways. The first is the first control, the second is the existing control and the third is the supervision.

The first control is the control over the execution of the process and the control during the current control period. Of course, these operations are already carried out by certain authorities. Each process is carried out separately. The first supervision in operation is usually carried out by the retirement of personnel, the use of material and material resources.

Cadre considers that firstly the personnel selected in the control enterprises will be selected to be informed of their work and undertaking activities and to be prepared with more prepared and high quality.

The current control covers the documentation period during the execution of various economic transactions. That is, the current control is applied when the process is done. By constantly ignoring the process, discussing and improving the processes of the emerging applications and preventing the operation from falling into the current legislation and planned targets. Unauthorized start-ups can be removed from the center via the first controls and existing controls.

The latest surveillance is an overview of a commercial transaction, from time to time or without a glance. Anyone involved in an organization should be aware that this document will also be ignored by other experts. According to him, the execution of the economic transaction is obliged to ensure that each person is compliant with the rules and standards established by the procedure.

The actual control of the business is usually determined by the auditors' inspections and inspections. As a result of the inspections and inspections made, all economic, financial and economic indicators of the operator have been examined in detail and the deficiencies and deficiencies have been determined to overcome these deficiencies.

High-class accounting software is used to track, analyze and analyze the operations of various businesses and companies, and to confirm and confirm various management decisions based on this information.

1.2. Organization of accounting, rights and duties of chief accountant

About the accounting plan The business plan creates the necessary environment for the correct arrangement of the accounting plan and the accounting plan and provides the substitution of the requests for the timely and proper compilation and submission of the flight documents prepared by all the departments related to the flight.

Essentially, the business manager creates a structural subdivision of the accounting service of the business. The management of the accounting transactions is carried out by that unit (department) or the head of the chief accountant. In cases where there is no independent construction department for accounting, the work belonging to the accounting service may be executed on the basis of a mutually contracted contract-based institution or an appropriate entity.

A senior accountant with higher education experience and less than three year experiences in accounting can work with the chief accountant. The Senior Accountant checks compliance with all accounting policies in accordance with all accounting standards and other accounting records.

The master accountant ensures that all farm operations that are allegedly violated by the enterprise are properly exported to the accounting departments, that its supervision, presentation of the information is made, and that the accounting (finance) operations are prepared and presented for a specified period of time.

As a rule, the chief accountant, together with the business manager, sign documents on the basis of commodity maturities, cash receipt and issuance, signatures, credits and financial aid. When the above documents are signed by the accountant, they are regarded as foreign and not accepted for execution.

If the chief accountant is not employed for a long time (graduation, etc.), the written order of the chief operating officer and the signing of the accounting documents must be assigned to the other person. It is strictly forbidden to sign documents that do not comply with the requirements of the chief account act.

The chief accountant should not issue such an order if he or she requests a formal accountant to file and publish a document that does not comply with the rules of the chief executive officer, the financial advisor and the employment contract. In such a case, if the business mentor gives written instructions regarding the in-process of the indicated transaction, the chief accountant performs it and the liability is directly under the responsibility of the business manager.

The recruitment of all financial responsible persons and the amendment of work places (warehouse managers, etc.) are generally accepted.

When the principal accountant is engaged in business, the accountant's position and the accuracy of the transaction information are handled by the entity designated by the order of the business manager, the result is given and transferred, and then the newly assigned principal account is issued. The Act consists of at least three copies, which are approved by the president of the enterprise and the first copy is added to the balance sheet.

Implementation of the principles of accounting in enterprises has determined that the disclosure of the fundamentals of hedge accounting for all economic entities that are entitled to make a claim under Article 3 of the Law of the Republic of Azerbaijan "On Accounting". The accounting policies of the companies are implemented freely by the managers. When an administrator of an enterprise manages its accounting policy, it takes into account the Accounting Law, other regulatory documents governing accounting records, and the organizational structure of the business.

The accounting policy envisions the following:

- The entity distinguishes its goods and liabilities from its assets and liabilities;

- The entity provides long-term uninterrupted work, future income, property and liabilities and employees' repayment;

- adopt an accounting policy in accordance with the legal documents governing the accounting system of the Republic of Azerbaijan;

- should come to the attention of the authorities and ensure that all the farming operations are properly serialized and that the results of the invasions of existing assets, obligations, capital, habits and other property are fully and properly exported.

In the organization of accountancy, the size of each enterprise will be as follows:

- The entity distinguishes its goods and liabilities from its assets and liabilities;

- Provide long-term uninterrupted work, future development, goods and liabilities and repayments of employees;

- adopt an accounting policy in accordance with the legal documents governing the accounting system of the Republic of Azerbaijan;

- should come to the attention of the authorities and ensure that all the farming operations of the farming operations are properly serialized and that the results of the invasions of existing assets, obligations, capital, habits and other property are fully and properly exported.

The obligations of each of the operators in the regulation of accountancy:

- carrying out the accounting records of the assets, liabilities and all economic transactions of the enterprise, developed accounting standards, accounting policies and other accounting documents in bilateral relations;

During the evaluation of the assets, it is necessary to fulfill the requirements of the acceptance criteria and the other financial documents prepared in accordance with the existing legal standards and the other civil documents related to the flight, and the changes in the flight policies should be accounted for during the evaluation period. procedure;

- The results of the investigation of existing assets, capital, treasuries and other material values in the current period (month, quarter, year) have been fully and properly exported. It should ensure that all economic transactions are implemented in a consistent and consistent manner;

- comply with accepted admission policies throughout the year;

- Accounting should be fair to dissipate current account for grant (turnover) and capital expenditure. Every month one should be aware of the history of analytical information, and their equality and correctness should be evident.

CHAPTER 2. The presentation and method of the tribute facility

2.1. The accounting principle and its basis

Accounting records - records of all activities that are uninterrupted, documented, and correlated with accounting records in the form of money, on the basis of property, debt, capital, operating materials, and generally of all financial-economic activities of the enterprise, government, associations and other economic subdivisions dual writing and regulatory system.

The accounting policy includes all aspects of the operator and its resources , flows and operations. Accordingly, it is an accounting economy that reflects the general rule of its content and defines its content.

Fixed assets, cash equivalents and other assets to carry out uninterrupted business activities. In relation to agricultural activities, the enterprises receive the materials, the basic materials, the quasi-tangible assets, they use them for the expenses, they expend the costs related to the execution of the demanding transactions, they demand the product, sell the desired product and obtain cash and benefit as sales result.

In principle, the use of money and natural expressions of property, customs and expenditures, ready-made products, quasi-tangible assets, cash, securities, invoices, gains and losses, credits, Properties of accounting features.

When commenting on the accounting principle, special attention should be paid to historical development. The content of the accounting principle varies considerably due to the social and economic development of the society. For example, in the era of slavery and here the servants also constituted the prerogative.

In capitalist society, the concept of accounting was perceived as the circulation of private capital. The characteristics of the accounting theory in socialist society are related to the public characteristics of socialist property.

Significant changes have occurred in the structure of the accounting facilities in the enterprises connected to the market economy. There are significant differences in the composition and content of the funds. These include long-term financing, long-term lease of materials, quasi-tangible assets, lease obligations, foreign exchange and refinancing, and other types of materials.

The institutional funds, origination sources and the possibilities of accounting are carried out at each establishment. Therefore, in the context of compliance with such standards, the essential objectives of the basic materials, quasi-material assets, materials, long-term financing, preferred expenses, earnings and losses and accounting costs in the business are calculated.

During the accounting period, turnover milestones are specific. Returns include cash in circulation, cash in the bank, goods (for sale), and merchandise purchased by buyers.

2.2. Basis of Accounting

Particular attention should be given to the economic meaning of the entity's assets and their classification in the absence of uninterrupted business continuity.

In accounting, the assets of the remaining business are called asset and source of assets. Given that the cash flows reflected to the accounting estimate are the same as the monetary amounts, the following are identified:

Active = Passive

The classification of the entity's assets has been recognized for hundreds of years with the development of entrepreneurial activities. For this reason, it is very important to examine all the indications and classifications of equity instruments in capital accounting principles and on the exploration of inventories on this basis.

