Journal DOI: 10.36713/epra1013 | SJIF Impact Factor (2026): 8.748 ISSN: 2347-4378
EPRA International Journal of Economics, Business and Management Studies (EBMS)
Volume: 13 | Issue: 6 | June 2026 -Peer-Reviewed Journal

CURRENT STATE OF ACCOUNTING AND ANALYTICAL SYSTEMS FOR EDUCATIONAL SERVICES IN NON-STATE HIGHER EDUCATION INSTITUTIONS

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ABSTRACT

The rapid development of non-state higher education institutions in the Republic of Uzbekistan has increased the importance of effective accounting and analytical systems for ensuring financial transparency, improving management efficiency, and enhancing the quality of educational services. The purpose of this study is to examine the current state of accounting and analytical systems in non-state higher education institutions and to identify approaches for improving the recognition, classification, and management of expenses associated with educational service provision in accordance with international standards.

KEYWORDS*: Accounting and Analytical Systems; Educational Services; Non-State Higher Education Institutions***.**

INTRODUCTION

The ongoing socio-economic reforms implemented in the Republic of Uzbekistan have significantly expanded opportunities for the development of the education sector and created favorable conditions for improving the quality and accessibility of educational services. In recent years, particular attention has been devoted to enhancing the efficiency of educational institutions through regulatory reforms aimed at modernizing educational management systems and aligning institutional practices with international standards.

Among the key policy initiatives are the presidential resolutions focused on improving the quality of educational services, expanding the range of educational programs, strengthening the institutional capacity of non-state educational organizations, and increasing the competitiveness of graduates in the labor market. These initiatives emphasize the development of highly qualified human capital and the integration of international best practices into educational management and financial administration. Special attention has been paid to the establishment of professional development centers specializing in International Financial Reporting Standards (IFRS), auditing, accounting, and taxation. Furthermore, targeted financial support has been allocated to higher educational institutions seeking accreditation from international professional organizations in accounting and auditing. Such measures demonstrate the strategic importance of strengthening accounting and financial management systems within educational institutions. Under these conditions, non-state educational organizations are increasingly required to align their accounting practices with internationally recognized standards, improve financial transparency, and enhance the quality of managerial decision-making. Consequently, the development of effective accounting and analytical systems capable of supporting educational service management has become a priority area for both policymakers and researchers. In the context of digital transformation and globalization, the harmonization of accounting procedures with IFRS and the implementation of International Standards on Auditing (ISA) represent essential prerequisites for improving institutional sustainability and accountability. The present study is aimed at examining the accounting treatment of expenses arising from the provision of educational services in non-state educational institutions and identifying approaches for their recognition and classification in accordance with international accounting standards.

The organization of accounting systems in non-state educational institutions is directly influenced by the unique characteristics of educational services. Unlike conventional commercial services, educational services possess a number of distinctive features that significantly affect accounting processes, cost allocation procedures, and performance evaluation.

Educational services operate within a highly regulated environment. The activities of non-state educational institutions are continuously monitored by authorized governmental agencies responsible for ensuring compliance with educational legislation, licensing requirements, and quality standards. Such oversight influences both operational activities and accounting procedures, requiring a high degree of transparency and accountability.

Educational institutions experience periodic interruptions associated with academic vacations and breaks. Although teaching activities may be temporarily suspended during these periods, numerous operational functions continue throughout the year, including personnel management, maintenance activities, infrastructure development, and administrative operations. Consequently, expense recognition procedures must adequately reflect these seasonal characteristics.

The effectiveness of educational services depends not only on the quality of instruction but also on numerous external factors related to learners themselves. Socioeconomic background, health conditions, family support, and individual learning capabilities substantially influence educational outcomes. Therefore, performance assessment in educational organizations requires a broader analytical framework than that employed in traditional business sectors.

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Unlike many commercial services, the outcomes of education often become observable only after a considerable period. The effectiveness of educational services provided to students may manifest during subsequent stages of education, professional development, or labor market participation. This characteristic complicates the measurement of service effectiveness and requires the application of long-term performance indicators.

