



## THE ORGANIZATION OF ACCOUNTING IN SMALL ENTERPRISES

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**Abstract.** This article examines the organization of accounting in small enterprises, emphasizing its structural features, regulatory framework, and practical implementation. It highlights how simplified accounting systems are adapted to limited resources while maintaining compliance with national standards and tax legislation. The study also explores the role of accounting policy, digital technologies, internal control mechanisms, and financial reporting in ensuring accuracy and efficiency. Furthermore, it analyzes the importance of professional competence and automation in improving accounting processes. The findings indicate that effective accounting organization in small enterprises contributes significantly to financial transparency, managerial decision-making, and sustainable business development.

**Keywords:** small enterprises, accounting organization, financial reporting, accounting policy, simplified accounting system, taxation, internal control, digital accounting, financial management, compliance

The organization of accounting in small enterprises plays a decisive role in ensuring financial transparency, operational efficiency, and compliance with regulatory requirements, and therefore it cannot be treated as a purely technical function [5, 159-164]. Instead, it should be understood as a structured system that supports management decision making, financial discipline, and sustainable business development. In the context of small businesses, where resources are often limited and financial flows are relatively simple yet highly sensitive, the accounting system must be both flexible and accurate while still aligned with national standards and tax legislation.

To begin with, it is important to recognize that small enterprises typically operate under simplified management structures, which directly influences the way accounting is organized. Since there is usually no large accounting department, the responsibility is often assigned to a single accountant or even outsourced to specialized firms. Consequently, the accounting process must be designed in a way that minimizes complexity while maintaining reliability. Moreover, the use of simplified accounting standards allows small enterprises to reduce administrative burdens; however, this simplification does not eliminate the need for strict documentation and systematic recording of transactions [2, 60-67].





Furthermore, the foundation of accounting organization in small enterprises lies in the proper establishment of accounting policy. This policy defines the methods of recording income and expenses, the valuation of assets, depreciation approaches, and reporting procedures. In addition, it ensures consistency in financial reporting over time, which is essential for comparative analysis and strategic planning. At the same time, the accounting policy must comply with national regulations, including tax requirements, which often change in response to economic reforms. Therefore, enterprises must regularly update their internal accounting rules to remain compliant and avoid financial penalties.

In addition, the chart of accounts used in small enterprises is generally simplified compared to large corporations. However, it still covers key categories such as assets, liabilities, equity, income, and expenses. Each transaction must be recorded in a systematic manner, and supporting documents such as invoices, contracts, and receipts must be properly stored. As a result, even in a simplified system, the principle of double-entry bookkeeping remains fundamental, ensuring that every financial operation is accurately reflected in the accounting records [4, 20-22].

Another important aspect is the role of digital technologies in modern accounting systems. Increasingly, small enterprises are adopting accounting software that automates many routine tasks, including payroll calculation, tax reporting, and financial statement preparation. As a result, the risk of human error is significantly reduced, and the speed of financial reporting is improved. Moreover, digital systems allow real-time monitoring of financial performance, which helps business owners make timely and informed decisions. Nevertheless, despite these technological advantages, the accuracy of input data remains crucial, since even the most advanced software cannot compensate for incorrect or incomplete information.

At the same time, taxation is one of the most critical factors influencing accounting organization in small enterprises. Depending on the jurisdiction and the chosen tax regime, enterprises may be subject to simplified taxation systems, turnover taxes, or standard corporate taxes. Therefore, accounting systems must be designed to ensure accurate calculation of tax liabilities and timely submission of reports to tax authorities. In this regard, proper classification of income and expenses becomes essential, since any misclassification can lead to compliance issues and financial risks [1, 254-258].

Moreover, internal control mechanisms play a significant role in ensuring the reliability of accounting information. Even in small enterprises, it is necessary to





implement basic control procedures such as separation of duties, authorization of transactions, and periodic reconciliation of accounts. Although the scale of operations may not justify complex internal audit structures, simple control measures can significantly reduce the risk of fraud, errors, and financial misstatements. Consequently, internal control contributes to the overall stability and credibility of financial information.

In addition, financial reporting is a key outcome of the accounting process, providing essential information for both internal and external users. For internal users, such as managers and owners, financial reports offer insights into profitability, liquidity, and operational efficiency. For external users, including tax authorities, banks, and potential investors, these reports serve as a basis for evaluating the financial health of the enterprise. Therefore, accuracy, clarity, and timeliness of reporting are essential requirements that must be consistently maintained [3].

Another factor that significantly affects accounting organization is human resource capacity. Since small enterprises often operate with limited staff, the qualifications and competence of the accountant become especially important. Continuous professional development, familiarity with updated legislation, and practical experience in financial management are all necessary to ensure effective accounting performance. In many cases, outsourcing accounting services becomes a practical solution, allowing enterprises to access professional expertise without maintaining a full-time accounting department.

Finally, it should be emphasized that the organization of accounting in small enterprises is not a static process, but rather an evolving system that adapts to changes in economic conditions, regulatory frameworks, and technological advancements. As businesses grow, their accounting needs become more complex, requiring gradual transformation from simplified systems to more advanced financial structures. Therefore, effective accounting organization should be viewed as a long-term strategic function that supports business growth, ensures financial stability, and strengthens competitiveness in the market.

In conclusion, accounting in small enterprises is characterized by simplification, flexibility, and adaptability, yet it remains firmly grounded in fundamental principles of accuracy, consistency, and compliance. Through proper accounting policy, effective use of technology, strong internal controls, and competent personnel, small enterprises can establish a reliable financial management system. Ultimately, this system not only ensures legal compliance





but also provides a solid foundation for informed decision making and sustainable development.

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