In this respect, it is advisable to examine the following three conditions of the entity's assets:

a) Classification of the assets of the entity and their functional roles in derivative transactions;

b) Classification of the use of the resources of the operator for origin and purpose;

c) Classification of profit or loss of an enterprise by accounting value of book value.

First of all, the composition of assets - buildings, equipment, fuel, cash, etc. - should be taken into account in addition to the functional necessity of surgical operations. First, the time that an entity must use an asset (eg, for use in a commercial operation) for sale, and for how much (labor, labor pricing) and Entity (less than one year).

In general, all components of the operator are divided into the following groups which are active in the composition and activity of the composition obtained:

- Short term (long term) assets;

- Current assets (short term).

The differentiation of assets over periodic and periodic assets is related to their exploitation in business. Periodically, assets can be used for more than twelve months using various activities. Periodic assets are used in ordinary trade transactions, ie less than 12 months.

It includes past assets, fixed assets, intangible assets, unfinished construction and long term financing. Fixed assets are building, equipment, machinery and equipment, measuring and editing equipment, equipment engineering, vehicles, productive and worker property , property land and so on.

Intangible assets are assets with a fixed asset value of more than 12 months in profit or loss. These include copyright, art contracts, co-financing schemes, patents for trademarks, etc.

Unfinished constructions are also used for construction of other fixed assets, but they are not completed.

Long-term financial statements include securities, debentures, notes, funds invested by foreign companies in the capital authority.

Classification of use of resources for business and resources for business purposes. The use of the operator's funds for the formation and purpose of each entity is called passive.

The liability of the establishment is divided into long-term and short-term capital - self-reliance and commitment. Due to the resources of the economic and the use of the intended purpose, the following two groups have been allocated:

- self-financing resources (equity);

- debts (attractive funds).

Liabilities are accounted for as long term and short term liabilities depending on payment terms.

Self-employment is an asset obtained by entrepreneurs when they emerge as a result of the financial and economic activities of entrepreneurs. In addition to the above, in some cases the volume of equity may increase as the market price of fixed assets associated with the business increases. This increase in capital is accounted for in "extra-capital" business ventures in accounting practice.

By default, equity includes statutes, additional equity, cash and unearned income.

The charter capital is the amount of fund invested by the venture, reflected in the documents created by the enterprise.

Additional equity is an increase in the price of an entity's fixed assets because an entity's accumulated profit on the entity's financial performance and the valuation of its tangible assets.

Reserve capital increases in the amount of cash inflows in businesses.

The undistributed profit is a component of equity that is generated by the entity's economic and financial activities. The source of a fixed asset is recognized when an investment in an entity is accounted for. However, it should be taken into consideration that the amount of profit will be paid to entrepreneurs and beneficiaries. As a result, the earnings of the entity in the economic year are summed up as follows:

Due to their financial and financial activities, each entity has liabilities for long-term and short-term borrowings. In this context, businesses receive loans from banks and other credit institutions.

Long-term lenders receive loans from banks and other lenders for more than a year.

Short term debts are credited to allow current expenditure and payments. The specified debts are paid in the current account year.

Classification of earnings and losses of an entity as an element of accountability. The classification of an entity's profit or loss, based on its accounting estimate, is determined on the basis of the entity's operating period.

The results of each entity in a business combination are determined by comparing profit or loss with profit or loss and economic activities.

Operating profit - represents the increase in cash assets. This causes an increase in risk capital. The profit of an enterprise is cash in the sale of basic goods and other services.

Business Losses - The decline in cash and other assets and assets is offset by the increase in debt.

In general, an entity's profit from the economic and financial activities of its life cycle is more profitable, but cost is more profitable than its profit before profit.

SECTION 3. Accounting Basics

3.1. Accounting concept and roots

"Balance" usually describes the performance of the company and the accounting of specialists in the field of planning. "Balance" is the Latin word, "bislanks", that is, bis-two, two equal parts. This symbol of equality reflected in the Declaration of Independence of Accountants in 1946.

The balances in different forms of economy are known. These include balances, profit and loss of the enterprise, balance of main assets, balances that determine income and revenues, balances, balance of labor reserves, balance between branches, etc.

Despite all these, the balance sheet is primarily accounted for in the balance sheet. Bilantan offers the opportunity to create knowledge, to generate information about the financial status and operational status and status of each economic substructure. The balance sheet has been compiled for a specific date for each economic item. Balance sheet, establishment date, monthly, quarterly, semi-annual, 9 months and can be calculated when business is liquidated.

In accordance with the current standards, accounting balance is reflected in the cash flow statement of the financial and economic performance of the whole entity. The source, income sources and related expenses that are present in the balance are reflected.

Accounting balance consists of accounting (finance) transactions. The entity's accounting (financial) accounting consists mainly of the company's bilateral and financial results (profit or loss) and their use, ownership, funds, operating expenses, equity, cash, intangible assets, financial and capital expenditures, assets and liabilities.

Examples of accounting forms including accounting balance and the rules for their implementation are determined by the Ministry of Finance of the Republic of Azerbaijan.

A balance sheet is prepared separately according to the accounting principle. These are mainly the following periods:

- Input balance;

- Current account balance;
- Cancellation view;
- Distribution balance;
- Merger balance.

The balance sheet is calculated on the statutory profit at the date of creation of the asset. The sub-items of the operations of the operator - the accounting entries begin with the input bill. In this case, the balance sheet reflects the obligations of the founders and the principal assets included in the legal entity and cash money.

In contrast to the current carrying value, the recorded value of the asset is adjusted according to accounting policies and schedules.

The current balance sheet has been allocated three rounds. The first is the beginning, the second is the quarter and the Hellenistic period is the month, and the third is a balanced equilibrium. The starting and ending balance is compiled at the beginning and end of the fiscal year. In the Republic of Azerbaijan the equilibrium balance between the first quarter, half a year (six months) and the third quarter is calculated on a monthly basis.

Transfers consist of large enterprises being allocated to certain businesses. Partitioning occurs in some cases where the operating unit of a large business is subject to another institution.

The balance sheet in the Consolidated Balance Sheet consists of certain elements of the business combination in a business combination.

In order to exercise control over the implementation of tasks foreseen in various areas of the national economy, it is necessary to have knowledge of the source and classify it economically to find out the composition and purpose of the funds. . The results of these indicators are reflected in the balance of payments.

In particular, the book value of the entity and its resources has been balanced by the method of summarizing and economically grouping in cash flows.

The balance sheet consists of two parts: a table reflecting the composition, source of the individual operating funds. The part that contains the composition and allocation of the existing funds is the actor, and the part that reflects the resources of the parent is called passive. The book value of the asset must be equal to a liability.

There are special funds (charter capital, shareholders' equity, profit or loss) and other debts (long-term loans, short-term bank loans, short-term loans, capital transfers, etc.).

The listed items are grouped together as assets and liabilities, and the grouping allows control over the financial status of the entity.

In order to adapt the accounting system and its principles to market standards according to the market economy, some changes have been made in the content and content of bilge in our country. Under market economy conditions, balance of active and passive can be used in both tandem and equity, including joint stock companies, founders, mortgage lenders, buyers, banks and others.

3.2. Changes at the end of operations

Any economic activity that results in an enterprise can lead to an increase or decrease in the amount of property owned. As a result of economic activities, the foreign exchange balance of the enterprise increases or decreases. As a result, the realization of transactions leads to a change in the amount of items reflected in the assets and liabilities of the asset. It should not be forgotten that asset and liability balances are not affected by economic transactions.

Due to the impact of corporate operations, there are four changes to the business balance.

In practice, it is important to consider balance changes as a result of the operation of each entity.

The operator is assumed to have the following accounting obligation in the short term (Table 2).

