

## **Features of the Formation and Accounting of the Authorized Capital in Organizations of Various Forms of Ownership**

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**Abstract:** This article discusses the basics of the formation of the authorized capital on the example of sections of its composition, organizations of various forms of ownership. Today, the effective formation of the authorized capital during the period of modernization and reform of the economy is one of the urgent issues, the main thing in zero entrepreneurship begins with the formation of its charter. At the moment, entrepreneurship is the basis of the economy of any country. The purpose of the article is to ensure its effective use by analyzing the features of the formation and accounting of the authorized capital.

**Keywords:** authorized capital, start-up capital, capital accounting, equity, attracted capital.

**Introduction.** Today, enterprises of various forms of entrepreneurial activity operate in the republic. These include enterprises in the form of state ownership, in the form of a joint-stock company, in the form of a limited liability company, in the form of a joint venture, etc.

The decision on a market economy, the only important condition for development is to make a profit. In this sense, the result of any business activity must necessarily ensure profitability and profit. The organization of entrepreneurial activity and the possibility of its further promotion can be realized only if the owners reasonably and effectively manage the capital invested in the company.

The development of market relations in society has led to the emergence of a number of new economic objects of accounting and analysis. One of the most important of them is the ownership of an enterprise as an economic category, in particular, equity. Any enterprise engaged in production or other commercial activities must have a certain capital, which is a set of material goods, cash, financial investments, costs for the acquisition of rights and benefits necessary for the implementation of economic activities.

Thus, capital is the main source of financing the funds necessary for the company's activities.

Currently, most businesses are owned by one or more owners. Accounting of documents confirming the ownership of the owners, as well as various transactions with them, is the subject of accounting and has its own characteristics.

The amount of capital allows you to assess the scale of its activities. If the company has stable dynamics of capital growth, then we can talk about its development and expansion of activities. However, this is only one area of capital analysis. Enterprises that stimulate production and economic activity with the same amount of financial resources receive different results at the

same time. This is due to the variable level of capital immobilization, which is characterized by the ratio between long-term and current assets, differences in the structure of sources of financing for the company's activities, as well as the level of capital use and return on invested funds.

**Analysis of the research results.** Capital is one of the main economic categories, the essence of which has been clarified by scientific thought for several centuries. The term "capital" comes from the Latin "capitalis", which means basic, primary [5]. In the early works of economists, capital was considered as the main wealth, the main property. Currently, the concept of capital is being filled with specific content. Capital is the means available to an economic entity to carry out its activities in order to make a profit.

Professor L.T. Gilyarovskaya argues that capital analysis is a complex and continuous process of determining the financial condition of an enterprise, determining the pace of expansion of financial and economic activities, collecting, classifying and using information obtained as a result of capital formation and accounting. their rational use also consists in forecasting the development of the enterprise in the future in the capital market.[4]

The definition of the concept of "capital" is interpreted in its own way in the works of scientists of domestic and foreign economies [6]. Most often, they mean the amount of equity, equity income and retained earnings. But some authors invest all long-term sources of funds in capital [7]. The concept of "capital" is often used to describe the assets of an organization, dividing them into fixed assets (long-term assets, including work in progress) and working capital (the entire working capital of the organization) [6].

Analyzing the economic nature of the capital of an economic entity, it is necessary to note the following features:

1. The capital of an organization is the most important factor of production. In such a science as economic theory, it is customary to identify the three most important factors of production that ensure the economic activity of production organizations: capital; land and other natural resources; labor resources. In addition, capital plays a priority role in this system of factors of production, since it combines all factors into one integrated production complex.
2. Capital provides information about the financial resources of an organization that generate income [8]. In this capacity, capital works separately from the factor of production — in the form of credit capital, which ensures that the organization receives income not in the operational or production, but in the investment or financial sphere of its activities.
3. Capital is the main source of wealth growth for its owners. This will ensure the necessary level of this well-being in the present and in the future. The part of the capital consumed in the current period is excluded from its composition, since it is aimed at meeting the current needs of its owners (that is, it ceases to perform the functions of capital). The accumulated part of the capital should ensure satisfaction of the needs of its owners in the coming periods [9], that is, make up the amount of their welfare in the future.
4. The capital of an organization is the main indicator of its value in the market. And, most importantly, we are talking about the organization's own capital, which determines the value of its net assets. In addition, the value of the securities used by the organization [10] simultaneously provides information about the potential that the owners can provide with additional benefits. Others, along with a number of omissions, are the amount of capital, which is the basis for assessing the market value of an organization.

Thus, the term "capital" is applied to sources of funds and assets. In the first case, when installing resources, we are talking about "passive capital", and when determining assets, we are talking about "active capital", dividing it into fixed and working capital [11], [12], [13].

The organization of the authorized capital is carried out on the basis of current legislation and constituent documents. Tangible and intangible assets in the form of contributions to the authorized capital are assessed and accounted for by agreement of the founders or by decision of the executive body of the legal entity.

Today, enterprises of various forms of ownership operate in our republic. These include enterprises in the form of state ownership, in the form of a joint-stock company, in the form of a limited liability company, in the form of a joint venture, and others.