The cost structure of educational services varies considerably across regions. Institutions located in metropolitan areas generally incur higher operating costs due to differences in labor markets, infrastructure expenditures, and demand conditions. These factors directly influence tuition pricing and financial planning processes.

The expansion of non-state educational institutions has intensified competition within the educational market. At the same time, public educational institutions continue to play a significant role in educational service provision. Consequently, non-state institutions must continuously improve service quality and operational efficiency to maintain their competitive position.

Educational services are primarily consumed by children, adolescents, and young adults. This demographic specificity distinguishes educational organizations from many other service providers and creates additional requirements regarding educational quality, safety standards, and social responsibility.

These characteristics highlight the complexity of accounting and financial management within educational institutions and justify the need for specialized accounting methodologies tailored to the educational sector.

LITERATURE REVIEW

The recognition, classification, and analytical interpretation of expenses constitute one of the central issues in contemporary accounting theory and practice, particularly in service-oriented organizations such as educational institutions. In the context of non-state educational institutions, the accounting treatment of expenses acquires special relevance because such organizations operate at the intersection of educational mission, market-based service provision, financial sustainability, and regulatory accountability. Therefore, the scientific literature on expense recognition and classification provides an important theoretical foundation for improving accounting systems in the education sector under conditions of transition toward international financial reporting standards.

Vakaryuk emphasizes that expenses should be recognized only when reliable and verifiable information about their occurrence is available and when such expenses reflect real economic events [1]. This approach is consistent with the accrual principle and the qualitative characteristics of financial information, particularly reliability, relevance, and faithful representation. For educational institutions, this position is especially significant because many expenses are connected not only with current service delivery but also with long-term institutional development, academic quality improvement, and administrative support. Hence, the recognition of expenses must be based not merely on cash outflows, but on the economic substance of the transaction and its relationship to the educational services provided.

A. Ilina and N. Ilsheval approach the issue of expense classification through the distinction between direct and indirect costs [2]. Direct costs include expenditures that can be clearly attributed to the provision of educational services, such as teaching staff salaries, instructional materials, laboratory supplies, and other resources directly consumed in the learning process. Indirect costs, in contrast, are associated with general administrative, maintenance, management, and support functions and require allocation through scientifically justified accounting methods. This classification is particularly important for determining the actual cost of educational services, forming tuition fees, evaluating program profitability, and improving managerial decision-making in non-state educational institutions.

A. Sokolov proposes a broader cost classification model based on the distinction between primary and secondary costs [3]. Primary costs arise directly within cost centers and are connected with the initial consumption of resources, while secondary costs emerge as a result of internal redistribution among departments, divisions, or functional units. This approach is highly relevant for educational institutions with complex organizational structures, including faculties, departments, administrative offices, research centers, and auxiliary service units. In such institutions, the accurate redistribution of secondary costs is necessary for determining the real financial burden of each educational program and for ensuring the transparency of internal cost management.

A. Fedorchenko offers a sector-specific classification of expenses in educational organizations by distinguishing three major groups: expenses related to the educational process, expenses associated with student development, and expenses connected with educational management [4]. This classification reflects the operational specificity of educational institutions more precisely than general cost classifications. Educational process expenses include costs directly related to teaching and learning activities; student development expenses cover academic support, extracurricular activities, and student services; and educational management expenses include administrative coordination, quality assurance, planning, and institutional governance. Such an approach may serve as a methodological basis for designing accounting systems that reflect the real structure of educational activity.

Among Uzbek scholars, B. Urazov classifies expenses into those related to core activities and those associated with non-core activities [5]. Core activity expenses include expenditures directly connected with the provision of educational services, whereas non-core expenses may include financial costs, losses from extraordinary events, and other expenditures not directly related to the main activity of the organization. This classification is important for assessing the operational efficiency of non-state educational

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institutions, because it allows researchers and practitioners to distinguish between expenses that generate educational value and those that arise from auxiliary or exceptional financial processes.