Active	**Məbləğ (manat)**	**Passive**	**Məbləğ (manat)**
1. Main funds	60.000	1. Equity capital	175.000
2.Healthy and contemporary objects	25.000	2.Product selling	14.000
3. Cash	2000	3. Payments to creditors:	
4.Development behavior	180000	a) salary payments	20.500
		b) Budgeting	57.500
Balance	267.000	Balance	267.000

First transaction. On January 15, 2006, the bank had to pay 30,000 manat to pay the wage from the bank's banking system. As a result of this process, changes in the composition of the entity have occurred. A substance in the balance of the body increases and the other substance decreases. After this, the cash balance in the corporate bank increases by 30,000 manats and the amount of cash in the bank is reduced. As a result, the revaluation of the assets on the balance sheet is generally the case, and in general the asset and the currency of the bilateral exchange have not changed. At the end of the transaction, the following changes are shown in the table (Table # 3).

Active	**Məbləğ (manat)**	**Passive**	**Məbləğ (manat)**
1. Main funds	60.000	1. Equity capital	175.000
2.Healthy and contemporary objects	25.000	2.Product selling	14.000
3. Cash(2.000+30.000)	32000	3. Payments to creditors:	
4.Development behavior (180.000-30.000)	150000	a) salary payments	20.500
		b) Budgeting	57.500

Balance	267.000	Balance	267.000

Companies that sell products to such transactions are those who buy a loan from a bank, finance part of the profit of the operator for special purpose items, For indebtedness can be repaid.

In fiscal year 2006, the salaries of employees were 12500 manats. The effect of this operation is to affect the balance. Earnings with workers are reduced by the amount that the hedgehog accumulates and increases. The amount of money removed has not yet been paid to the budget. As a result of this, there is a change in the composition of the recipients. The currency does not change. (table # 4).

Third transaction. As a result of this process, the assets and liabilities of the partner are changed, the source of their interests is changed, and the assets in the balance are increasing in the balance. On February 12, 2006, according to the 12th Census, inexpensive products worth 10,000 manat were purchased from the seller.

Active	**Məbləğ (manat)**	**Passive**	**Məbləğ (manat)**
1. Main funds	60.000	1. Equity capital	175.000
2.Healthy and contemporary objects	25.000	2.Product selling	14.000
3. Cash(2.000+30.000)	32000	3. Payments to creditors:	
4.Development behavior(180.000-30.000)	150000	a) salary payments(20.500-12.500)	8.000

		b) Budgeting(57.500+12.500)	70.000
Balance	267.000	Balance	267.000

This process is, first and foremost, the balance of two things, the essence of low valued and insoluble objects, and the second is the effect of philanthropists and philanthropists. The balance of less and more expensive items increases by 10,000 manats and the remaining balance balance increases.

At the same amount, the venture is increased to the seller's company, which leads to an increase in the book value of the bilateral.

This obligation is reflected in the balance sheet. (table no. 5)

As a result of this, the balance sheet items are changing in the asset and liability of the company's bilge stock, causing an increase in exchange volume.

Active	**Məbləğ (manat)**	**Passive**	**Məbləğ (manat)**
1. Main funds	60.000	1. Equity capital	175.000
2.Healthy and contemporary objects(25.000+10.000)	35.000	2.Product selling(14.000+10.000)	24.000
3. Cash(2.000+30.000)	32000	3. Payments to creditors:	
4.Development behavior (180.000-30.000)	150000	a) salary payments	20.500

		b) Budgeting	57.500
Balance	277.000	Balance	277.000

Fourth transaction. As a result of this transaction, there is a decrease in the book value of both the assets and the origin of the estate, and accordingly the balance sheet and the liability amount are reduced equally. Such transactions include payment of salaries to employees of the company, payment of benefits to beneficiaries, payment of expenses to the budget, and so on. It may contain.

On March 25, 2006, the salary of the employee was paid to AZN 12500, according to the result of paying emre 20 and the bank's payment.

As a result, the budget creditor decreases as shown. At the same time, the cash flow of the business decreased. This leads to changes in the carrying value of assets and liabilities, leading to a decrease in assets and liabilities on balance sheet. (Table # 6).

Active	**Məbləğ (manat)**	**Passive**	**Məbləğ (manat)**
1. Main funds	60.000	1. Equity capital	175.000
2.Healthy and contemporary objects(25.000+10.000)	35.000	2.Product selling(14.000+10.000)	24.000
3. Cash(2.000+30.000)	32000	3. Payments to creditors:	
4.Development	137500	a) salary payments	20.500

behavior (150.000-12.500)		b) Budgeting (57.500-12.500)	45.000
Balance	264.500	Balance	264.500

For this reason, the balance sheet (asset) does not change in the first case, as a result of the operations of the enterprise, in the second case the balance does not change; In the third case, the balance of assets and liabilities increases, while in the fourth place the balance and balance of assets are reduced.

Once again, it shows the accounting balance that reflects the essence of the whole entity and the ability to control the authenticity of counterpart transactions. If the balance sheet and liability are reflected correctly, equity balance is not affected. Each venture company, the company's balance sheet assets and liabilities on the operating cash flow and book value of assets and liabilities occurring changes and is building out its share of the profits.

3.3. The importance of balance management

Accounting balance is an information resource and a large-scale source of information, with a detailed description of the economic and financial performance of the economic sub-division. It is no coincidence that the accounting balance is in the accounting (financial) accounting system.

Indicators reflected in the active and passive balance of an asset are a detailed source of information for those who use it. Items expressed in analytical balance sheet, the company's debtors, creditors, shareholders' equity and cash flows, describes the current expenditure and profits.

The balance sheet is called the image that reflects the financial and economic situation of the company. The two important signs are reflected in the same way. First of all, the enterprise defines what resources it produces, namely self-employed and attractive capital, ownership and classification.

The bookkeeping aspect reflects the accounting policies used for accounting and creates the financial position of the economic asset. The balances presented at the end of the reporting period provide detailed conditions for managing the economic, financial and operational performance of the entity's future development expectations.

Based on the account balance reflected in the accounting balance, those interested in the use of this information, the purchase and use of available resources and the need to fulfill the financial obligations of economic subordinates will be provided with financial resources.

Under the conditions of the modern market economy, active and passive accounting balance content can still be used by business and stock companies, installers, mortgages, buyers banks and others.

3.4. Use of accounting equipment to compile the balance sheet

The use of accounting in enterprises in accounting systems is concerned with the preparation of large amounts of information.

Economists, as a result of the creation of favorable conditions of work for accountants and analysts, electronic surveyors (EHM) applying, the development of synthetic and analytical accounting procedures and balancing, scheduling, short for the preparation of data for execution allows an application. balance sheet and other accounting forms. The use of equipment is an opportunity to obtain information on the implementation of economic activities and accounting balance sheet items and to provide control over the execution of transactions on the items of each synthetic and analytical account from the other.

quality and timeliness of the accounting balance, the adoption of certain management decisions, increasing the benefits of the market economy, improving the quality of products, labor, consumption and management is based on the market.

In the management of the management system, a clear analysis of the business indicators and the financial performance of the accounting work are being developed to create a higher quality information.

Accounting balance sheet transactions are the areas most demanded in the accounting system. For this reason, it is important to use it in preparing the machine tool.

Chapter 4. The development and principles of the financial reporting in Azerbaijan

4.1 Globalization and development of the financial reporting in the Azarbaijan

The accountingin Azarbaijan, as a science, was created and evolved in contrast to the Russian accounting . In the late 19th and early 20th century Accountants worked in big companies in Azerbaijan . Experts in that area have taken steps to ensure that not only accounting records, but also the development of accounting and scientific basis in companies they operate.İn connection with which the new courses, the opening of educational centers and specialization have been fulfilled

Starting in the 50s of the 20th century, the development of the economy, the expansion of companies and businesses created new tracks for accounting.The difficulties in management, the change in used resourses, the production of new products, the cost value, etc . At that time changed to accounting and was divided into 2 parts; financial accounting and management accounting . Financial accounting are reflected in the accounting records used by businesses, shareholders, employees, government agencies, consumers, external auditors and employees. Management accounting is available only to internal buyers; managers,internal auditors, vendor staff, supervisors and budget officers.

It is envisaged to prepare a report as the final stage of accounting operations in enterprises and organizations.The accounting report - reflects the property and financial characteristics of the entity.Includes all activities in the reporting period and this period from January 1 to December 31.