The authorized capital of a state—owned enterprise is the amount of material and monetary funds transferred by the state to the permanent disposal of the enterprise free of charge. Fixed and current assets are formed at the expense of the authorized capital. The main tool is provided to the enterprise depending on the available volume of production and production service capacities, and working capital is issued on the basis of normative ones. The standard is determined by a higher-level organization.

According to the current regulation, the amount of the authorized capital of the enterprise must correspond to the amount fixed in its constituent documents [14]. For state-owned enterprises, the founding document is an order from a higher organization on the organization of the enterprise and the transfer of the authorized capital to its balance sheet. In some cases, the size of the authorized capital of a state-owned enterprise may change. Only a higher-level organization can change the size of the authorized capital. The authorized capital of the joint-stock company will consist of the nominal value of the shares acquired by its shareholders. In this case, the nominal value of all shares to be issued may be the same.

The size of the authorized capital of a Joint-Stock company may increase or decrease. In accordance with article 21 of the Law of the Republic of Uzbekistan "On the protection of the rights of Joint-Stock Companies and shareholders" [3], "the authorized capital of the company may be increased by increasing the nominal value of shares or by placing additional shares." The reduction of the authorized capital of a Joint-Stock company occurs in emergency cases and is carried out in the same manner as during its reproduction [1]. A decrease in the size of the authorized capital will be associated with a decrease in the total number of shares [15]. Including the fact that the company itself buys shares with the subsequent payment of its remuneration, is also included in this account.

According to the current legislation, a joint-stock company may pay tangible assets, property or other rights that are valued in money as a contribution to the authorized capital and are made by the founders to pay for the company's shares. The forms of payment in money for their shares at the time of the company's establishment are specified in the company's organization agreement or the company's Charter, payment for additional shares and other securities is indicated in the decision on their placement [16]. The shareholder must pay the full value of the shares within the time limits set by the Constituent Assembly, but no later than one year after the registration of the company. Upon expiration of the period for the acquisition of shares, the company of shareholders has the right to sell them at its discretion. In accordance with chapter IV of Article 62 of the Civil Code of the Republic of Uzbekistan, a limited liability company is recognized as a company created by one or more persons, divided into shares in the amounts established by the Constituent Documents of the authorized fund (authorized capital) [3]. The amount of divided contributions to the capital of such a company is determined in the constituent documents. Its participants are liable for obligations only within the framework of their property.

According to the current legislation, reserve capital is created at enterprises, organizations and societies. Its size must be at least 20% of the authorized capital of the company [4]. The reserve capital is created annually by deductions from net profit until it reaches the amount established by the company's Charter. The reserve capital is used to compensate for losses incurred by the company, pay dividends on preferred shares, and repurchase shares at the request of shareholders. At the same time, reserve capital accounts are designed to account for reserves,

which are organized at the expense of profits in accordance with inflationary reserves arising from the revaluation of long-term assets.

According to the current legislation, the value of gratuitously received property increases the income tax base. Property received free of charge is reflected in the account by expert means or at a fair value determined on the basis of transfer documents [17], [18].

The added capital is intended to account for exchange differences in the formation of issue income and authorized capital [19], which arose at the first sale of shares at prices above their nominal value. Purchased private shares can be held by the community on their balance sheet or resold on the savings market. By the decision of the owners of the shares, the authorized capital may be reduced to the amount of purchased private shares, and the shares themselves may be cancelled. But in accordance with the law of the Republic of Uzbekistan "On the protection of the rights of joint-stock Companies and shareholders" [2], such shares cannot be held in an account for more than one year.

Retained earnings represent the accumulation of profits and can be added to the authorized capital at the discretion of the owners [20]. The amount of activity of a cotton gin company for all years and retained earnings or unpaid losses for the reporting period differ from each other [21]. The decision on the distribution of profits is made by the owners of the enterprise (General Meeting of Shareholders).

Retained earnings can be used for:

- ✓ Increase in the authorized capital;
- ✓ Creation and replenishment of reserve capital;
- ✓ Pay dividends to shareholders;
- ✓ To compensate for the damage;
- ✓ For other purposes according to the decision of the owners.

The part of the profit that remains with the company after payment of mandatory payments and all taxes that must be distributed among shareholders is dividends. As a rule, dividends are calculated based on the results of the reporting year. However, joint-stock companies have the right to make a decision on payment of dividends on outstanding shares once a quarter and a year and a half, unless this is prohibited by the company's Articles of Association. The date of payment of annual dividends is determined by the Charter of the Joint-Stock Company or by a decision of the shareholders' meeting.

After the announcement of the payment of dividends by the company's management, they are reflected in the account as current liabilities if they are paid for the next year.

Accounting for grants, subsidies and gratuitous assistance is regulated by the National Accounting Standard No. 10 "Accounting for State Subsidies and Interpretation of State Aid", approved by the Ministry of Justice No. 562 on December 3, 1998 [21], [22].

