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ACCOUNTING AND REPORTING OF PAYMENT-CONTRACT FORM COSTS OF EDUCATION IN HIGHER EDUCATION INSTITUTIONS

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ABSTRACT
Efforts are underway in Uzbekistan to elevate the higher education system to a new level. Key priorities include training specialists who meet modern demands, improving education based on state standards, and implementing reforms outlined in the "Concept for the Development of the Higher Education System of the Republic of Uzbekistan until 2030." This article examines the accounting of extra-budgetary funds in state higher education institutions, focusing on payment-contract education funds, cost recognition, and reporting processes. Given that payment-contract funds form the bulk of extra-budgetary revenues, achieving financial stability requires accurate cost formation. The study draws on legal, scientific, and practical data from higher education institutions to offer analytical insights.
KEY WORDS: *budget funds, financial results, fiscal year, payment-contract funds, cost estimate, cost structure, state higher education institutions.*

INTRODUCTION

In recent years, significant strides have been made in the gradual development of higher education in Uzbekistan, emphasizing the training of specialists equipped with advanced secular knowledge, high qualifications, strong ethical values, and the ability to make independent decisions. Modern methods of education delivery have gained prominence, aiming to foster creativity in higher educational institutions while driving the economic development of the country. These advancements align with efforts to enhance the social well-being of the population, expand the activities of branches of foreign higher educational institutions, and support the establishment of private higher education entities in Uzbekistan. Such measures are in response to the evolving demands of the contemporary era [1].

Reforms in the higher education system are strategically focused on enhancing the quality of education and producing qualified specialists to meet the growing needs of the economy. A noteworthy milestone in this process is the granting of academic, organizational, and financial autonomy to forty state higher education institutions. This autonomy empowers these institutions to independently approve medium-term business plans, set income and expenditure parameters, and monitor their implementation [2]. These reforms signify a transformative shift toward self-governance and financial self-reliance in higher education institutions.

However, such autonomy comes with the responsibility of establishing robust mechanisms for financial management. In particular, there is an increasing need for scientific research to enhance the processes of accounting for payment-contract funds in higher education institutions. The objective is to provide impartial, objective, and reliable information to supervisory boards, enabling informed management decisions. These advancements require a reimagining of financial stability frameworks, emphasizing self-financing models for state higher education institutions. Consequently, it becomes imperative to diversify and expand the sources of financing while modernizing their accounting systems.

In this context, effective strategies for forming, managing, and reporting the income and expenses of payment-contract funds have become central to ensuring the sustainability of higher education institutions. This includes optimizing extra-budgetary revenues by categorizing income streams and developing tailored accounting methods for each type. The introduction of separate accounting practices is critical to achieving transparency, reliability,

and efficiency in financial operations. Moreover, the dynamic landscape of higher education necessitates continual refinement of these systems to align with institutional goals and the broader socio-economic objectives of the country.

LITERATURE REVIEW

Research conducted by foreign economists on improving the costs incurred at the expense of the funds of the payment-contract form of education in higher education institutions and their reporting has also been reflected in scientific works, treatises, and articles.

In particular, foreign economist A.V. Ivanov, in his research, paid attention to the urgent problems of attracting extra-budgetary income in higher education institutions and expressed the following opinions: «This is explained by the fact that many problems related to extra-budgetary activities have not been resolved. Among them: the lack of methodological recommendations for identifying the most effective areas of extra-budgetary activities, inconsistencies and ambiguity in the interpretation of regulatory legal acts, the lack of a developed regulatory and legal framework for educational institutions, the lack of clear recommendations for setting prices for paid services and work, and the failure to systematize and generalize the experience of universities in attracting and using extra-budgetary funds, as a result of which many higher education institutions are experiencing serious financial and material losses»[3].

In their scientific research, S. Parandekar and A. Volgin paid special attention to the composition of budgetary and extra-budgetary expenses of higher education institutions in the Russian Federation, stating that «The expenses of higher education institutions from their own funds and budget funds are formed on the basis of detailed information on annual income, and the total expense structure is calculated based on the amount of total income. The available information includes information on total annual income from various sources, including state budget funds, subsidies, extra-budgetary funds, payment-contract funds for education, sponsorship funds and other income»[4].

