



## INCOME OF CONTRACT FORMS IN HIGHER EDUCATIONAL INSTITUTIONS AND THE PRACTICE OF THEIR ACCOUNTING

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***JEL Classification: M1, M4, M41***

***Abstract.*** *In this article, non-budgetary resources in higher education institutions are mainly covered by the accounting of funds of the contract form, the formation of income of funds of the contract form in a separate section of receipts, their recognition as income, and as a result, which aspects should be paid attention to when calculating their financial result. In ensuring the financial stability of institutions of higher education, where financial independence is granted, it is envisaged to group the receipts of the contract form in appropriate directions and achieve efficiency, and practical recommendations are made on the preparation of conclusions and scientific proposals for achieving financial results established in the business plan.*

***Keywords:*** *akadem borrowing, co-education, differentiated contract, based contract, expenses.*

**Introduction.** In our country, a number of works are being carried out to bring the higher education system to a higher level. Learning of specialist personnel capable of meeting the requirements of the time, improving education and all its structural structures on the basis of state requirements is one of the pressing issues before us. According to the Presidential Decree “On approval of the concept of development of the higher education system until 2030”[1], it was established “To set priorities for the systematic reform of higher education in the Republic of Uzbekistan, to raise the process of training highly qualified personnel with modern knowledge and high moral and independent thinking to a qualitatively new level, to modernize higher education, to develop” marked.

In addition, “The decision on measures to give financial independence to State Higher Education Institutions”[2] was given a number of powers in order to increase the effectiveness of reforms carried out in the higher education system, ensure the financial stability of State Higher Education Institutions, independently solve issues of strengthening the material and technical base, expand the possibility of attracting funds to research activities,

In higher education institutions where financial independence is granted, there are a number of shortcomings in the implementation of accounting and control in maintaining financial stability, effectively managing the income of pay-contract funds and ensuring targeted spending, as of now. In particular, the role of account research in accounting issues, the fact that the amount of the fee-contract being paid is not grouped in their directions, the formation of which causes a number of problems in the provision of account information. In



the accounting of the current higher education institutions, there is a need to carry out appropriate direction costs on the basis of grouping the income of such issues of higher education institutions, and for this it is necessary to improve the accounting process and the procedure for drawing up reports.

**Materials and Methods.** In the process of conducting research, the accounting of funds of the contract form of teaching in higher educational institutions, the financing system of higher educational institutions in the scientific research of foreign economists, the state of the account of funds of the non-budgetary form, including the contract form, today, and foreign experiments were studied and analyzed in depth. In the process of preparing the article, abstract methods of logical thinking, induction, deduction, observation, analysis, grouping, comparison were widely used, and the development of proposals and recommendations is counted from current issues of today.

Effective financing of higher education institutions accounting of extra-budgetary funds including the organization of accounting of funds of the form of contract, as well as the expansion and effective use of non-budgetary funds are reflected in research, scientific works, brochures conducted by foreign and professional economic scientists. The leading economic scientists of our Republic were A.A.Ostonokulov[3], A.A.Makhmudov[4], A.B.Sherov[5], J.Yu.Kurbanov[6], S.M.Buzrukhanov[7], S.U.Mehmonov[8]. In their scientific work, among others, the ways of improving the financing of the higher education system, carried out research work on the accounting of receipts from the contract.