T. Malikov draws attention to the fact that cost structures differ across sectors depending on economic conditions, institutional characteristics, taxation mechanisms, and the nature of service provision [6]. From this perspective, the accounting system of an educational institution cannot be designed solely on the basis of universal accounting principles; it must also take into account the specific features of the education sector. This argument is particularly relevant in the context of non-state educational institutions, where expenses are influenced by tuition-based financing, competitive pressures, investment in educational infrastructure, staff development, and compliance with national and international accounting requirements.

D. Tashnazarova classifies expenses into those related to ordinary activities and those unrelated to ordinary activities, including extraordinary losses, foreign exchange losses, and losses arising from the disposal of non-current assets [7]. This classification contributes to improving the quality of financial reporting by ensuring a more transparent distinction between recurring operational expenses and non-recurring or exceptional losses. For educational institutions, such differentiation is essential because it helps users of financial statements evaluate the stability of operating results, the sustainability of educational service provision, and the real financial position of the organization.

ANALYSIS AND RESULTS

The methodological framework of this study is based on a combination of theoretical, comparative, and analytical research approaches. The research investigates the accounting and analytical systems used by non-state higher education institutions, with particular emphasis on the recognition, classification, and allocation of expenses associated with the provision of educational services. The study employs a comprehensive review of international and national accounting regulations, including International Financial Reporting Standards (IFRS), International Standards on Auditing (ISA), and the accounting legislation of the Republic of Uzbekistan. The analysis also incorporates findings from previous academic studies related to cost accounting, educational service management, and financial reporting in educational institutions.

Several research methods were applied to achieve the objectives of the study:

* Comparative analysis, which was used to examine differences and similarities between national accounting practices and international accounting standards;
* Systematic analysis, applied to investigate the structure and components of educational service expenses;
* Classification and grouping methods, employed to categorize expenses according to their economic substance and functional purpose;
* Deductive and inductive approaches, utilized to formulate conclusions and recommendations regarding the improvement of accounting systems in non-state higher education institutions;
* Economic and statistical analysis, used to evaluate the role of expense management in ensuring financial sustainability and institutional efficiency.

The research focuses on expenses incurred during the educational service delivery process, including direct educational expenses, administrative expenses, personnel costs, infrastructure-related expenditures, and other operating expenses. Particular attention is given to the compliance of expense recognition procedures with IFRS requirements and the principles of accrual accounting.

Table 1. Dynamics of Student Enrollment in Higher Education Institutions of Uzbekistan[1]

Academic Year	Number of Students (thousand persons)	Growth Rate (%)
2015/2016	264.3	100.0
2018/2019	360.2	136.3
2020/2021	571.5	216.2
2022/2023	1,042.1	394.4
2023/2024	1,314.5	497.4
2024/2025	1,432.8	542.1

The data demonstrate a substantial expansion of higher education in Uzbekistan. Between the 2015/2016 and 2024/2025 academic years, student enrollment increased from 264.3 thousand to 1,432.8 thousand students, representing more than a fivefold increase. This trend reflects the government's efforts to improve access to higher education and stimulate the development of both state and non-state higher education institutions.

Table 2. Distribution of Higher Education Institutions in Uzbekistan (2024/2025 Academic Year)[2]

Indicator	Number of Institutions	Share (%)
Total Higher Education Institutions	222	100.0
State Higher Education Institutions	123	55.4
Non-State Higher Education Institutions	99	44.6

[1] *Compiled by the author based on data from the National Statistics Committee of the Republic of Uzbekistan*
[2] *Compiled by the author based on data from the National Statistics Committee of the Republic of Uzbekistan*

Non-state higher education institutions account for nearly 45% of all higher education institutions operating in Uzbekistan. The rapid growth in their number demonstrates the increasing role of private sector participation in educational service provision and highlights the necessity of developing effective accounting and analytical systems to ensure financial transparency and sustainable institutional development.