Leading economists of our republic, S.U. Mekhmonov, A.A. Ostonokulov, S.M. Buzrukhonov, A.B. Sherov, in their works, conducted research on ways to improve the financing of the higher education system, in particular, on the accounting of extra-budgetary funds of higher education institutions, on the expenses incurred at the expense of payment-contract funds included in them, and on the internal audit of their reporting.

In particular, in the scientific work of A.A. Ostonokulov on the topic of improving the methodology for accounting and reporting on extra-budgetary funds of budgetary organizations, «The necessity and importance of forming extra-budgetary funds in budgetary organizations, theoretical foundations of accounting for extra-budgetary funds of budgetary organizations»[5], as well as «Improving the methodology for accounting for extra-budgetary funds in educational and medical organizations»"[6], the following were studied. S.U. Mekhmonov expressed the opinion that «Effective establishment of internal audit activities in budgetary organizations will strengthen the targeted and rational spending of budgetary and extra-budgetary funds»[7], emphasizing the need to pay special attention to strengthening control over the expenses of budgetary organizations.

The scientific research of the above researchers directly requires improving the accounting of expenses of payment-contract funds in higher education institutions and the forms of reports being compiled. Based on this, it is advisable to ensure the targeted spending of expenses incurred at the expense of payment-contract funds in higher education institutions, as a result, to properly organize the accounting activities of higher education institutions and ensure their financial stability.

ANALYSIS AND RESULTS

The head of the budget organization is the distributor of funds received from the payment-contract form in higher education institutions and is responsible for the targeted and rational use of these funds. Accounting for funds received from the payment-contract form of training by higher education institutions and their expenditure is maintained in accordance with the procedure established by legislative acts. When determining other expenses under the economic classification of budget expenditures of the budget system, special indicators and methods may be used, the validity of which is checked by the relevant allocators of budget funds and financial authorities registering the cost estimate. Funds received from the payment-contract form of training for wages are included in the cost estimate in accordance with the rates of remuneration for position salaries and basic labor, additional payments and bonuses to them, as well as current model state and state standards (Fig. 1).

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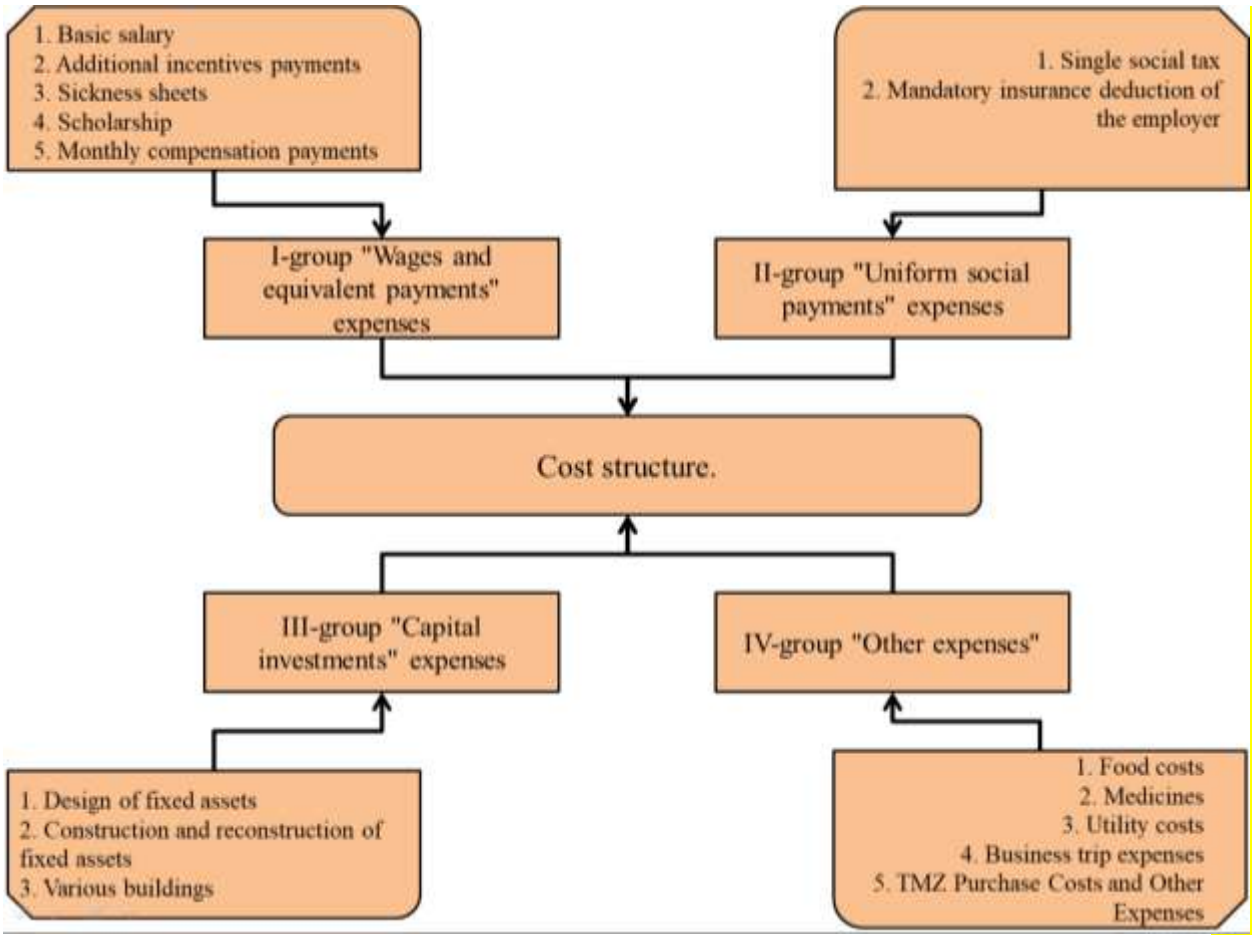


