AMERICAN JOURNALS
Open Access, Peer Reviewed Journals

American Journal of Business Management, Economics and Banking
ISSN (E): 2832-8078 Volume 40, September - 2025

FINANCIAL RESOURCE MANAGEMENT AND THEORETICAL FOUNDATIONS OF ACCOUNTING IN HIGHER EDUCATION INSTITUTIONS

Kurbanov Jaloladdin Yuldashbaevich
Ministry of Higher Education, Science and Innovations
Senior Specialist, Accounting and Reporting Department

ABSTRACT

This scientific work explores the formation of financial resources in higher education institutions, their efficient utilization, and the theoretical foundations of accounting. The study examines the structure of revenues and expenses, the movement of budgetary and extrabudgetary funds, principles of accounting, and the process of preparing financial statements. Additionally, theoretical perspectives on enhancing the effectiveness of financial management in higher education institutions, implementing digital technologies, and aligning accounting practices with international standards are analyzed. The research findings have practical significance for ensuring the financial stability of educational institutions and improving financial management systems.

KEYWORDS

Higher education institution, financial resources, accounting, revenues and expenses, budgetary and extrabudgetary funds, financial management, international accounting standards.

Introduction

Today, ensuring the economic independence and financial stability of the higher education system is one of the priority directions of state policy. Alongside traditional budgetary funds, attracting non-state and extrabudgetary sources, as well as their prudent management and accounting, play a crucial role in financing the activities of higher education institutions. Especially during the years of independence, the diversification of income sources for higher education institutions has increased, which necessitates a fundamental improvement in their financial reporting systems. Currently, reforms being carried out in Uzbekistan's higher education system under market economy conditions aim, in particular, to ensure financial independence and create conditions for educational institutions to make independent decisions regarding the financing of their activities. Higher education institutions generate revenues from various sources and incur expenses based on these revenues to operate effectively.

The revenues of higher education institutions mainly consist of funds from the state budget, tuition fees under contract-based education, grants, sponsorship aid, and funds generated from other economic activities. Correct accounting of these revenues, economically justified expenses, and their accurate reflection in accounting are key factors in ensuring the financial stability and effective functioning of higher education institutions. Moreover, conducting accounting in educational institutions based on modern principles, ensuring that financial reporting complies with international standards and transparency, is one of the pressing issues today. Studying this topic serves to improve financial management and enhance the efficiency of the higher education system.

The composition of revenues in higher education institutions is multifaceted, including income from educational processes (contract tuition fees), scientific research projects, grants, sponsorship aid, additional services, and other legal sources. Expenses cover the main areas of activity financed by these revenues, such as organizing educational and scientific processes, staff salaries, development of material and technical infrastructure, and other necessary costs. Accurate, transparent, and precise accounting of these revenues and expenses serves as the foundation for the effective operation of higher education institutions. Effective organization of financial activities in higher education institutions, proper classification of their revenues and expenses, conducting accounting in accordance with current legislation, and making management decisions based on financial analysis are extremely important in today's conditions. This article addresses these theoretical issues and develops proposals and recommendations for their improvement. At a time when the role of state and non-state higher education institutions is increasing under market economy conditions, their financial independence and efficient use of resources become critical factors in ensuring education quality. Reforms in the education sector, especially modernization of the higher education system, improvement of economic mechanisms, and preparation of competitive personnel require enhancing the efficiency of financial management.

Financial resources of higher education institutions are funds necessary for their operation, development, financing scientific research, strengthening material and technical base, and other purposes related to education quality. The formation, distribution, and prudent use of these resources are controlled through accurate accounting. Accounting, in turn, is of particular importance as a means of documenting, controlling, and preparing reports on the financial activities of higher education institutions. It not only determines revenues and expenses but also provides financial information that serves as a basis for management decisions.

From this perspective, studying the theoretical foundations of financial resource management and organization of accounting in higher education institutions is relevant not only theoretically but also practically. Deep analysis of this topic allows ensuring financial stability, increasing financial accountability, and developing effective management decisions in educational institutions.