- Grants are understood as free humanitarian or logistical resources provided by the Government, non-governmental, foreign and international organizations and foundations for the implementation of socially significant goals, economic development, scientific, technical and innovative programs.
- Subsidies are the amount of assistance provided to an enterprise by the state in cash and material resources under certain conditions in order to develop its activities. Accounting for state subsidies is carried out by the Ministry of Finance of the Republic of Uzbekistan on October 19, 1998 in accordance with the national accounting standard "Accounting for state subsidies and the opening of state aid" (No. 562 dated 12/03/1998, [23] "Directory of

regulatory documents of ministries, state committees and departments of the Republic of Uzbekistan"). The Republic of Uzbekistan" 1999, № 6) [24].

At the same time, subsidies and grants can be provided by enterprises for the implementation of important programs by various non-governmental, international organizations and foundations.

- Membership fees are the amount of membership fees established in accordance with the Founding Documents of the company. The accumulated membership fees are spent on the development of the company's activities. When a company is liquidated, the accumulated membership fees are used to cover its debts.
- Tax benefits for targeted use are a set of funds accumulated as a result of the exemption of an enterprise from paying taxes to fulfill targeted tasks based on state laws. Accounting for these targeted receipts is conducted in accordance with a special provision, as well as the National Accounting Standards № 21 [25], [26].
- The "Reserve of expenses and payments for the next period" sheet is used to summarize data on the status and movement of reserved amounts in accordance with the established procedure by entering expenses and payments into production or loading and unloading expenses in one rhythm. In particular, this calculation sheet may reflect the amount of future expenses for the repair of fixed assets.

The amounts to be added to the costs are regulated by the legislation on reserves, as well as by the resolution of the Cabinet of Ministers of the Republic of Uzbekistan "On the composition of costs for the production and sale of products (works, services) and the procedure for generating financial results", approved by Resolution No. 54 dated February 5, 1999 [27].

It is not recommended to organize such a reservation in accordance with international accounting standards. Because the company reflects expenses in its organization that were not taken into account in its report, and reduces profits. Commercial enterprises can organize a reserve only at the expense of net profit, if this is reflected in the accounting policy [28]. When using the reserve for production needs, the tax base is reduced by the amount of these costs. The organization of a reserve at the expense of production costs is allowed in coordination with the Ministry of Finance of the Republic of Uzbekistan, mainly for seasonal enterprises.

In the context of economic modernization, an important task for enterprises is the independent formation of their financial resources, the main sources of which may be profits, contributions from shareholders, legal entities and individuals, as well as loans and other receipts that do not contradict the law.

Entrepreneurial activity is organized on the initiative of specific persons — founders (participants) of the organization, individuals and legal entities can act as owners, conclude a mutual foundation agreement, form and approve the authorized capital, as well as establish the capital of the primary organization. The initial capital necessary to ensure the main activity and future profit of the organization is the authorized (consolidated) capital, the authorized (consolidated) fund, which is the main and initial source of assets.

The authorized capital of an enterprise is the inalienable assets that the founders invested in order to ensure the initial authorized activity of the enterprise. The authorized capital also determines the financial stability, activity and profitability of the enterprise.

The authorized capital is reflected in the accounting within the amount not exceeding the amount registered in the constituent documents. If an organization wants to increase or decrease the authorized capital, it must hold a meeting at which all the founders decide on changes to increase or decrease the authorized capital, as well as on amendments to the Constituent Documents.

The authorized capital is one of the main indicators characterizing the size and financial condition of an organization.



The authorized capital divides ownership relations into two parts: on the one hand, these are the organization's own funds, and on the other, the contributions of participants. In this sense, the concept of authorized capital should be considered in two aspects: legal and accounting (financial). Legally, the authorized capital is reflected in the Constituent Documents, and the shares of participants included in the authorized capital determine the mechanism of profit distribution. In accounting, the authorized capital and its varieties are reflected in the balance sheet in the amount established by the Constituent Documents.

On the other hand, representative (accumulative) capital determines the measure of responsibility of a commercial organization to its creditors, therefore their volume is strictly regulated by the Civil Code and specific laws on commercial enterprises. In accordance with these rules, the authorized capital of commercial organizations of various types must be paid in full or in part after their state registration.

**Conclusion.** Thus, private capital as a key indicator is characterized by the fact that the company ensures a stable financial position and reduces the risk of bankruptcy. Private capital is the basis of freedom and independence of the company. The peculiarity of capital is that it is invested on a long-term basis, but is subject to maximum risk. The greater its share in the total amount of equity, the less borrowed funds, the higher the buffer protecting creditors from the risk of capital loss, losses.

However, the capital has a limited amount. It is not always profitable to finance the company's activities solely at its own expense. This is relevant in cases where production differs seasonally. In this case, significant funds accumulate in bank accounts at a certain point in time. However, in other periods there is a shortage of funds. It should also be understood that if the cost of financial resources is low and the company can provide a higher return on investment than it pays for credit funds, then by attracting borrowed funds the company can strengthen its position in the market, increase the return on equity.

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However, if the company's funds are formed mainly at the expense of short-term liabilities, then the financial condition of the company becomes unstable, since with short-term capital it is necessary to carry out constant operational work: to control their timely return, there is a need to attract other capital into short-term turnover.

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