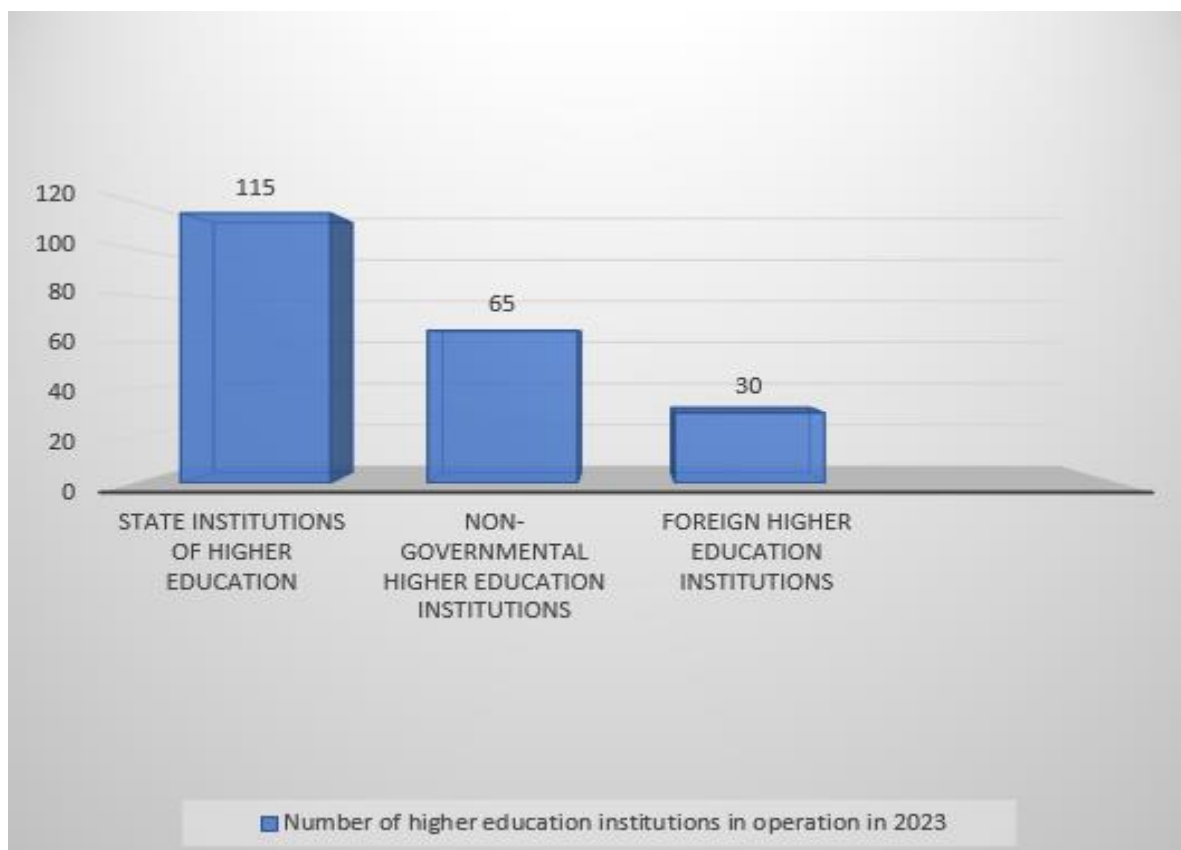
Specifically A.A.In ostonokulov's scientific work on the topic “Improving the methodology of accounting and reporting of non-budgetary funds of budgetary organizations” for the degree of Doctor of Economic Sciences, the need and importance of the formation of non-budgetary funds in budgetary organizations, the theoretical foundations of accounting of non-budgetary funds of budgetary organizations were studied, S.M.Buzrukhanov proposed as a scientific innovation the introduction of effective and transparent mechanisms of financing in his scientific work, written to obtain the degree of Doctor of Economic Sciences on the topic “Improving financing of higher education in the context of the transition to an innovative economy”, as well as the independent determination of contract amounts in undergraduate educational areas not more than three times the from the scientific research of the above researchers, direct financial independence requires improvement of the accounting of funds of the form of payment-contract in higher educational institutions.

European economist Simon Marginson brogan led scientific work aimed at improving the effectiveness of the European Higher Education System “Higher education is a dynamic part of the modernization process”[9]. Kazakh scientist Rita Kasa conducted scientific work dedicated to the financial activities of the European states Higher Education Ridge, the processes of inclusive education “To fund their higher education abroad, they draw on scholarships, family resources, loans, and personal earnings” [10].

It is advisable to study the results of the research directions of the above foreign scientists, the specificity of the financial activities of higher educational institutions and the research carried out by studying the specific aspects of the financial activities of the higher education system of Uzbekistan, especially those of higher educational institutions for which financial independence has been granted.



**Results.** Today, the main part of the financial support of higher education institutions is the creation of extra-budgetary funds, namely, pay-contract funds. up to 95-98 percent of financial support in the business and management areas of falls on the funds of the contract form of learning. Our research has shown that in the past five years, market mechanisms are gradually being introduced in the process of financing the higher education system. According to our analysis, the establishment of non-governmental and foreign higher education institutions, the growing expansion of joint education programs, are laying the groundwork for the emergence of free competition between higher education institutions.