Materials and Methods. In the study of accounting for revenues and expenses as well as internal audit methodology in higher education institutions, foreign scholars such as R.Aganina, P.Andreev, G.Antipova, A.Glushenko, Ye.Egorova, N.Zavodchikov, N.Danilenko, A.Kolesnik, V.Bursev, S.Optner, M.I.Pavlov, R.V.Pashkov, Ye. Samylina, A. Sukalo, Ya.Taynen, and Yu.Yudenkov can be referenced. The research of local scholars also provides a wide perspective on this topic. For example, R.Do'smuratov, B.Jumamuratov, A.Ibragimov, A.Karimov, S.Mexmonov, A.Ostonokulov, M.Q.Pardaev, M.Saidov, B.Sugirbaev, and Z.Xamidova have conducted scientific studies on optimizing and regulating the revenues and expenses of the higher education system.

The development of our country's economy and the improvement of citizens' well-being depend not only on the private sector but also on the budgets within the budgetary system. The budgets of the budgetary system serve to fulfill the state's responsibilities towards citizens and society, provide services, stimulate and regulate economic sectors, monitor activities, and ensure employment through financing various non-profit activities. According to the report published by the International Monetary Fund in April 2023, it is observed that "during the pandemic and the global economic crisis, developed countries increased government expenditures to up to 40 percent of Gross Domestic Product (GDP). Since a large share of budgetary institutions operate in the social sector, they are significant employers with high potential to ensure employment, and expanding their financing contributes to social and economic stability." When researching the continuous and targeted financing directions of budgetary institutions, it is first necessary to examine the structure of the country's budget system. The budget system consists of the State Budget, State Targeted Funds, and extrabudgetary funds of budgetary institutions (see Figure 1).

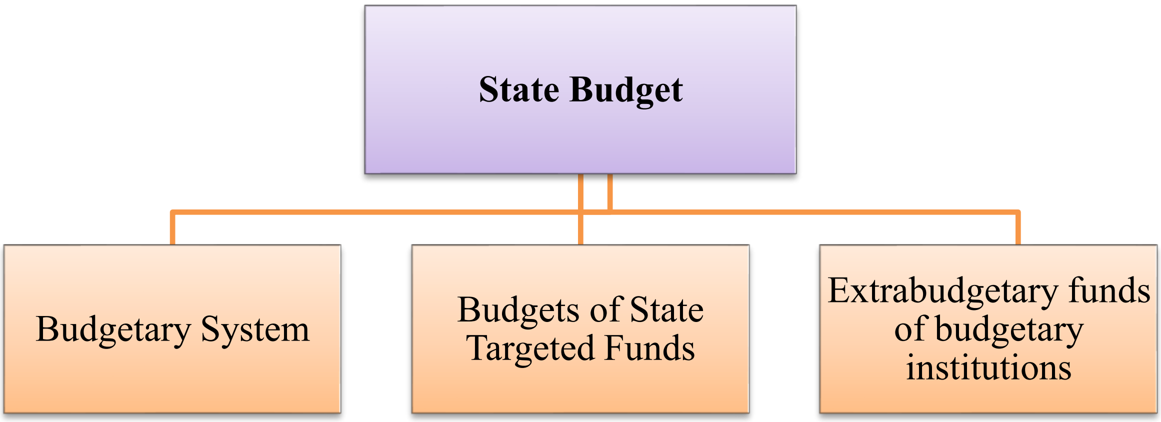

Figure 1. Budgets of the Budgetary System

The State Budget consists of the republican budget of the Republic of Uzbekistan, the budget of the Republic of Karakalpakstan, as well as local budgets of regions and Tashkent city. In turn, the structure of the Republic of Karakalpakstan's budget includes the republican budget of the Republic of Karakalpakstan and the budgets of its districts and cities. The structure of regional local budgets includes the regional budget and the budgets of districts and cities within the respective regions.