Figure 1. Cost structure * .

***** *Prepared by author.*

In group I, «Salaries and similar payments» expenses are kept. In this case, the statutory salaries, wage rates and additional payments are included in the cost estimate based on compliance with current model states and norms.

Group II «Uniform social payments» costs are included in the cost estimate of the costs of payment of the single social payment from the wage fund at the rates determined in accordance with the decisions of the President of the Republic of Uzbekistan, based on all payment amounts for which the single social payment is paid in accordance with the law. Currently, higher education organizations that have been granted financial independence pay a single social fee of 12%.

Group III «Capital investments» expenses account for capital investments and construction costs of higher education institutions.

Group IV «Other expenses accounts» for all expenses that are not included in the above three groups of expenses.

In higher education organizations, income and expenditure estimates for the current fiscal year are formed by allocating funds to each cost item for these cost groups. It is not allowed to spend the funds allocated to the specified item of expenditure on another item of expenditure.

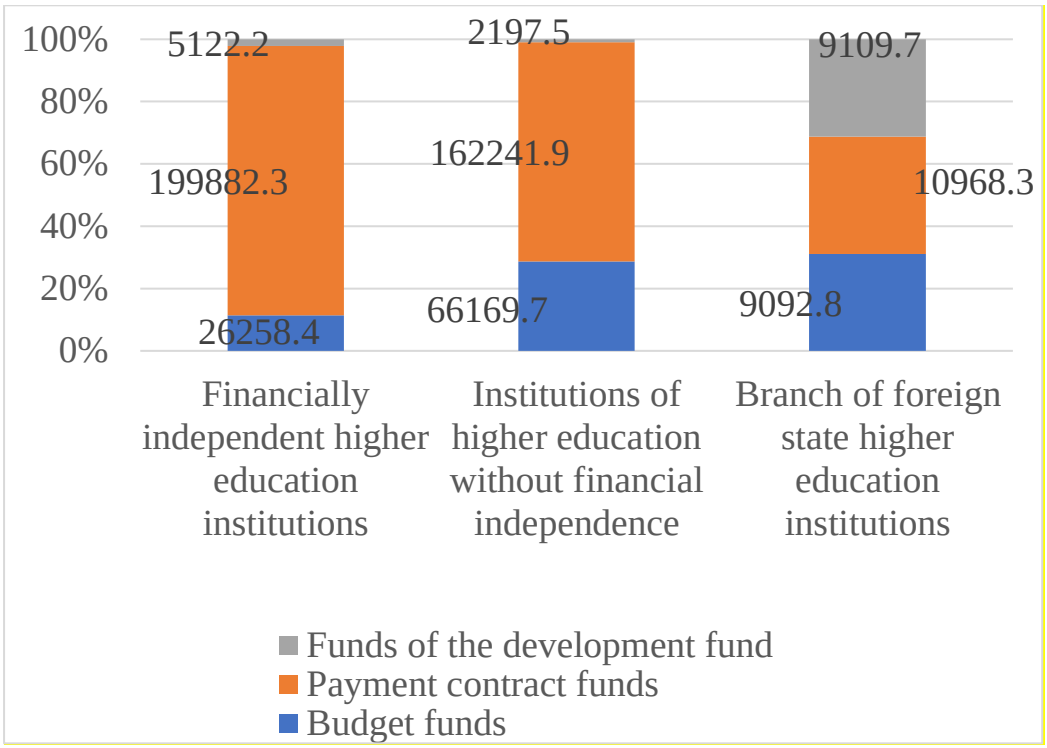


Figure 2. Structure of expenses of higher education organizations operating in the republic in 2023 (million soums) *.

***** *Prepared by the author based on information from higher education organizations.*

The total expenses of higher education institutions granted financial independence in 2023 amount to 231,262.9 million soums. Of the total expenses, 26,258.4 million or 11.4 percent are budget funds. Of the total expenses, 199,882.3 million or more than 86.4 percent are payment-contract funds. Of the total annual expenses, 5,122.2 million or 2.2 percent are development funds.

If we analyze the structure of expenses of higher education institutions operating in our republic that are not granted financial independence in 2023, here too the main part of the expenses falls on the share of payment and contract funds. Total expenses in 2023 amount to 230,609.1 million soums. Of the total expenses, 66,169.7 million or 28.7 percent were accounted for by budget funds, while 162,241.9 million or 70.3 percent of the total expenses are accounted for by payment and contract funds. 2,197.5 million or 1 percent of the total annual expenses are accounted for by development funds.

If we analyze the structure of expenses of branches of foreign higher education institutions operating in our republic in 2023, the main share of expenses here falls on the share of funds from the Development Fund. Total expenses in 2023 amount to 29,140.8 million soums. Of the total expenses, 9,092.8 million or 31.1 percent are accounted for by budget funds. 10,968.3 million or 37.6 percent of the total expenses are accounted for by payment and contract funds. 9,109.7 million or 31.3 percent of the total annual expenses are accounted for by the Development Fund.

If we compare each higher education organization, higher education organizations with financial independence and higher education organizations without financial independence correspond to the share of payment-contract funds. We can see that the next places are organized by the budget and development funds. If the main part of the expenses of the branch of the foreign higher education institution was contributed by the funds of the development fund, then the expenses in the next places corresponded to the contribution of payment-contract and budget funds.

As a result of the analysis, it can be concluded that in current practice, regardless of the type of higher education institution, budget expenditures are taking the last place. The main place is occupied by payment-contract funds, reducing budget expenditures, or in other words, optimizing the use of budget funds, we can say that the main expenses are being accounted for by off-budget funds.