**1-picture. 2023 is the year of the activities of the Republic of Uzbekistan in higher education institutions, the number of and share<sup>1</sup>**

As can be seen from the diagram data above, the total number of higher education institutions has reached 210 by now. Of this, 115 or 55 percent correspond to state higher education institutions and their branches, 65 to 31 percent or non-state higher education institutions, and 30 or 14 percent to fillials of foreign higher education institutions in the territory of the Republic Uzbekistan.

Also by 2022, 17 branches in current operation have been transformed into institutes, 10 into universities, and 10 institutions of Higher Education have been transformed. According to the reception of 2022, 214 thousand applicants were lucky to be students, which was a total applicant coverage rate of 38.4 percent. As a result, by 2023, the total undergraduate student

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<sup>1</sup> Prepared by the researcher based on the data of the Ministry of Higher Education, Science and innovation of the Republic of Uzbekistan.



body had grown to 943,000 students and the number of graduate students pursuing graduate studies to 25,000.

Based on our analysis, we can say that the amount of funds allocated to higher education institutions of the Republic in 2018-2022 has only been on the trend of growth.



**2-picture. The amount of funding sources of Republican higher education institutions in 2018-2022 (trln. sum)<sup>2</sup>**

From the diagram data above, it can be seen that financing at the expense of the state budget increased by 2.7 times during the analysis period, while financing at the expense of the payment contract increased by 3.3 times. So, in the financing of higher education institutions, the system of financing at the expense of payment contract funds is gaining an advantage. These proportions are even more pronounced if we analyze these data in percentages. In 2018, higher education institutions reported that 29% of total funding came from budget funds, and 61% from pay-contract funds, which was 27.6% from budget funds, and 72.4% from pay-contract funds as of 2022.

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<sup>2</sup> Prepared by the researcher based on the data of the Ministry of Higher Education, Science and innovation of the Republic of Uzbekistan.



Relying on the data of the analysis, we can observe that in the financing of the higher education system in our country, the trend towards lowering budget funds and self-financing continues.

In order to improve the effectiveness of the reforms carried out in the higher education system, ensure the financial stability of State Higher Educational Institutions, independently solve the issues of strengthening the material and technical base, expand the possibility of attracting funds to research activities, and develop a competitive environment between higher educational institutions, 36 higher educational institutions were granted financial independence from January 1, 2022. According to him, since the 2022/2023 academic year, state higher education institutions that have been granted financial independence have been given additional powers in the field of academic independence and in the field of organizational and managerial independence.

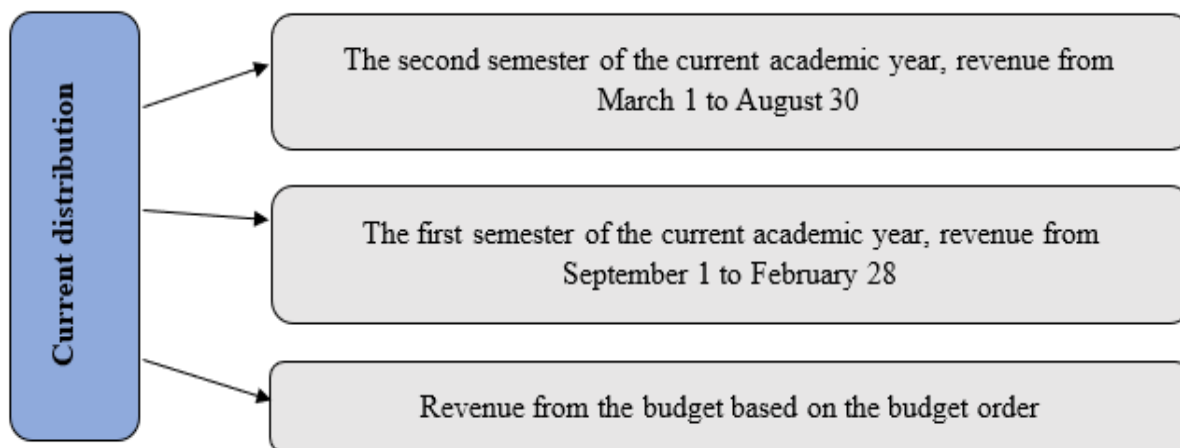
Financial independence of the universities of the technical analysis of the source of funding that we have:

- state budget funds;
- proceeds from the contract form;
- development Fund funds;
- other extra-budgetary funds.