In general, there are 4 major reporting forms in the accounting report;

1. Statement of Financial Position
2. Income Statement
3. Cash Flow Statement
4. Statement of Changes in Equity

In previous years, the accounting and its report were based on different principles in different ways. So each country used its own accounting principles therefore there were problems with this report. One of these problems was that customers did not properly understand the report. The reports in this form hindered the proper functioning of different economic entities. Which led to the achievement of inaccurate economic outcomes and significant shortcomings for companies.

All this required the creation of new and general rules of laws on accounting. These rules were to be understood and applied equally in all sectors of the economy, in all companies and businesses. It was necessary to establish international standards in terms of two main factors, primarily in the financial and financial statements. These are;

1. Market and capital internationalization
2. Globalization and expansion of the economy

Starting in 1930, new standards were created in accounting. At that time, the first steps were taken in America. According to which GAAP was created. GAAP means General Accepted Accounting Principles. Some countries consider it expedient to use GAAP for accounting purposes but some are not agree with them. The European Union recognizes the International Committee of Standards as the best. This committee was created in 1973 by Australian Accounting Standards Board. A number of international economic organizations prefer those standards. Recently, the World Bank has also defended International Financial Reporting Standards (IFRS). The development of international accounting standards has been put forward by the United Nations Organization for the management of the economy worldwide.

The economy of the Azerbaijan develops gradually, which makes the accounting system compliant with international standards.

4.2. Principles of Financial Accounting and Accountancy

The conceptual basis of accounting is the creation of reporting forms in accordance with the users' requirements, compliance with conformity requirements and the method of accounting, methodology and principles in the preparation of the report.

The conceptual framework is the following;

1. Preparing standards for the future and assisting the committee in the use of existing standards
2. Commitment to the Committee on Harmonization of Guidance on Accounting and Reporting Procedures
3. Assisting the local authorities to prepare national standards
4. Assisting people who prepare financial statement
5. Assisting auditors in the preparation of reports

The accounting concept has the following stages:

I. Determination of the purpose of the information
II. Determination of information quality
III. İdentification of elements and forms of information
IV. Determination of the principles of preparation of information
V. Compiling financial statements

I.**Determination of the purpose of the information-**It serves the accuracy of users' decisions

II. **Determination of information quality-**Financial statements are based on certain key performance indicators.İf these figures are not appropriate, then the preparation of the financial statements does not make sense.İnformation has the following quality indicators:

Understandable -Users must provide the necessary information by the reports.These users decide on the financial statements so users need to understand the information correctly.İt does not mean that information is clear.Of course, you need to have the necessary knowledge to understand your financial statements.In order for the financial statements to be understandable, information design should be systematic, the composition of the reports should be understood by everyone and should not be used in mixed systems. Example : the company re-estimates its value and determines that the value is more than $ 100,000.The enterprise increases the carrying value of the property to that amountbut does not report these adjustments in the financial statements.İn this case the reports can not be understandable.

Comparison-The information in the reports should help users reconcile the previous years' reports.There are two types of financial statements that are comparable : 1) enterprise interior , within a specified period, to compare the entity's financial statements and investigate the entity's financial position.

2) between different businesses, users of financial statements should be able to compare reports of different entities within a specified period and be able to draw conclusions.

Suitable-The availability of information is justified by its completeness and timeliness.İf estimate of present, past and future eventswill affect users' decisions so this information is suitable.

Reliability- Users want the information they provide to be reliable. This does not mean that information is 100 % right. But information must be maximum reliable. Information that does not contain significant errors and omissions is considered as valid.

III. **İngredients of information**

There are 4 financial reporting forms in the standard:

1. Statement of Financial Position
2. Income Statement
3. Cash Flow Statement
4. Statement of Changes in Equity

The components of the financial statements are as follows:

1.Assets

2.Liabilities

3.Equity

4.Revenue

5.Expenses

We'll talk about these next topics

IV. Determination of the principles of preparation of information-It reflects the principles that are essential for during accounting.These principles are as follows:

Enterprise independence-Regardless of its legal form, should consider the accountant as an independent entity.

Enterprise sustainability-İn this case the enterprise will operate for a long time . Accordingly, an accountant should take into account that the entity will operate for a long time while compiling financial statements . For example : the company purchases equipment worth $ 100,000 .The duration of the exploitation is 10 years. In this case, the depreciation will cost $ 10,000 per year.

Sequence-İnformation should be consistent in order to make comparisons of information reflected in financial statements .We must not modify the methods of preparation of financial statements unless required.

Cash-This principle is registered when the cash is obtained, not when the transaction occurs.

Calculation-Unlike the monetary principle, transactions are recorded when the transaction occurs.If the debt for energy in 2012 is paid in 2013, it is recorded as a debt in 2012.

Mutual registration-The principle of mutual registration is based on two aspects:

1.source of the event , 2.its application. This principle is based on balance equality so asset = liabilities + equity. For example : the company is investing up to 500 manat to start operating.100 manat of this amount is borrowed, and the remaining 400 manat is personal account.Then the balance of the organization will be as follows; Asset (500)= Liabilities(100) + Equity(400) .According to this principle, any operation is recorded in two accounts simultaneously.The main purpose is to determine which resource is the source and which direction it moves.Transactions during the binary settlement are credited to the account of one account and to the other account's credit. Compound transactions can be written to a debit and credit of several accounts . İn this case the main condition is that the debit and credit equal . An example of simple and complex calculations:

* 300 manats were paid to workers from the cash,

Debit-payables for wages-300manats,

Credit-cash -300 manats.

Debit	Credit
300	300

*The company sold a product of 2000 manat.Half of the money went into the safeand the other half was recorded in the settlement account.

Debit - bank account statement-1200 manats

Debit - cash register-1200 manats

Credit-product-2400 manats

Debit	Credit
1200	2400
1200	

Uniform currency principle-When performing accounting transactions, each transaction is recorded as money in the account.İf the transaction is not recorded in money form, the accountant will not be accepted.A single currency measurement is used to measure and evaluate accounting transactions.Otherwise, misunderstandings may arise. For example : The company has received two units of equipment.One of them costs 6,000 euros and another $ 15,000,in this case, the firm will use it in a single currency to avoid mistakes.

Periodicity-The financial statements prepared by an accountant should cover an agreed period(3 months ,6 months , 1 year etc.)**.**That is, the information contained in the report covers a certain period of firm.When the company reports on March 31, 2018, it is expected to submit a three-month report.Because the report starts from January 1.

Reality-Economic reality is more important for each enterprise.İf the company's report indicates that 7 equipment has been purchased ,but in reality this amount is equal to 3 so this company report is incompatible with the reality.

Fair presentation-The financial statements should be accurate when preparing the report.So that mathematical mistakes should not be avoided,the disadvantages of the firm should not be concealed , reports should not be inaccurate.

Neutrality- The accountant should maintain the neutrality of the report when preparing a report. Accountant must be responsible for preparation of the report, the organization of the registration and the selection of the registration method should take into account all users, not the individual and groups. For example :

Sabir firm produces about 10,000 pieces a yearbut in the first half of this year its activity is suspended due to illegal activity.In their report, Sabir firm said that it produces 5,000 units this year and does not provide information about the ban on illegal activity of the enterprise. This is nor neutrality activity.

Time -Accountant should provide timely information to users.İf information becomes accessible to users at a later date, that information will be considered invalid.

4.3 Concepts of accounting in Azerbaijan in the conditions of market economy

The main objective of the accounting is to provide the necessary information for the enterprise to make information about the activities of the company and to make decisions for entrepreneurs, stockholders and lenders.

Accounting concept - includes the accounting, management, and financial reporting.

In the market economy, there were 9 conseptions in Azerbaijan normally .This concept consists of the following sections:

1.**Title -** The concept and rules of accounting should be appropriate for internal and external users

2. **General rule-** There are some rules for the concept.These requirements are as follows :

- All information related to accounting should be shared with experts.
- There should be a reasonable basis for changing accounting standards.
- If regulations can not be regulated by normative acts, it should be a guiding base.
- To help users understand the transactions reflected in the accounting records.

3.**Accounting purpose-**The purpose of accounting is to inform both domestic and external users of the entity's financial position.

