

## THE ESSENCE OF ACCOUNTING IN BANKS

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**Abstract.** *This article describes the functioning of the banking system in our country today, the nature and content of accounting in banks. In addition, the author presents suggestions and recommendations on the issues of accounting in the activities of banks.*

**Keywords:** *economic entities, banks, accounting.*

Commercial banks play an important role in making settlements between economic entities. Year by year, the work carried out in the banking sector in our country is developing and improving. Today, practical work on reforming the banking system is being carried out in our country.

Commercial banks are economic entities that play an important role in the development of the market economy and are a separate type of enterprise. They conduct economic activities independently and are interested in increasing the efficiency of their financial results. For this reason, a number of positive things are being done to improve the banking system in our Republic.

According to the Law of the Republic of Uzbekistan "On Banks and Banking Activities", a Bank is a commercial organization and a legal entity that performs the following types of activities, which are considered banking activities:

- accepting deposits from legal entities and individuals and using the received funds for risky lending or investment;
- making payments.

Based on the above, it can be said that commercial banks provide financial services related to the movement of funds of legal entities and individuals and their accounting. These services are mainly seen in making money transfers, accepting deposits, and granting loans. Any legal entity must keep accounting records in the course of its activities. Commercial banks also collect, process and summarize the data of all operations in their activities.

It is possible to single out the following goals of accounting in banks:

- correctly perform accounting, cash, currency, credit and other banking operations and reflect them in a timely and accurate manner in accounting and reporting;
- collecting reliable information about the bank's assets, liabilities, income and expenses, as well as the state of its capital and changes in them;
- creation of an information system that serves to compile financial reports on the bank's financial status, changes in its financial status, and financial results, and evaluates the activities of the bank's management;
- strict observance of the bank working day, quick and accurate service to clients;
- acceleration of the circulation of funds in accounts;
- proper formalization of the documents issued by the bank and, as a result, facilitating their use, as well as organizing operations with these documents in other banks and keeping accounts of operations of clients provided by them in accordance with the established requirements;
- to prevent shortages or surpluses of money, material assets, and fixed account forms in the bank and to organize their storage in the prescribed manner;
- continuous internal control and audit of the legality and correctness of operations, creating the possibility of drawing up and formalizing reports on their results;
- software implementation of bank operations accounting using modern computer equipment, reduction of labor and capital expenditure in accounting and reporting, etc.

The procedure for the transfer of documents within the bank can be determined by the chief accountant, taking into account the specifics of the bank's work and according to the bank's accounting policy. The procedure for organizing accounting and bookkeeping in commercial banks, described in the instructions, is provided based on the conditions in which computer technology is used.

So, the information about the activity of commercial banks is reflected in the accounting documents. These data show how efficient the bank management is. In addition, it is important to know the bank's specific indicators set by the Central Bank of the Republic of Uzbekistan and to study daily data. Therefore, the organization and implementation of accounting work is considered the most pressing issue of commercial banks.

The chart of accounts of commercial banks is based on the multi-currency system of accounting, which allows to reflect the account of

operations in foreign currency in all accounts where the account of operations in foreign currency can be kept. For each type of currency, a separate General Ledger is opened for synthetic accounting, and subsidiary books are opened for analytical accounting. The sum of the amounts in the subsidiary books for each currency must correspond to the sum of the amounts in the corresponding balance accounts of the general ledgers. Each operation carried out by the bank must be registered in the General and Auxiliary books according to the type of currency. On the reporting date, the total sums of the general ledgers in foreign currencies are transferred to the national currency, and the consolidated balance sheet of the bank is drawn up for all operations carried out during the reporting period.

The bank's accounting department includes employees involved in issuing, controlling, and recording bank transactions. The accounting department is headed by the chief accountant of the bank. He works on the basis of the Regulation on chief accountants of the banking system. Accounting of all operations performed in banks is entrusted to the accounting department of the bank. This section may consist of groups depending on the scope of the bank's work and the number of clients, as well as a number of characteristics. Those working in this group are called responsible performers. They are given several clients, and they are assigned to carry out their cash, credit and settlement work.

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