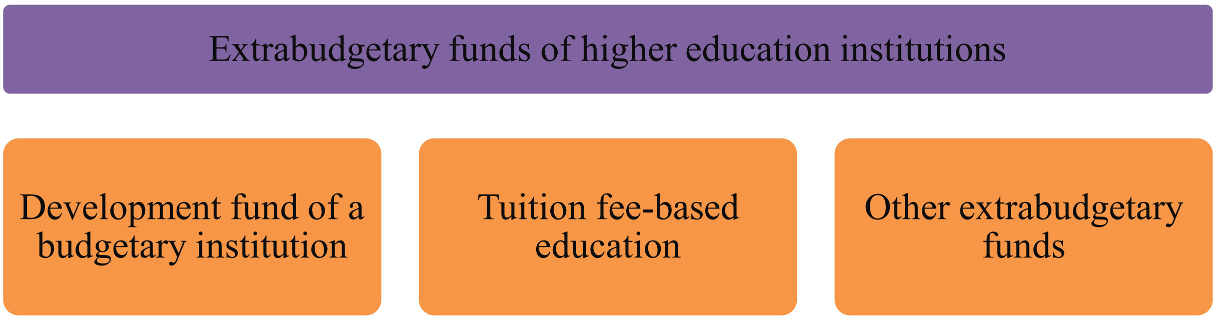

Figure 2. Extrabudgetary Funds of Higher Education Institutions

The structure of the Tashkent city local budget includes the city budget and the budgets of districts within the city. The State Targeted Funds are formed based on the decrees of the President of the Republic of Uzbekistan to implement state functions, financed from taxes, mandatory payments, fines, and budget subsidies. At the same time, the State Targeted Funds are part of the consolidated budget of the Republic of Uzbekistan. Funding of higher education institutions is carried out from both budgetary and extrabudgetary funds. The extrabudgetary funds of higher education institutions include the development fund and extrabudgetary funds formed from collected fees (Figure 2).

The financing of higher education institutions is carried out through the structural components of the budget system mentioned above, taking into account their specific characteristics. That is, the financing of higher education institutions is conducted from the State Budget as well as from their own extrabudgetary funds. An important point is that the financing of higher education institutions is directly related to their areas of activity. According to analyses by the International Internal Auditors Institute, “higher education institutions are classified into three main types. First, organizations accountable to regional management bodies, ministries, and departments established in accordance with central government regulations. Second, agencies consisting of organizations and institutions that provide state services and belong to the government. Third, government-independent institutions that operate independently, have their own sources of income, and produce goods and services.” Attention to these levels is recommended in the financing and control of higher education institutions.

When classifying higher education institutions financed from the state budget according to their activities and directions, the majority are organizations accountable to ministries and departments established in accordance with established procedures. In this context, the tuition fee-based form of education in state educational institutions holds the largest share. Despite the undeniable necessity of financially supporting the social sector based on recommendations from international organizations amid the globalization of current economic crises, it is also required to optimize state budget expenditures and gradually reduce the tax burden based on the demands of the market economy. As our country’s leader emphasized, “In the past four years, serious steps have been taken to introduce market mechanisms into all sectors of our economy. The next task is to lay the foundation for long-term sustainable growth through deep structural reforms.” While preserving the social orientation of state budget expenditures, various reforms have been implemented to reduce tax and budget burdens in line with the immutable demands of the market economy and to expand financing in budget organizations through the formation of extrabudgetary sources. Considering the specifics of higher education institutions’ activities, it is necessary to pay serious attention to creating extrabudgetary sources of financing, especially in the social sector, where a high proportion of state budget expenditures is directed, particularly education institutions. Increasing the share of extrabudgetary funds in sector institutions will help reduce the budget burden somewhat and, by ensuring material incentives in accordance with market economy demands, will promote the development of activities.