4.**Accounting organization -** The following factors shall be referred to in the accounting organization:

- Feature of enterprise property

- Continuous activityof the firm

- Consistent implementation of accounting policy

- Uncertainty of activity

5.The contents of the information formed in the accounting records - in accounting is obtained information about the financial position of the enterprises and firms, and the changes to meet the demands of companies. The entity's financial position is based on its assets, liabilities and equity. Based on these information, it is possible to predict the company's future activity.This is important not only for external and for internal users, but also senior executives.

6.Requirements for accounting information- Requirements for accounting information are as follows :

- It should be useful, reliable, comparable to users

- Neutral , should be equitable

- Must have such a clear approach in uncertain circumstances

- The information should be maximized to gain the trust of users

7.Composition of information formed in accounting records - Assets, liabilities, equity, income, expense of the components of information generated in accounting records.These elements are described as follows :

- **Assets -** A resource that was created by past events, controlled by the firm, and expected to bring about economic benefits in the future
- **Liability -** is a financial liability arising from a past event and resulted from the disposal of the entity's operations for the entity's business.
- **Cpaital -** The remaining assets of the shareholders after the deduction of the liabilities.
- **İncome -** Unrelated to capital investment but resulting in reduction of liability , capital increase , increase of assets in the report.
- **Expense -** Not related to capital allocation but resulting in reduction of capital , liability increase , decrease of assets in the report.

8.Recognition of financial statements elements- These elements must comply with the request when reporting financial results.

Asset - If the asset is economically benefit on an enterprise or a firm and its value can be measured, then it is recorded

Liability - If the liability is economically benefit on an enterprise or a firm , its value can be measured and if it meet the requirements then it is recorded

İncome - The financial results that are measured in terms of the increase in various assets and the decrease in liabilities are recorded in the income statement.

Expense - The financial results that are measured in the future by the decrease in the number of different assets and the increase in the liability are recorded in the report.

9.Evaluation of financial statement elements - The following valuation method is used to ensure the usefulness of financial statement elements:

a) İnitial value - accounting transactions are determined at their initial value so the value of the cash flows received or credited to complete the transaction.

b)Current value - by a contract between unrelated parties

c) Settlement cost - the difference between sales and expense

d)Discounted value - is the nominal value of the future cash inflow

The main concept of accounting is to solve the following issues :

1. To inform professionals about the organization and implementation of accounting records
2. Preparation and review of normative documents related to accounting
3. This concept plays a key role in the regulation of 50 regulatory documents
4. To ensure that the accounting records are understandable

Chapter 5. Informational content of financial position

5 .1 Importance of balance sheet

The balance sheet is too much for a job together with the income statement. A report will affect at least 2 accounts of an account's income table and a commercial account, an account's income statement book.

A balance sheet, business executive, or owners help create a financial accountability and union. Is it a reasonable fit for business? Can the entity handle normal financial and auxiliary expenses and expense flows? Meaning job, take urgent steps to support cash reserves?

In this report, it is analyzed that in countries, borrowing and equity are together. In some cases, you have debts such as cash or inventory accounts (assets) and payroll taxes or debt payments. It is the equity referred to as "net assets" or "equity of shareholders". In the equity calculation, you can use your income plus cash or other property of the business owner or shareholder, or clear the credits. A company to analyze companies' value and company curve analysis will need this debt.

5.2 Increasing its informational content

Here is a basic example of how the balance looks like:

The upper part of the balance should list your company's assets in terms of liquidity, most liquid, at least for liquid status. Current assets are cash or cash equivalents or assets that are either assets or one year or less. These include:

Cash is cash at the end of the fiscal year. It involves checking, savings, and all money in short term investment accounts.

Debt accounts are income from credit accounts. According to the balance sheet, this is the total amount of revenue included in the book after the end of the fiscal year.

Inventory goods are derived from the cost of the table. In the inventory of materials currently used for the production of a non-sold product.

Total current assets are cash, receivables, inventories.

Other assets on the balance sheet are called long-term or fixed assets because they are durable and last longer than one year. Examples of long-term assets include the following:

The hotel is located in the center of the city.

All investments that the investment company has. In most cases, companies do not only invest long-term investments.

Total assets are the sum of total current assets and total long-term assets

Once the assets have been pledged, you must calculate your business's commitment. Assets, such as assets, are classified as current or long-term. Borrowings for a year or less are classified as short-term liabilities. They are long-term commitments, if they are for more than a year.

Here are some examples of short commitment:

Debt settlement covers all costs incurred by the business.

Accrued liabilities are all expenses incurred by the business but have not been paid at that time. These costs are generally costs and salaries of the company.

Taxes are still paid and paid when closing books.

Long-term commitments include:

Payables are the sum of all bonds at the end of the year.

Mortgage debt is a return of a long-term period. Mortgage debt is equal to mortgage payments.

Debt settlement is the current financial year on long-term borrowings that are still debt-exempt.

Total liabilities are the sum of total current and long term liabilities.

The owner's capital can be calculated after the listing of the liabilities. The amount of ownership interest is the difference between total assets and total liabilities. The amount of capital that the holder owns is an important tool for assessing the company's investors. Many times, they feel the amount of capital that they feel can make a safe investment in business.

After completing a clear balance for your business, you can:

Productivity and solvency of business.

Amount of capital held in business.

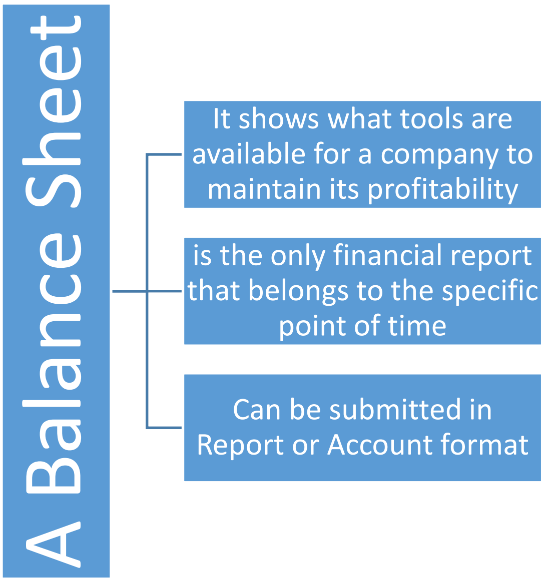
How fast or slow assets can become capital.

The overall financial position of a business is a certain point of time.

Chapter 6. Components of statement of financial position

6.1 Simple Balance Sheet Example

The key concept of a balance sheet is that the total of all assets is equal to the total of all capital and liabilities .



Most organizations need both staff and resources to deliver their goods or services. Even an independent designer working from a home office will need a computer and some office furniture. A large manufacturing company may have millions of dollars of buildings as well as construction and production equipment. These are called entities and are an important part of any business.

If you look at your organization, competitor, or prospective partner, you need to understand how you're financially sound. The Balance Sheet will tell you what they are profitable and which tools they can use to regain profits in the future. A balance sheet consists of three parts that reflect the outcomes of organizations.

1. Asset
2. Liabilities
3. Equity

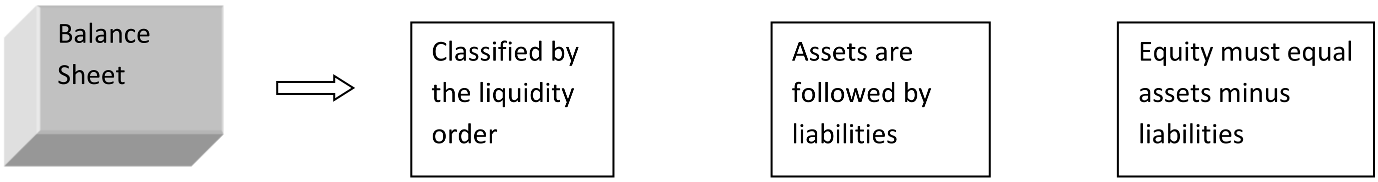
A company's balance sheet can take one of two forms:

Report forms - assets that follow assets and conversion debts, and then a vertical format for viewing equity

Account form - assets on the left hand side and shares and liabilities on the right hand side.