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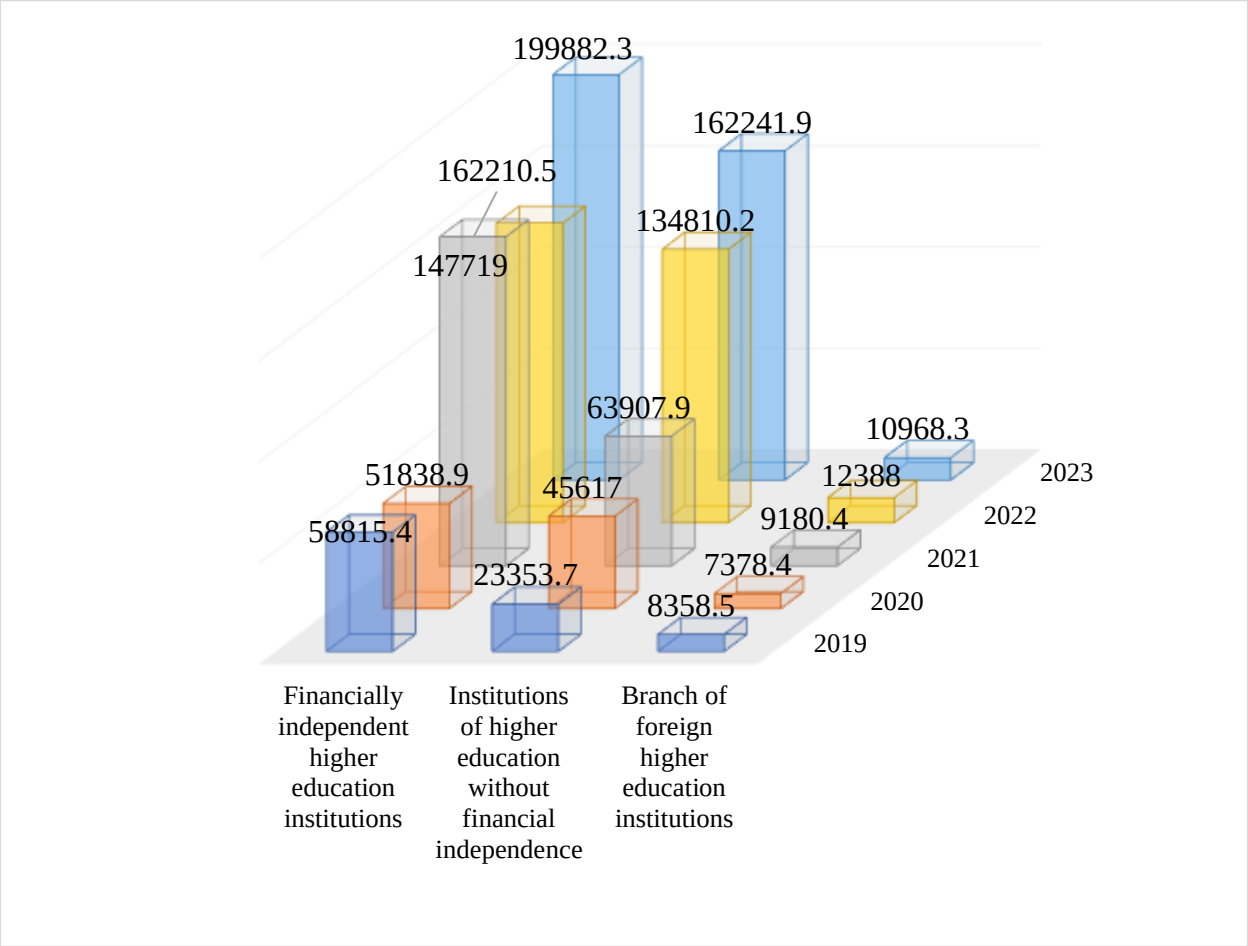


Figure 3. Increase in the cost of payment-contract funds for the 2019-2023 period (million soums)*.

***** *Prepared by the author based on information from higher education organizations.*

If we analyze the picture, the expenses of higher education organizations with financial independence and without financial independence have only an increasing tendency in the last 5 years. In particular, the expenses of the higher education organization granted financial independence in 2019 at the expense of payment-contract funds amounted to 58,815.4 million if it was soums, by 2020 these expenses will be 51,838.9 million soums amounting to 11.8% compared to 2019. In 2021, this indicator will be 147,719.0 million. amounting to soum and increased by 1.5 times compared to 2019. In 2022, this indicator will be 162,210.5 million amounting to soum and increased by 2.7 times compared to 2019.

In 2023, this indicator reached its peak, 199,882.3 million amounted to soums and increased almost 4 times compared to the expenses of 2019. It is worth pointing out that financial independence was given as the main reason for the high growth of payment-contract funds in the last two years.

