

Methodology of Accounting for Assets and Passives of Business Entities

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Abstract: *Accounting is the most important factor in business. Proper accounting means that the company is on the right track. The article deals with the concepts of assets and passives, the methodology of their accounting in the enterprise.*

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The composition of the funds of the enterprise is determined mainly by the nature and content of its work. Funds (property) of the enterprise, which it has in its economic turnover, are the assets of the enterprise.

According to the composition and nature of use, the property of the enterprise is conditionally divided into three groups¹:

fixed assets;

current assets;

Non-current assets - own funds of firms, withdrawn by them from economic turnover, but reflected in the balance sheet. Non-current assets include: fixed assets, intangible assets, capital investments, long-term financial investments.

Each enterprise has at its disposal fixed and working capital. The totality of fixed production assets and working capital of enterprises forms their production assets.

Fixed assets are divided into production and non-production assets. Production facilities are involved in the process of manufacturing products or providing services. These include: machine tools, machines, devices, etc.

Reserve capital - the amount of property of the enterprise, which is intended for placement of undistributed profits in it, to cover losses, redeem bonds and buy back shares of the enterprise, as well as for other purposes.

The reserve capital is formed in the amount of at least 5 percent of the authorized capital. Unlike joint-stock companies (JSC), limited liability companies (LLC) do not form a reserve capital.

¹Balance sheet of the organization: compiling and checking. URL: <http://www.mosbuhslugi.ru/material/buhgalterskiy-balans-organizaicii-stavlenie-proverka>.

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Asset valuation is carried out for the following purposes:

determining the value of the company's securities (shares or participation interests) in the event of preparation for the sale and purchase transactions. To make an informed investment decision, it is necessary to evaluate the property;

enterprise and the share of this property attributable to the acquired block of shares, as well as possible future income from the business;

redemption of shares (shares, shares) in closed companies (LLC, partnerships) upon withdrawal of one of the shareholders (founders, shareholders) from them².

To ensure production activities, any enterprise periodically resolves issues related to the provision of the economic and production cycle with tangible assets. This stage is associated with the acquisition, operation, consumption and write-off of tangible assets in the course of the operation of the enterprise. The material and production base includes fixed assets, intangible assets and inventories of the enterprise.

Consider the assessment and accounting of own passives using the example of profit.

Profit - in accounting - the excess of income from the sale of goods and services over the costs of production and sale of these goods.

Profit is calculated as the difference between the proceeds from the sale of a product of economic activity and the sum of the costs of production factors for this activity in monetary terms.

Estimation of the profit (loss) of the organization in the articles of the financial statements - the definition and use in the articles of the financial statements of the cost measure of the profit (loss) of the organization. Accounting profit (loss) is the final financial result (profit or loss) revealed for the reporting period based on the accounting of all business operations of the organization and the assessment of balance sheet items in accordance with the current accounting rules. Profit or loss identified in the reporting year, but related to operations of previous years, are included in the financial results of the organization of the reporting year. Income received in the reporting period, but related to the following reporting periods, is reflected in the balance sheet as a separate item as deferred income. These incomes are subject to attribution to the financial results of a commercial organization or an increase in income of a non-profit organization upon the onset of the reporting period to which they relate³.

The write-off from the balance sheet of the loss of the reporting year is reflected in the credit of account 84 "Retained earnings (uncovered loss)" in correspondence with the debit of the accounts: 80 "Authorized fund" - when bringing the value of the authorized fund to the value of the organization's net assets; 82 "Reserve fund" - when directing the funds of the reserve fund to pay off the loss; 75 "Settlements with the founders" - when paying off the loss of a simple partnership at the expense of targeted contributions from its participants, etc.

The amounts of received long-term loans and borrowings are reflected in the credit of account 67 "Settlements on long-term loans and loans" and the debit of accounts 51

²Gracheva M.E. Reflection features in financial statements of prepaid income and expenses // International Accounting, 2010. No. 10. S. 29-35.

³Kupriyanova L.M. Financial analysis: textbook. allowance. M.: INFRA-M, 2014. 156 p.

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"Settlement account", 52 "Currency accounts", 55 "Special accounts in banks", 60 "Settlements with suppliers and contractors" etc.

Interest payable on received credits and loans is reflected on the credit of the corresponding sub-accounts of account 67 "Settlements on long-term credits and loans" as they are accrued in the correspondence of the accounts:

08 "Investments in non-current assets" - interest accrued on long-term loans and borrowings received for the implementation of capital investments (before and after the commissioning of facilities);

10 "Materials", 15 "Procurement and acquisition of material assets", 16 "Deviation in the cost of material assets", 16 "Deviation in the cost of material assets" - interest accrued on long-term loans and loans received for the purchase of inventory items, up to acceptance of these values for accounting⁴.

The problem of assessing and accounting for fixed assets (hereinafter referred to as FA) is the most important for Belarusian organizations when preparing reports in accordance with international standards (IFRS), which is caused by a high share of fixed assets in assets for most Belarusian organizations. Thus, the balance sheet of the organization ultimately depends to the greatest extent on the correct assessment of fixed assets. To account for fixed assets in accordance with IFRS, several standards should be used, mainly IFRS 16 "Property, Plant and Equipment". According to one of the approaches of the specified standard, fixed assets should be valued based on historical cost: after initial recognition as an asset, an item of fixed assets should be carried at its historical cost less accumulated depreciation and accumulated impairment losses. Under the second approach, fixed assets should be accounted for at revalued amounts. An organization that follows the second approach will incur additional costs for the mandatory annual revaluation of fixed assets, and in any case will be required to calculate the cost of fixed assets and the first approach (historical cost minus accumulated depreciation and accumulated impairment losses).

As a result, the organization will be able to reduce the cost of annual revaluation of fixed assets, and also (which is important with Russian undervalued assets) show fixed assets at a value closer to the truth, increasing their net assets. The exclusion from other IFRS regarding the use of estimated cost is beneficial for organizations that have old undervalued assets or whose asset data are lost or unreliable.

The volume of own sources of funds, called in Russian translations by the term "capital", in the original text is determined by the term "equity of owners" in the capital of the company. Based on this, the interpretation of the concept of capital corresponds to its classical interpretation in economic theory - a set of benefits, property that carries economic benefits, that is, ultimately allows the organization to receive income.

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