For each fiscal year, separate income and expenditure estimates are prepared for each extrabudgetary fund of higher education institutions. Each estimate consists of two parts: income (revenue) and expenditure plans. The income plan presents a forecast of the expected revenue types during the fiscal year. The expenditure part reflects the planned expenses based on the extrabudgetary fund balance in the institution’s personal treasury account at the beginning of the fiscal year and the expected incoming funds during the fiscal year. When forming the expenditure part of the estimates for extrabudgetary funds in higher education institutions, calculations rely directly on accounting and financial reporting data. The ministry, department, committees, and financial authorities overseeing the higher education institution analyze accounting information systems and financial reports to register consolidated and individual estimates for extrabudgetary funds in these institutions.

The execution of estimates for the extrabudgetary funds of higher education institutions focuses on the fulfillment of planned income and expenses by types of funds. In the treasury, the estimates for extrabudgetary funds of higher education institutions are accounted for using the cash method, meaning that cash inflows to the institution’s personal treasury accounts are recorded as income, and cash outflows from these accounts are recorded as expenses. Within the higher education institutions themselves, the execution of estimates is carried out based on both accrual and cash accounting methods. Initially, revenues and related receivables for extrabudgetary funds are recorded in the higher education institutions. Subsequently, the increase in extrabudgetary cash funds is accounted for as a result of receivables being received into the institution’s personal treasury accounts.

The execution of the expenditure plan for extrabudgetary funds is recorded in the treasury similarly to income, using the cash method. That is, expenditures are recognized when cash is disbursed from the institution’s personal treasury accounts. However, within higher education institutions, expenses for extrabudgetary funds are initially recognized on an accrual basis. Cash disbursements from personal treasury accounts are recorded as a result of settlements with debtors and creditors and recognized as cash expenses. Both in the treasury and in higher education institutions, the execution of estimates must be carried out according to the approved plan. Therefore, the execution of each extrabudgetary fund estimate must be organized and continuously accounted for both in the higher education institutions and in the treasury.

Income. In accounting and financial reporting for higher education institutions, terms such as revenues and receipts related to extrabudgetary funds are used. Revenues represent an increase in the net value of an institution’s assets and/or a decrease in its liabilities. Receipts refer to the cash inflows related to the recognized revenues into personal accounts. Revenues in higher education institutions arise from the development fund, tuition fees under contract-based education, and other extrabudgetary funds. Currently, the accounting of revenues related to extrabudgetary funds in higher education institutions is maintained on an accrual basis. In the financial authorities and treasury, the accounting of revenues is conducted based on cash receipts to the institutions' personal treasury accounts. Financial authorities and treasury do not prepare financial reports on accrued or expected revenues from extrabudgetary funds of the institutions.

Experiences from developed countries and international accounting standards for the public sector require a gradual transition from the cash method to the accrual method in budget execution accounting. Reforms aimed at ensuring transparency of budget execution data have led financial authorities and treasury to adopt accrual accounting for revenues related to extrabudgetary funds. This requires the recognition of “accrued revenues” in the budget treasury execution accounting system for extrabudgetary funds. Accrued revenues of higher education institutions for extrabudgetary funds represent amounts recognized based on primary documents that will result in cash inflows to the institution.

Expenses. Expenses represent a decrease in the net value of an institution’s assets and/or an increase in its liabilities. In higher education institutions, expenses are incurred for contract-based education, development funds of budgetary organizations, and other extrabudgetary funds. The accounting of expenses related to extrabudgetary funds is conducted on an accrual basis. These expenses arise from the need to use extrabudgetary funds, such as prepayments and settlement of existing creditor liabilities. Financial authorities and treasury recognize expenses as cash outflows from the institution’s accounts. Since the budget treasury execution system is applied, financial reports provided by higher education institutions include indicators of both cash expenses and actual expenses related to extrabudgetary funds. Actual expenses are those recognized and recorded based on primary documents of the institution, whereas cash expenses relate to the disbursement of extrabudgetary funds from accounts. This situation shows that current information about expected cash expenditures from extrabudgetary funds is not prepared by financial authorities and treasury, which hinders the formation of forecast indicators for fund disbursements from treasury accounts.