In 2019, the higher education organization, which has not been given financial independence, spent 23,353.7 mln. if it was soums, by 2020 these costs will be 45,617.0 million amounting to soum and increased by 1.9 times compared to 2019. In 2021, this indicator will be 63,907.9 million amounting to soums and increased by 2.7 times compared to 2019. In 2022, this indicator will be 134,810.2 million amounting to 5.7 times compared to 2019 expenses. In 2023, this indicator reached the highest level for 5 years and reached 162,241.9 million. and we can see that it has increased by 6.9 times compared to 2019 expenses.

If we analyze the costs of the payment-contract funds of the branch of the foreign higher education organization, in 2019 8,358.5 mln. if it was soums, by 2020 these costs will be 7,378.4 million soums amounting to soums, decreased by 11.7% compared to 2019. In 2020, this indicator will be 7,178.4 million amounting to soums,

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decreased by 14% compared to 2019. In 2021, this indicator will be 9,180.4 million amounting to soums, increased by 9.8% compared to 2019 expenses. In 2022, this indicator will be 12,388.0 million. amounting to soums, increased by 48% compared to 2019 expenses. In 2023, this indicator slightly decreased compared to 2022, and reached 10,968.3 million. and we can see that it has increased by 31% compared to the expenses of 2019.

In the accounting of higher education institutions, an estimate of income, that is, the expected income and expenses, that is, the funds spent from the payment-contract form of education, is formed for each financial year. In the current financial year, this prepared and presented income and expense estimate must be implemented. This is the reflection of information on income from payment-contract forms of funds and expenses incurred at their expense in certain reporting forms. One of these reporting forms is a report on financial results.

Table 1.
Data on the financial results of higher education institutions for 2019-2023 by source, in percentage shares*.

Higher education organizations	Years	Financial results			
		Total:	Budget funds	Payment contract funds	Development fund funds
Financially independent higher education institution	2019	100	-98.42	198.25	0.17
	2020	100	-1.09	95.87	5.22
	2021	-100	-1.90	-104.06	5.96
	2022	100	-12.32	106.25	6.07
	2023	100	-7.26	115.85	-8.59
A higher education institution without financial independence	2019	100	-1.86	85.48	16.38
	2020	100	-1.80	67.20	34.60
	2021	100	-8.19	106.00	2.19
	2022	100	-7.53	99.36	8.18
	2023	100	-3.77	96.9	6.90
A branch of a foreign higher education organization	2019	100	-4.10	29.16	74.94
	2020	-100	-5.65	-52.27	-42.08
	2021	-100	-4.96	-87.29	-7.75
	2022	100	-6.78	157.70	-50.92
	2023	100	-34.7	38.7	96

***** *Prepared by the author based on information from higher education organizations.*

From the above table, we can analyze that all higher education institutions have had negative financial results at the expense of budget funds in all years. The main reason for this is that, as mentioned above, the depreciation amounts of fixed assets purchased in previous years are included in the actual cost. However, these funds are not financed, which is why they often result in negative financial results at the expense of budget funds.

The financial results of higher education institutions that have been granted financial independence, formed at the expense of payment-contract funds, were positive almost every year, only in 2021 a negative financial result was shown. The main reason for this was the increase in group III expenses in the structure of expenses, that is, we can show that the higher education institution carried out construction work at the expense of payment-contract funds this year. We can see that the positive financial results of higher education institutions that have not been granted financial independence, formed at the expense of payment-contract funds, are growing from year to year. If in 2019, 198.25 percent of the total positive financial result fell on payment-contract funds, then by 2023, 115.85 percent of the positive financial result was achieved at the expense of payment-contract funds. If we analyze the financial results of a branch of a foreign higher education organization formed from payment-contract funds for

the last 5 years, we can see that in 2019, 29.16% of the total positive result was formed from the development fund funds.

If we analyze the financial results formed from the development fund funds, almost all higher education organizations achieved positive financial results in all years.

Due to the fact that the share of the main income and expenses in higher education organizations corresponds to the account of payment-contract funds, the basis of positive financial results also corresponds to the contribution of payment-contract funds.