State budget funds are funds allocated from the state budget of the Republic of Uzbekistan to train students who are studying on the basis of a state grant of a state order. Financing accounting from state budget funds is carried out according to the decision “On approval of the procedure for financing from the state budget of the Republic of Uzbekistan for the training of personnel on the basis of a state order (state grant) in state higher educational institutions for which financial independence was granted”. [11]

In this case, an agreement is signed between the “Ministry of Science and innovation of Higher Education” and the “Executive HE” to finance the training of students studying on the basis of a state order (state grant). After signing the agreement, in accordance with Chapter 18 of the Budget code and legislative acts, the HEI forms and approves the cost estimate for budgetary funds. Funds allocated for students studying under a state order are transferred to the personal Treasury account of the contract funds of the HEI. At the end of the reporting period, the balance of funds is left at the disposal of the higher educational institution. The planning of the contract funds of the HEI, the drawing up of income and expense estimates and the implementation of expenses is carried out in accordance with the business plans discussed and approved by the Supervisory Board of the HEI, with the provision of a sequence of financing of the corresponding expenses.

Accounting of funds from the form of contract is carried out according to the regulation “On the form of payment - contract of teaching in higher and secondary special, vocational educational institutions and the procedure for distributing funds received from it” [12]. Accounting of contracts concluded on the basis of contract of teaching of the HEI 4009.....-the movement of the funds received from the contract form of training is carried out on the account in which it is kept. Currently, in practice, receipts are distributed in the following section and are formed in the contract report.



### 3-picture. Distribution of the revenue of teaching from the contract form for the current fiscal year of the HEI<sup>3</sup>

The contractual amounts set out in the contract are two, i.e. the procedure for paying until October 1 for the 1st semester of the current academic year and until March 1 for the second semester is introduced.

Now, analyzing the above revenue data, the proceeds of training from the form of a contract should be divided into the following distribution:

- teaching of contract in the form of the falls main contract funds;
- differentiated payment contract qualifications;
- contract qualifications based on Budget order;
- academic indebtedness reimbursement of students who failed to accumulate sufficient credit in the credit-module system-contract qualifications;
- in other cases, the payment left at the disposal of the financial institution is contract qualifications.

**Discussion.** In practice, we can see that the accounting of the income of contract funds in HEI is carried out only in 2 directions. But all of these above distributions are making receipts in the 5 directions specified. These receipts are carried out in the form of general receipts in accounting cases. This leads to a number of inconveniences in accounting work, in other words, to the occurrence of a number of shortcomings in the accounting system and the reports being compiled. For example, the fact that the account of differentiated contract is not kept separately, in addition, after the differentiated payment contract funds come to the personal Treasury account, the account of taking it to the income also remains one of the problematic situations. Problematic issues in accounting for such contract funds in turn lead to a number of shortcomings in the service of Higher Education accounting, as well as a lack of confidence in the information provided.

**Conclusions.** State budget funds in Uzbekistan are undoubtedly the main source of financial support for higher education. In the following years, 20-25% of the state budget expenditures were on higher education system expenditures. Educational services have value as a social blessing and exist in the form of an object of market relations. The steadily