In order to transparently and effectively implement their activities, budget organizations are obliged to submit financial and other types of reports within the specified periods. Timely submission of reports ensures effective management of public finances, serves the rational use of financial resources and the effectiveness of control. Therefore, deadlines for submission of reports by budget organizations are strictly defined, and their implementation is important for maintaining stability and reliability in the budget system. When compiling reports, all transfers registered in all account registers used in accounting, transactions related to accounting, and all information during activity are used.

Table 1 Deadlines for submission of reports by budget organizations

T / p	Report names	Submission deadlines		Reports submitted by state educational organizations
		quarterly	annual	
1	Balance sheet (form No. 1)	v	v	v
2	Report on the results of financial activity	v	v	v
3	Report on the implementation of the cost estimate (Form N. 2)	v	v	v
4	Information on receivables and payables	v	v	v
5	Report on the movement of funds of the budget organization development fund	v	v	v
6	Report on the movement of funds of the fund for material promotion and development of medical organizations	v	v	v
7	Report on the movement of funds received from the payment-contract form of training in educational institutions	v	v	v
8	Report on the movement of other extrabudgetary funds	v	v	v
9	Report on the movement of inventories and non-financial assets		v	v
10	Report on the movement of foreign currency funds of the budget organization	v	v	v

"Budget organizations connected to the "UZASBO" software package (hereinafter referred to as the software package) shall submit financial reports in electronic form using an electronic digital signature to the relevant treasury departments or the person distributing budget funds. Financial reports submitted electronically through the software package shall be printed on paper in one copy and signed by the head and chief accountant of the reporting organization. Signed financial reports shall be stored in the reporting organization in accordance with the established procedure."

The timely submission of reports by budget organizations is one of the main conditions for monitoring financing processes and ensuring financial responsibility. Timely and complete reports contribute to the efficient allocation of state resources and the transparency of budget processes. At the same time, strict adherence to the deadlines for submitting reports strengthens the financial discipline of budget organizations and increases the efficiency of financial management. This plays an important role in ensuring the transparency and sustainability of public finances.

Conclusion. The necessity of financing higher education institutions from extrabudgetary funds in line with market economy requirements has become an undeniable reality, and the share of extrabudgetary funds in the financing structure of institutions is steadily increasing. This necessitates the development of regulatory frameworks related to the generation and use of extrabudgetary revenues in higher education institutions.

Currently, the sources of financing for higher education institutions include state budget financing, development fund resources, tuition fees from contract-based education, and other extrabudgetary funds. Since all financing sources are part of the budget system under legislation, the accounting and reporting of related revenues and expenses, as well as cash flow management, must comply with the budget treasury execution system. However, the generation of revenues, receipt of funds, incurrence of expenses, and disbursement of related cash in higher education institutions significantly differ from treasury execution. Given the specifics of their operations, higher education institutions must consider the timing of revenue recognition, acknowledgement of revenues and receipts, consistency between revenues and expenses, classification and financing of expenses, and the theoretical foundations of fund accounting for each source of financing, reflecting their unique characteristics.

References

1. Abdullayeva Sh., Qurbonov Q. Accounting: Textbook. – Tashkent: “IQTISOD-MOLIYA,” 2020.
2. Tursunov B.O., Urozboev M.O. Financial Reporting and Analysis. – Tashkent: “Fan va texnologiya,” 2021.
3. Saidova M.A. Modern Approaches to Financial Management in the Higher Education System // Economy and Innovative Technologies. – 2022. – N.4.
4. Reports and Methodological Recommendations of the Treasury Department under the Ministry of Finance. – www.mf.uz
5. Horngren C.T., Sundem G.L., Elliott J.A. Introduction to Financial Accounting. – Pearson Education, 2019.
6. Melnik M.V. Accounting in Budgetary Institutions. – Moscow: Unity-Dana, 2020.
7. Tarmetov Sh.X., Komilov B.B. Accounting of the State Budget and Extrabudgetary Funds. – Tashkent: “Iqtisodchi,” 2019.