The balance sheet for the big companies, the annual report and the figures for the previous year are shown together.

As mentioned earlier, assets usually follow their liabilities first. The difference between assets and liabilities is known as equity and this equity must be equal to the assets minus liabilities



Balance sheet

Sabir Company offers grass cutting services. The company came to the end of its business life in the second year. The neighboring meadows have begun to be cut with their small grass mower. A year later, he realized that the best way to earn money was to work for local schools and parks with large herbs.

<table>
<tr><td colspan="3">Sabir Company

Income Statement

Year to December 31</td></tr>
<tr><td colspan="2" align="center">Last Year $</td><td>Previous Year $</td></tr>
<tr><td>Sales</td><td>200.000</td><td>150.000</td></tr>
</table>

Cost of Sale	(100.000)	(100.000)
Gross Profit	100.000	50.000
Operating Expenses		
Secreterial Service	2.000	2.000
Bookkeeping	2.000	2.000
Deprecation	20.000	0
Total Operatin Expenses	(24.000)	(4.000)
Operating Income	76.000	46.000
Interest Expenses	(30.000)	0
Net Income	46.000	46.000

We will notice that all changes ;

Sales have increased 50.000 from 150.000 to 200.000

Gross Profit increased 50.000 from 50.000 to 100.000

Operating Income increased 30.000 from 46.000 to 76.000

Net Income = 46.000

The reasons for this are :

A six-fold increase operating expenses from 4.000 to 24.000. This increase is help for to determine deprecation form 0 to 20.000

Interest expenses previous year was 0 but last year it was 30.000

So I will create Sabir Companys Balance Sheet

Sabir Company	
Balance Sheet	
31 December 2017	
ASSETS	$
Current Assets	
Cash&Equivalents	8.000
Account Receivables	16.000
Bad Dept Provision	1.500
Total Current Assets	25.500
Equipment	51.000
Less Accumulated Deprecation	20.000
Total Equipment	71.000
Total Assets	96.500
LIABILITIES	
Current Liabilities	
Accounts Payable	1.500
Income Taxes Payable	4.000
Current Portion of Long Term Dept	16.000

Total Current Liabilities	21.500
Long Term Liabilities	
Lease Contracts	51.000
Less Current Portion of Long Term Dept	(16.000)
Total Long Term Liabilities	35.000
Total Liabilities	56.500
EQUITY	40.000
Total Liabilities Plus Equity	96.500

The financial position of a company is explained by its key elements (assets, liabilities and justice):

- Activists (A), business owner (or legal entity). Formally, assets are those resources that are managed by the company as a result of past events and are expected to flow to the future of economic benefits.

- Borrowers (L) are liable to loans. More formally, the liabilities reflect the entity's past commitments and it is expected that the contract will result in economic benefits to the entity.

- Equity (E) represents a growing interest in the company's assets after its liabilities decrease. Equity recognized as a fair or equitable term is determined by deducting the liabilities arising from the entity's assets.

- Testimonial: A - L = E and A = L + E

- Depending on the intricacies of the serial, the promoter may use the company's concept of how its own funds are treated as net realizations: total liabilities.

- All items in the financial statements need to be recognized in the financial statements only when the future economic benefits associated with that item are significant to the business or the value or value of the measure can be measured. courtesy

6.2 Understanding Asset, Liabilities, Equity

Distinguish between current and noncurrent assets, and current and noncurrent liabilities.

- Available, for-sale or expected assets are classified as current assets, mainly as held for trading or for a year or more, at the reporting date.

- The average duration of a company's business cycle, purchase of inventory and customer cash withdrawal. For the manufacturer this is a matter of getting raw materials and turning cash into cash (supplies, pre-paid expenses) or sold in the current period (inventory).

- Current assets provide information on business activity and business viability. For example, "commercial receivables" or "receivables" indicate that a company lends its customers.

- Non-current assets represent the infrastructure in which the entity operates and is not consumed and sold in the current period. Investments in these assets are prepared in a strategic and long-term perspective.

- Similarly, after the reporting period, the obligations that are to be classified as a short-term commitment or the business cycle of the entity over a year are greater. The specific criteria for the current classification of liabilities are as follows:

- Operator is expected to be stationary during normal business hours.

- Mostly commercial purposes are kept.

- A commitment to be paid within one year from the reporting date.

- There is no provision for delays at closing at least one year from the balance sheet date of the entity.

- IFRS notes that certain current liabilities, such as trade commitments and employee definitions and other operating costs, are part of the operating capital used in the entity's normal business. Such activities are classified as current liabilities, even if the carrying amount exceeds one year from the balance sheet date.

- If the operator's normal working period could not be determined precisely, this period is valid for a year.

- All other liabilities are classified as unrecognized liabilities. Long-term commitments include long-term financing obligations.

- The available activity is called "neighborhood". Employer capital level provides analysts with information on the ability of the organization to fulfill its commitments while meeting its obligations. Although the required operating capital is required, the operating capital should not be too large, because it is probable that funds will be used elsewhere.

Measured amount of available assets

- Accounting standards require that certain items be presented in a balance sheet. Current assets include mandatory purchase and sale of cash and cash equivalents, trade and other receivables, stocks and financial assets (short-term). Companies submit other items as required by their submissions for each sub-item to be presented separately.

- **Cash and cash equivalents**. Cash and cash equivalents of financial assets. Financial assets are generally measured at amortized cost or fair value. Amortized cost is the historical cost of the amortized cost and adjusted asset (initially designated price).

- In accordance with IFRS, the fair value is the amount that an asset could be exchanged or a liability for an arm's length transaction between knowledgeable and willing parties.

- Within the US GAAP, the definition is similar, but the cost of an exit is based on the price paid to transfer an asset or to pay an excessive liability over an asset.

- Amortized cost and fair value for cash and cash equivalents will differ significantly.

- cash equivalents, term deposits with banks, and high liquidity deposits with US $ 3m or less (US Treasury bills, commercial paper and money market funds). Cash and cash equivalents do not include amounts held for at least 12 months. The Cash Flow Statement for all companies provides information on cash purchases over a period of time.

- **Trade receivables** or receivables are another financial asset.

- These are the amount the company owes to its products and services by its customers.

- Generally, the fair value can be calculated on a straight-line basis.

- Different aspects of debt receivables are usually associated with an analytic.

- Firstly, the overall level of sales receivables (a subject that needs to be addressed more often in the ratio analysis) is significant because significant increases in sales receivables may indicate the company's cash flow problems.

- Secondly, the amount to be paid on suspicious accounts represents an estimate of the amounts that will ultimately not be collected.

- Attachment of appropriation at a specified time is recognized as bad borrowing costs, and the amount of compensation payable for doubtful accounts will be deducted from the fair value of the consideration expected to approximate the fair value.

- Some receivables are deducted from deductible and doubtful accounts when they are unlikely to be probable.

- The age of the debtor's borrower reflects the length of receivables, including the number of days in which the maturity date.

- Another part of the debt receivables is the intrinsic risk of credit risk. For example, a company's credit risk is more restrictive when one or more customers have a large percentage of revenue or receivables when they have a large number of customers across different sectors and countries.

- This shows the cost of inventory flows from a company that purchases inventory items for sale (a wholesaler or retailer).

- indicates that the inventory is related to the measurement of the value of goods sold in the income statement.

- During the period the company receives additional items from the original shareholder. Inventory purchases are available for sale.

- When the goods are sold and the revenue is recognized, the price of the goods sold is deducted from the inventory account and is recorded as an expense.

- non-sold items remain at the end of the inventories.

Measurement bases of noncurrent assets

- Property, plant and equipment (PP & E) are the tangible assets used in the Company's operations that are expected to be used in more than one financial period (economic benefits). Examples of land, buildings and equipment that are classified as property, plant and equipment include natural resources such as land, buildings, equipment, machinery, furniture and mineral resources.

- IFRS allows companies to present PP & E report using a cost model or a revaluation model. The IFRS does not permit companies to use the cost model for some asset classes and the restatement model for others, although the company should apply that model to all assets within a specified asset class.

- US GAAP will only submit PP & E reports.