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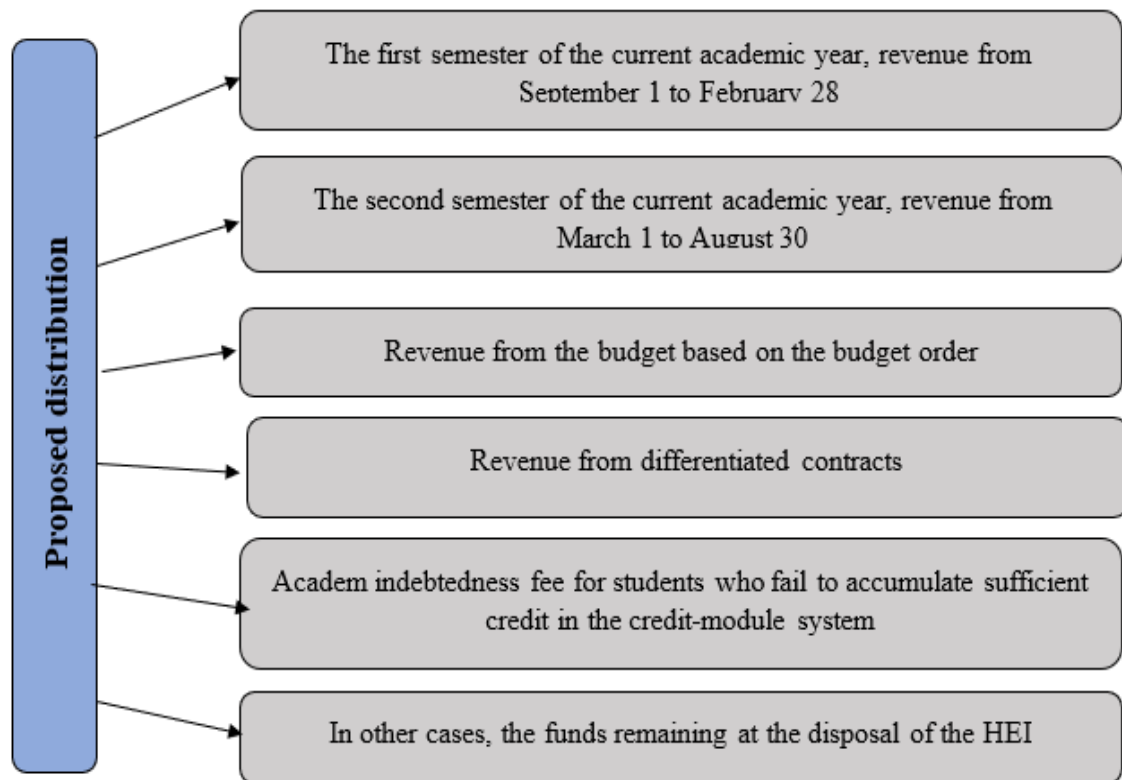
<sup>3</sup> Prepared by the researcher on the basis of periodic financial statements of the HEI



growing need of the population is met by the market for educational services, and as market relations develop, specialist training on a pay-contract basis gradually increases.

Based on the analysis of income on contract funds and ways to improve the current state of their account in the HEI for which financial independence is granted, the following can be cited in the form of a conclusion:

1. The payment is the division of the proceeds from the form of the contract in the following distribution.



**4-picture. The proposed distribution of the proceeds of teaching for the current fiscal year from the form of a contract<sup>4</sup>**

2. Differentiated payment of training-separation from the amount of the contract concluded on the basis of the contract from the amount of the main contract. The introduction of separate accounting of differentiated payment contract funds by opening new subscripts of the account, which will take into account payment-contract receipts in the HEI budget. This makes it possible to obtain the amount of differentiated payment contract funds proceeds in the current academic year in the provision of accounting fast information and other similar accounting data.

3. Differentiated payment-to extract the main contract part from the contract proceeds and take the rest to the income within the period of receipt of the differentiated contract amount in one way. The amount of costs is the same among students recommended to the student on the basis of a differentiated (super) fee contract with students recommended to the student on the basis of the basic fee-contract, which falls from the fee-contract form of

<sup>4</sup> Prepared by the researcher on the basis of periodic financial statements of the HEI



training. Therefore, it is advisable to take the differentiated payment-contract amount into income in equal shares as per the current academic year, or, by separating the amount of the training fee-contract from the differentiated payment-contract amount and taking the rest into income in one way within the period of receipt of the differentiated payment-contract amount to the account.

As a result of this carried out work, clarifications are achieved in the Organization of accounting of extra-budgetary funds in the HEI, that is, the formation of income and their primary accounting work on funds of the form of a contract, proper, accurate and timely quality maintenance in each revenue cut, financial statements on the movement of payment-contract funds.

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