DISCUSSION

If we analyze the expenses incurred at the expense of payment-contract funds and the reports prepared and submitted by higher education institutions operating in our republic, which have been granted financial independence, we can see that there are several types of income in the composition of payment-contract funds and that they are recorded in a consolidated manner in accounting. In fact, there are several types of income in the composition of payment-contract funds (Fig. 4).

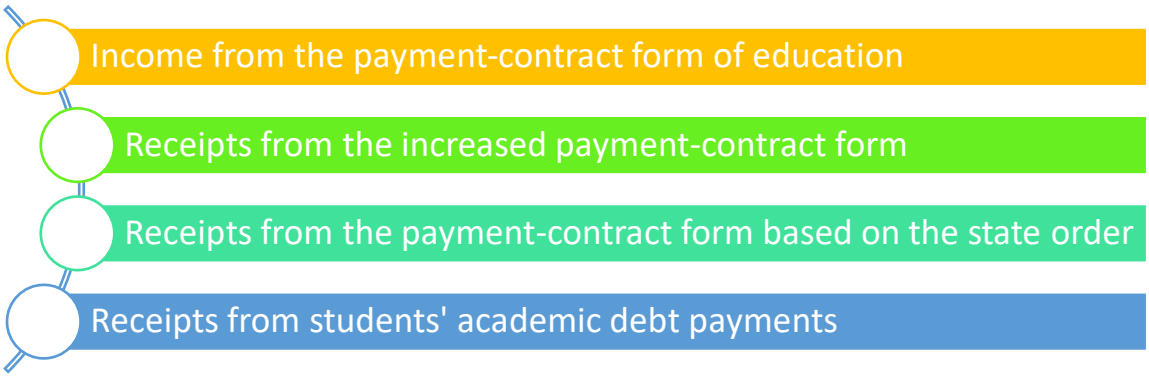


Figure 4. Composition of receipts from the funds of the payment-contract form*.
***** *Prepared by the author.*

However, higher education institutions do not have a separate accounting system for each type of revenue. This means that it is not possible to obtain current accounting information on the types of expenses incurred in the form of payment-contract.

CONCLUSIONS AND SUGGESTIONS

In higher education institutions that have been granted financial independence, accounting for revenues from payment-contract funds by dividing them into the following types: «Revenues from payment-contract forms of education», «Revenues from increased payment-contract forms», «Revenues from payment-contract forms based on state orders» and «Revenues from payments for academic debt of students in subjects» will provide a number of conveniences in future financial activities. Formation and analysis of current accounting information on the types of funds in the personal treasury account for payment-contract funds of training in higher education organizations and payment of funds serves to provide reliable information in making decisions for proper distribution and effective management.

1. It serves to form and analyze current accounting information on the types of funds in the personal treasury account for payment-contract funds for training in higher education institutions, as well as to provide reliable information for making decisions for the correct distribution and effective management of funds.
2. After accounting for the expenses incurred in higher education institutions under the payment-contract form of funds by the types «Expenses incurred under the payment-contract form of education», «Expenses incurred under the increased payment-contract form of funds», «Expenses incurred under the payment-contract form of funds based on the state order» and «Expenses incurred under the payment-contract form of funds for academic debts of students in subjects», it becomes possible to keep separate records of the expenses incurred and the reports being generated for each type of income. As a result, accounting for the types of expenses incurred in the calculations made under the payment-contract form of funds in higher education institutions serves to form current accounting information on the types of expenses, conduct periodic analysis of expenses, determine financial obligations related to expenses and forecast the needs for cash funds, and correctly implement the specified expenses.

3. For the effective organization of financial and economic activities in higher education institutions during the academic year and for the purposes of internal management, separate determination of financial results by types of calculations of payment-contract funds: «Financial results determined from the payment-contract form of education», «Financial results determined from the increased payment-contract form», «Financial results determined from the payment-contract form based on the state order» and «Financial results determined from the payments of academic debt of students in subjects». Periodic determination of financial results by types of payment-contract funds in higher education institutions during the academic year, based on accurate and reliable data, and ensuring the implementation of the strategic development program and business plan approved for the academic year, creates the opportunity to make effective management decisions related to financial activities, determine financial results based on income received and actual expenses incurred during the reporting period, and serves to form specific types of accurate and reliable analytical data on them.

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