- Historically costs generally include the acquisition cost of an asset, delivery costs and all other additional costs incurred to make the asset available (such as the cost of installing a machine).

- Depreciation and amortization are the process of allocating a long-term asset over the useful life of the asset.

- Land is not amortized.

- Depreciation and amortization expense are reflected in the income statement on PP & E as a result of depreciation and estimates of depreciation and useful lives and recoverable value affects both the balance sheet and income statement of a company.

- Amortization is a systematic allocation of costs over the useful life of an asset, and impairment losses represent an impairment loss.

- If the recoverable amount of an asset is below its carrying amount in IFRSs, impairment losses are:

- recoverable amount is higher than the fair value of the asset, its selling price and its value in use.

- Fair value less costs to sell: The amount that can be deducted from the sale of an asset is less than the selling price of a long-term transaction between knowledgeable willing parties.

- Use value: The present value of the future cash flows to be derived from an asset.

- When an asset is considered impaired, the entity recognizes impairment in its income statement.

- Depreciation of impairment losses are not permitted in accordance with USFAP but in accordance with US GAAP.

Intangible assets - For example:

- Patent: a specific product or process by the inventor for a limited time by the government.

- License: Some activities are usually granted to a person who purchases a license by a government.

- Trademark: Terms, names, symbols or devices specific to products and services that distinguish or distribute goods and services from others. As long as it is used in trade, it can be renewed forever.

- Transparency: Individual identifiable asset is not. When a company is acquired based on a price that exceeds the fair market value of a defined asset, a company emerges.

- IFRS allows companies to report intangible assets through a reporting model or a revaluation model.

- The revaluation model may be selected only when an active market for an intangible asset is available, as fair value can be designated as an active market entry.

- Such active markets are expected to be rare for intangible assets. There are some licenses (fishing licenses, taxi licenses).

- US GAAP allows only the cost model.

- assesses whether an intangible asset is expired or indefinite for each intangible asset.

- Uncertain lifetime: There is no limit to the expected life of an entity when the entity has a net cash inflow.

- Ending life: a limited benefit to surgery.

- Depreciation and amortization principles are as follows:

- Amortization is systematically depreciated based on the amortization method and the approximate useful life estimated at least once a year, for the best estimate of its useful life.

- Impairment of intangible assets of intangible assets is similar to IFRS.

- Not paid.

- Instead, it is probable that an asset will have an unlimited lifespan of at least once a year and is tested for impairment.

- The previous guidance is required by the entity to check the carrying amount of the asset at least once a year for impairment, by comparing the estimated fair value.

- The New Accounting Standards Act dated July 2012 reveals that a company was firstly designated to evaluate quality factors to determine whether an uncertain intangible asset would be less likely to be designated as a basis for assessment [50%] Failure to Perform a Numerical Impairment Test. "This new guide was released in 2011 by ASU in September 2011, similar to the 2011 Goodwill Test. In other words, if the company is qualified, the impairment does not exceed 50%. (i.e., there is the possibility to refuse the annual calculation of the fair value of an indefinite intangible asset).

- In the case of an impairment of an intangible asset, an impairment loss is recognized in profit or loss for the current period.

- Loss of value reduces existing earnings.

- The impairment loss also entails general assets, so some performance measures such as return of assets (net total net assets divided) may increase in future periods.

- It is a pencil without impairment.

If a company obtains another, the fair value of the assets and liabilities is higher than the acquisition cost, and the excess profits are recognized as goodwill and recognized as an asset. What company can pay more for company purchase? What is the fair value of the asset's recoverable assets?

- First, as mentioned, some of the items that are not worth the company's own financial statements (such as fame, established distribution system, educated employees).

Secondly, spending on research and development of the target company can lead to a separate identifiable asset that meets the recognition criteria, but has still created value.

- Thirdly, part of the cost of a procurement may arise from the strategic position of the opponent or the synergy adopted. For example, procurement should be designed to safeguard the value of all existing assets.

- Accounting goodwill is not the same as good economic goodwill.

- Accounting is based on honest accounting standards and is only available for purchase.

- Economic transparency is based on the economic activity of the business, and the balance sheet is not necessarily reflected. On the contrary, economic prosperity is reflected in the shares price (at least in theory).

- Some users of financial statements could not be sold separately from business because they believe that honor should not be on balance. Users of other financial statements analyze goodwill and future impairment costs to evaluate management's previous performance in procurement.

- Both accounting and hedge accounting issued by both IAS and US GAAP are capitalized.

- Transparency is not amortized but tested for impairment.

- Requirements are identical to those of indefinite identifiable intangible assets described in the previous slide.

- If the goodwill is impaired, the gain or loss in the current period is applied to the impairment loss.

- Loss of value reduces existing earnings.

- The impairment loss also entails general assets, so some performance measures such as return of assets (net total net assets divided) may increase in future periods.

- It is a pencil without impairment.

Common types of general liabilities

There are general obligations for trade payables, financial liabilities, deferred expenses and deferred income.

- Trade payables recognized as debt accounts:

- A company owes a supplier for purchases of goods or services, purchases made by the company at the balance sheet date.

- An issue with analysts is the tendency in general levels of receivables (a subject that needs to be paid more attention to degree analysis). Significant changes in the loan commitment may lead to potential changes in credit relationships with the company's suppliers.

- Notes to be paid:

- Lend a loan to a lender through a formal loan agreement, including commercial lenders and banks.

- Debts, debt liabilities or other financial liabilities (or business cycles) that are to be paid over a year are included in the existing debt portion of the balance sheet.

- In addition, any portion of the long-term commitments to be paid over a year (current portion of long-term commitments) is disclosed in the balance sheet's current liability segment.

Accrued expenses:

- "Accrued expenses" are also referred to as "deferred liabilities" and "other non-financial liabilities".

- Recognized expenses that have not yet been paid off from the history of consciousness, but in a company's income statement. The income tax, interest payable, accrued warranty expenses, and employee wage (fee) are part of this.

Deferred income:

- "Deferred income" and "Unearned income".

Revenue generated when a company receives payment before delivery of goods and services related to payment. The company is committed to providing goods or services or refunding money. For example, rental payments at the time of renting include office equipment purchased at the start of the service period and payment for the subscription receipt at the beginning of the subscription period.

Types of non-recurring equivalent liabilities. The two types of non-current debt are long-term financial liabilities and deferred tax liabilities.

- Long-term financial liabilities

- Debts (in other words, loans from banks) or notes to be paid or bonds (fixed-income securities issued to investors).

- They are usually charged at discounted prices in the bill.

- The amortized cost of the debt (book value) shall be the face value of the bond. .

- In some cases, loans, such as loans issued by the company, are presented at fair value.

- These include trade derivative financial liabilities, derivative liabilities to the enterprise and some non-derivative financial instruments hedged.

- Deferred tax liabilities are the income tax liability that is expected to be payable in future periods for taxable temporary differences.

- Interim turnover difference between income generated for tax purposes (taxable income) and financial statements (report income).

- Revenue charged on taxable profit and taxable profit is lower than the previous reporting period and the related income tax expense.

- Generally, when the taxable profit is previously included in the net income of the financial statements, an expense item is generated. The difference between tax payments and income tax is deferred tax liability. For example, when using companies for linear depreciation methods for fiscal amortization purposes and for financial reporting purposes, taxable income is lower than previous periods.

Equity items.

Owners of equity were employed: Share capital is known as equity. Amount of owners' contributions to the company.

- The ownership of a company has been proven by the export of the partnership.

- Shared shares may have partial value (or fixed value) or could not be given as shares (according to the company's rules).

- Disclosures for each class of assets provided by the Company:

- If available, Par or the displayed value.

- Number of issued shares: Stocks that can be sold by the company with the basic consent of the Company.

- Number of shares issued: Number of shares sold to investors.

- Number of issued shares: Number of issued shares is treasury share.

Partners: Shareholders prefer joint stockholders' rights.

- Selection rights usually involve the acquisition of dividends and assets when the company is liquidated.

- are classified as either fair or financial liabilities by their nature, not by legal form.

- Unlimited, undesirable shares are classified as equity.

- Preferred stocks with mandatory liabilities at the future date are classified as financial liabilities.