DISCUSSION

The findings of the study indicate that the existing accounting systems of many non-state higher education institutions are still largely influenced by traditional accounting approaches and are not fully aligned with international financial reporting practices. The analysis revealed several challenges affecting the effectiveness of accounting and analytical systems within non-state higher education institutions.

First, educational service expenses are often recorded without sufficient differentiation between direct and indirect costs. This limitation reduces the accuracy of educational service cost calculations and negatively affects managerial decision-making processes. The adoption of a more detailed expense classification system would improve transparency and facilitate more accurate cost determination.

Second, the accounting treatment of educational service expenses frequently lacks consistency with the requirements of IFRS. In many cases, institutions continue to emphasize regulatory compliance rather than the provision of decision-useful financial information for stakeholders. Consequently, financial statements may not fully reflect the economic substance of educational activities.

Third, the study identified deficiencies in the application of cost allocation methodologies. Administrative and support service expenses are commonly distributed using simplified allocation procedures, which may distort the actual cost of educational programs and academic services. The implementation of activity-based costing (ABC) principles could significantly improve the accuracy of expense allocation and performance measurement.

Fourth, digital technologies and analytical tools remain underutilized in many institutions. Although substantial progress has been achieved in the digitalization of educational processes, accounting and management information systems often operate independently from academic management systems. Greater integration between financial and educational information systems would enhance institutional planning, budgeting, and performance evaluation.

Table 3. Regional Distribution of Non-State Higher Education Institutions in Uzbekistan (2024/2025 Academic Year)[3]

Region	Total HEIs	Non-State HEIs	Share of Non-State HEIs (%)
Tashkent City	98	60	61.2
Tashkent Region	16	6	37.5
Bukhara Region	13	8	61.5
Kashkadarya Region	11	5	45.5
Andijan Region	10	3	30.0
Fergana Region	13	3	23.1
Samarkand Region	14	1	7.1
Republic of Uzbekistan	222	99	44.6

The geographical distribution of non-state higher education institutions remains highly concentrated. Tashkent City accounts for approximately 61% of all institutions operating in the capital, indicating significant concentration of educational services in urban areas. Such regional disparities influence the structure of revenues and expenses of educational institutions and should be considered when designing accounting and analytical systems for educational service management.

Based on the findings, a conceptual framework for improving accounting and analytical systems in non-state higher education institutions is proposed. The framework includes:

1. Harmonization of accounting policies with IFRS requirements;
2. Introduction of detailed expense classification models for educational services;
3. Implementation of modern cost allocation techniques, including activity-based costing;
4. Development of integrated digital accounting and management information systems;
5. Strengthening of internal audit and financial control mechanisms;
6. Enhancement of professional competencies in accounting, auditing, and financial management.

The proposed framework contributes to improving financial transparency, accountability, and strategic decision-making within educational institutions.

[3] Compiled by the author based on the statistical bulletin of the National Statistics Committee of the Republic of Uzbekistan.

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CONCLUSION

The transformation of the higher education sector and the expansion of non-state educational institutions have increased the importance of effective accounting and analytical systems. The provision of high-quality educational services requires not only academic excellence but also efficient financial management and transparent accounting practices. The findings of this study demonstrate that educational services possess distinctive characteristics that significantly influence accounting procedures, expense recognition, and cost allocation processes. These characteristics necessitate the development of specialized accounting methodologies that reflect the unique nature of educational activities.

The research confirms that the implementation of International Financial Reporting Standards and internationally recognized auditing practices can substantially improve the quality of accounting information in non-state higher education institutions. Furthermore, the integration of digital technologies, advanced analytical tools, and modern management accounting techniques can enhance institutional efficiency and support evidence-based decision-making.

The proposed recommendations may serve as a practical foundation for the modernization of accounting systems in non-state higher education institutions and contribute to the development of a transparent, sustainable, and internationally competitive higher education sector.

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