Treasury shares (treasury bills or interest payments): Shares acquired by the company are distributed without canceling the treasury.

- A company can sell these shares (reissue).

- You can withdraw a company's shares

- Management considers amortization of shares,

- Work resources options to meet stock reserves

- Wants to limit the dilution from the compensation plans of different employees.

- Acquisition of treasury shares reduce ownership and fair value and reduces the total number of shares held.

- When treasury shares are subsequently reissued, the company does not recognize gains and losses in the income statement in profit or loss.

- Treasury shares are not listed and could not accept dividends declared by the company.

Undistributed Profit: Amount of unpaid aggregate earnings per company dividends in company income statements.

- Earlier earnings and net profit gains are equal to the initial unrecovered profit.

- Other comprehensive income relates to income not recognized in profit or loss.

- AOCI + Other comprehensive income = AOCI Please note that the end is over.

Non-controlling interests (or minority interests): Minority shareholders classified by the parent (subsidiary) of the subsidiary, but not associated with the parent company

Chapter 7. Financial Accounting and Reporting Improvement Directions

7.1. Shortcomings in the existing financial accounting system and their improvement.

Development of international trade, formation of multinational companies and capital financial markets of different countries due to globalization of the market need for harmonization of their reports. Accounting records of harmonization has brought problems to the international arena.

The shortcomings in the financial reporting system are standardization issues in the existing system of applying international standards when designing various forms.

There is a need for harmonization of accounting and reporting rules based on international standards. The following objective advantages of IFRS are further required:

- Accurate economic logic;
- Summarize the best world practice in the accounting industry;
- Simplify the understanding of users of financial services worldwide.

But regulating national accounting systems in line with international standards despite the necessity to use the same accounting principles as other countries or because of a number of reasons for applying the IFRS mechanically does not give the desired results.

These reasons can be summarized as follows:

1. Inadequacy of accounting terms;
2. Lack of sufficient number of specialists;
3. Registration of standardization specialists based on standards of other countries failures;
4. The lack of literature that everyone can understand

Take the following measures to minimize these deficiencies suitable for the purpose:

1. When the national standards are prepared, their content is at the maximum level harmonized with international standards;
2. The content of the software used for the processing of accounting information, including accounting records and reporting forms, should be revised;
3. The accounting staff should be improved.

With such standardization issues and accounting issues, the IFRS Committee is involved, and internationally, the United Nations, the Organization for Economic Cooperation and Development and the European Cooperation.

The main objective of the IFRS Committee is to prepare a set of standards and to apply them in any situation and in any country. The IFRS Committee is headed by the Board and consists of representatives from 13 countries. Council members are appointed by 5 years. Its chairman works for 2.5 years. The Council's competence includes:

- Involve four interested parties in the financial statements;
- Members of the Council who did not participate in the sessions twice remove;
- Publishing internationally-related accounting records;
- Publish projects for discussion and presentation;
- To publish at least two-thirds of the Council's IFRS, with a positive vote

International Standards the intergovernmental expert group performs the following functions:

a) Analysis report information;
b) Substantiate the work of international organizations involved in accounting and reporting problems;
c) Facilitates the development of national and regional accounting standards;
d) Take into account the interests of developing countries.

Chapter 8. Methodological bases of preparation of financial accounting and reporting in accordance with national and international standards.

8.1Compliance of financial accounting with international and national standards

The preparation of financial statements and prevention of subjective bias, accounting (financial) standards are developed to ensure comparability of reports from different enterprises. These standards are national and international level.These standards are prepared nationally and internationally.National standards are based on national legislation , international standardization is developed by the international council.

Each country differs from its own culture and historical activities.Therefore, it is impossible for these countries to have the same accounting system as accounting.All these differences arise from the diversity of existing forms of economic activity, including the influence of external factors: political, economic,

social or geographical factors.As a result, accounting for each country's accounting system
uses its own method to evaluate wear and tear , production resources.National accounting system is determined on the basis of the following factors :

- History of the accounting system
- Use of valuation method when accounting is applied
- External control over the company's activities
- Methods of calculation of amortization
- Financial reporting regulation
- Social factor

Social factor: the stage of economic development, features of entrepreneurial activity, economic relations, accounting reports, level of inflation, legislative, cultural development, political system, amount of foreign investment, education system, etc.
İnternational experience shows that 7 main factors affect the characteristics of national accounting :

1) The degree of sharing of financial information
2) The relationship between the laws created by the government and the accounting for firms
3) Calculation of earnings

4) The effect of tax legislation on accounting

5) Basing on the principle of caution

6) The accounting records of the financial statements should be consistent with the capital market

7) Level of inflation

In general, the national accounting system can be categorized through the following indicators :

1) Taking into account the national traditions based on the development of the country's economy , National Accounting Standards in accordance with advanced system availability and utilization of international accounting standards .

2) Preparation of financial statements in accordance with government accounting policies

3) Organization of accounting on an enterprise scale

4) Preparation of methodological principles of financial results related to financial activity of the enterprise.

5) The financial statements are included in the International Financial Reporting Standards

Currently, international accounting has become a key tool for the co-operation of countries . This is due to the fact that large co-operation is based on international integration . In these circumstances, some countries are gaining dependence on purchasing securities and stocks of other countries . Considering this, many accounting companies are available . Investors and lenders are interested in the financial position of the company before investing in any company . In this case, the financial statements are transnational. Transnational financial statements are compiled for interested persons outside the country. Financial statements prepared in such a situation should meet the requirements of the international accounting system and standards, along with the national (financial) accounting system.

Thus, national and international accounting systems are interconnected and ultimately a unit of national accounting system adaptation to international accounting system .

8.2 Methods of transformation of different reporting forms into International Standards

During development around the world, accounting has become an important tool in establishing international relations. Large-scale companies operate around the world on the basis of international integration. International operations to control joint ventures of foreign companies. They are economic and political. A number of professional accounting services are sold internationally. As a result of the international nature of entrepreneurship, the scientific and practical aspects of the accounting system are international.

The following National Accounting Standards and regulatory framework for transition to various international standards in Azerbaijan:

1. National Accounting Standard for Presentation of the International Accounting Standard - The purpose of this Standard is to prepare financial statements and other financial statements for comparative consolidated financial statements for other reporting periods. submit financial statements;
2. National Accounting Standard 2 "Equity Change Table" - This is to ensure that the objective capital changes of the Standard are recognized consistently and transparently.
3. Cash Flow Table - The purpose of this Standard is to provide users with accurate information about how financial information, cash flows and cash flows from ongoing operations are handled.

The following reporting formats differ according to international standards in your country's businesses and companies:

<table>
<tr><th>Reporting forms in Azerbaijani enterprises</th><th>Reporting forms in accordance with international standards</th></tr>
<tr><td rowspan="2">Accounting balance</td><td>Balance</td></tr>
<tr><td>Profit and loss statement</td></tr>
<tr><td>Profit and loss statement</td><td>Undistributed earnings report</td></tr>
<tr><td rowspan="2">Cash Flow Statement</td><td>Cash Flow Statement</td></tr>
<tr><td>Financial Statement Change</td></tr>
<tr><td>Change in equity</td><td>Change in Private equity</td></tr>
</table>

Accounting policies and explanatory Notes	Explanatory Notes

Transition of an enterprise or firm's accounting to international standards primarily requires the allocation of the entity's property, structure and source of assets to long-term and short-term assets and liabilities respectively. In accordance with these standards, the annual balance sheet compiled by enterprises in Azerbaijan is grouped into the following sections:

1. Long-term assets;

2. Short-term assets;

3. Capital;

4. Long-term commitments;

5. Short-term commitments.

Result

Maintaining the balance of account is the main aim.
creating a business, that is, managers, owners, shareholders, investors,
buyers and other users of economic operators on justified economics
help in making decisions. For this reason, every initiative Accounting information must be valid and comparable to users for a certain period of time or other business activities.

Financial tables are important in the market economy.

the positions are set:

1. The report meets market economy and international standards.

and established in the right way;

2. The report displays must be reliable, consistent, accurate and comparable;

3. The report should be simple, clear and understandable. It must be presented by appointment.